

The power that enlightens the world...



sarkuysan

Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

Annual Report 2019



AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING

The Ordinary General Assembly Meeting will be held at the company headquarters at 2.30 PM on June 29, 2020. Emek Mah. Aşıroğlu Cad. No.: 147, 41700 Darıca/ Kocaeli

1. Opening and establishing the Chairmanship of the Meeting,
2. Assigning authority to the Meeting Chairman to sign the Minutes of Meeting for the General Assembly and the attendance list,
3. Reading and discussion of Annual Report of the company prepared by the Board of Directors for the period of 2019,
4. Reading the Independent Audit Report for the fiscal period of 2019,
5. Reading, discussing and approval of the Consolidated Financial statements for 2019,
6. Acquittal of Board of Directors Members for the 2019 activities of our Company,
7. Discussing and deciding on how the 2019 term profits are to be used, the proportions of profits and dividend shares to be distributed and the dates of distribution,
8. Providing information to the shareholders on the bonds, securities and mortgages given by the company in favour of the 3rd parties,
9. Discussion and decision regarding the enclosed amendment to our Articles of Association for Article 8 titled "Board of Directors" in order to increase number of independent members to 3 persons
10. Providing information to the shareholders on the donations and aids given in 2019 for social assistance and deciding on an upper limit for the donations and assistance to be given in 2020 in accordance with the Capital Market Board regulations,
11. Providing information to the shareholders concerning the principles of remuneration for the Members of the Board and the Senior Executives in accordance with the Capital Markets Board regulations
12. As per the provisions of Capital Markets Code and Turkish Commercial Code, approval of Güreli Certified Public Accountant and Independent Audit Services Inc. which has been elected to conduct independent audit of our company for a period of one year by the Board of Directors.
13. As per the regulations of Capital Markets Board, election of Members of the Board of Directors, including Independent Board members, and determination of their terms of office
14. Determination of monthly gross salaries and attendance fees for Members of the Board of Directors,
15. Giving authorisation to the Members of the Board to carry out transactions in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Market Board regulations,
16. Wishes and requests and closing.

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Contact Info



THE SARKUYSAN IDENTITY	
Company Name: Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.	Founded on: 03.05.1972
Upper Limit of the Registered Capital: 300.000.000 TL	Issued Capital: 200.000.000 TL
Commercial Registry No.: 13898	Mersis No: 0751001576100014
Commercial Registry Registered to: Gebze Commercial Registry Office	Address: Emek Mah. Aşirođlu Cad. No: 147, 41700 Darıca/Kocaeli
Telephone: 0262 676 66 00 [20 Lines]	Fax: 0262 676 66 80
E-Mail: info@sarkuysan.com	Website: www.sarkuysan.com

Vision & Mission

Our Vision

To achieve customer satisfaction-oriented, environmentally-friendly, high-quality, competitive and innovative production as a global company in the electrolytic copper industry.

Our Mission

To maintain our prestigious position in Turkey and worldwide, provide benefit to our country, partners, employees and customers and create social value through the social responsibility projects accomplished with the responsibility of serving as a model and being a public, aggregate, professionally-managed and successful corporation in Turkey.



History

Sarkuysan was established in 1972 under the leadership of goldsmiths and jewellers at Kapalıçarşı (the Grand Bazaar), an important commercial centre in Istanbul, Turkey.

The name of the company was derived from the Turkish combination of the first three letters of the founders' professions as SARraf [goldsmith] KUYumcu [jeweller] and SANatkar [craftsman].

Sarkuysan has a significant place in the country's industrialisation history as it is the first successful publicly traded and aggregate company. The company, which produces electrolytic copper products, copper tubes and copper busbars over an area exceeding 175,000 m² in the Gebze and Darica region, with an indoor area of approximately 90,000 m², increased its initial capacity of 10,000 tons/year to over 200,000 tons/year and became a global company. The products are used as standard inputs in electro-technic, electronics, engine, communication, power generation and distribution, solar power, household appliances, measuring devices, defence, automotive, chemical, construction, heating-ventilation and sanitary installation industries.

Sarkuysan is certified with TS EN ISO 9001, ISO/TS 16949 Quality, ISO 14001 Environment, OHSAS 18001 Occupational Health and Safety, and ISO 50001 Energy Management systems for all the operations carried out. Using the "sks" brand on its products, Sarkuysan meets a substantial part of the domestic demand while exporting approximately half of its production range to more than 70 countries in 5 continents. Today, a significant number of the cars and commercial vehicles produced in Europe use Sarkuysan wires. The company has been providing oxygen-free and nickel-plated copper wires to the suppliers of NASA in the USA for years as well as the aircraft manufacturers lately.

Sarkuysan manufactures a significant portion of its own machinery and plants used during the manufacturing process. Moreover, generating a considerable portion of the power and steam



Cihan BEKTAŞ
[1928-2002]



requirement of the Company vital for the production consistency at the co-generation plant within its premises, the Company also offers its 48 years of experience and know-how to other countries.

Sarkuysan is a group of companies.

Sarmakina A.Ş., operating in machinery and spare parts manufacturing and environmental protection technologies field; Demisaş A.Ş., producing pig and nodular cast iron for automotive and machinery manufacturing sectors; Sarda A.Ş., a marketing and trade company; and Bektaş A.Ş. are the sister companies in the group. Sarkuysan has an agency in Italy where is an important country for direct marketing purposes of the products as part of the Company's busy export operations.

In addition, Sarkuysan has become a pioneering

Turkish industrial organisation in the USA with Sark Wire, a subsidiary which began production in Albany, New York as from the end of 2009, and the completion of the two manufacturing plants constructed in Toccoa, Georgia; and in Bulgaria with Sark Bulgaria factory, which was established in Shumen on 10.06.2016 and put into operation for production in 2019. Furthermore, Sarkuysan facilities located at the Aegean Free Trade Zone manufacture and export products with high added value.

Having approximately 1,095 employees in total, around 90% of the personnel of the group of companies working in the production units have either vocational school or high school degrees, and they are provided in-house and outsourced training programs every year.

History

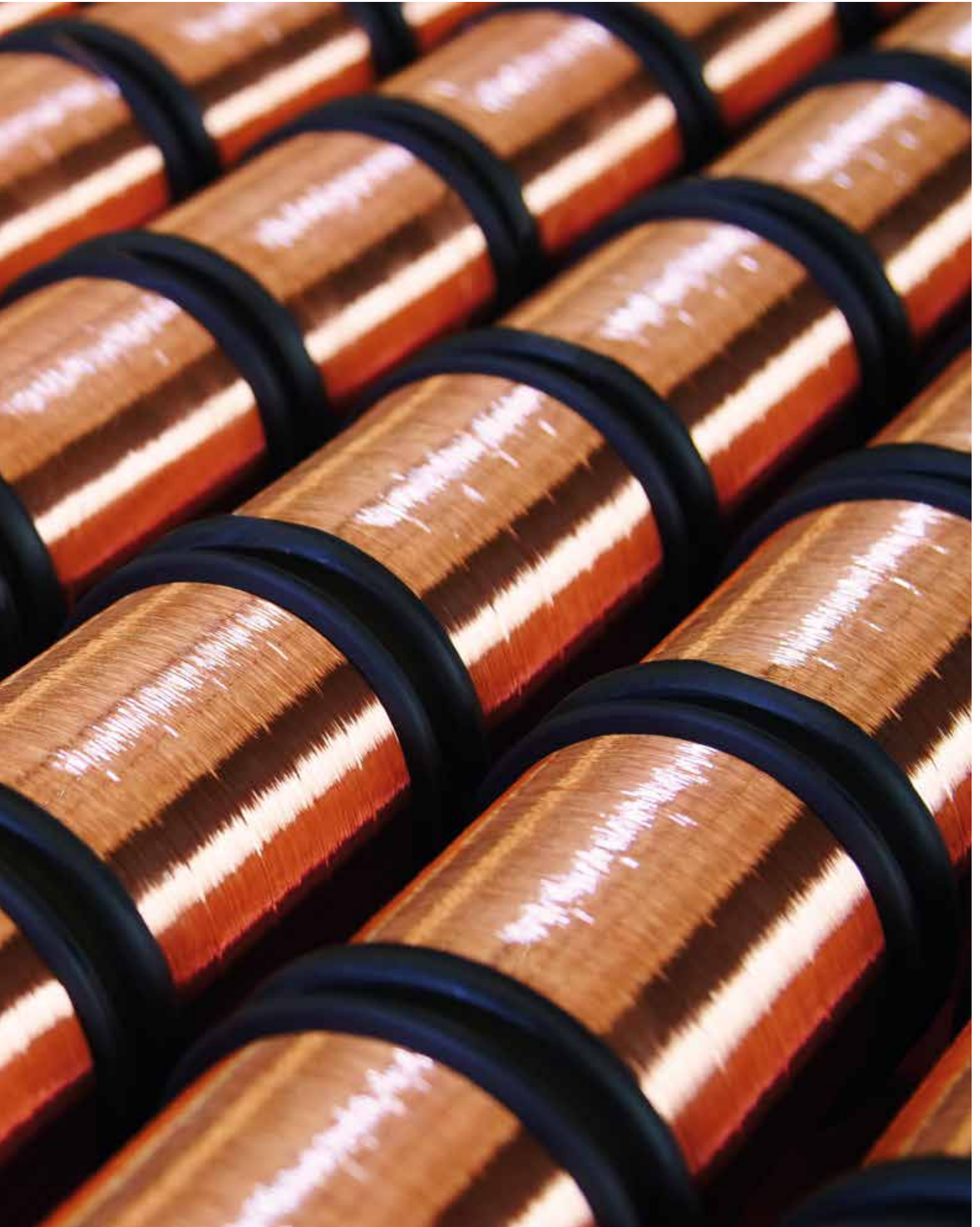
With its approximately 5,000 partners, Sarkuysan is a dynamic, global, publicly traded company having a contemporary production and management structure governed by professionals.

Being aware of its social responsibilities, Sarkuysan continuously develops social projects at all fields. Accordingly;

Frej Han, which was renovated and used as the Company Headquarters for several years, is an important contribution to our cultural legacy. The company contributes to education by building the Sarkuysan High School in Gebze and the Sarkuysan Elementary School in Darıca and by granting non-refundable scholarships to higher education students. Sarkuysan also supports State Religious Affairs with the Sarkuysan Mosque inspired by and constructed as an Ottoman Architectural complex. Contributing to the health sector by allocating the funds reserved at the beginning of the year for the urgent medical device requirements of a health institution, the company also supports sports with its Table Tennis Team that frequently represents Turkey successfully in the European Cup Championship. Contributing to arts with its Turkish Music Choir, Folk and Modern Dance Groups consisting of its employees, the Company pays utmost attention to the environment by developing forestation areas. And the last but not the least is that Sarkuysan promotes our country by hosting international events.

At a corporation, with approximately 5,000 shareholders, Sarkuysan supplies materials to numerous sectors in the domestic and international markets under the "sks" trademark for the production of many modern industrial products; facilitates and colours life and creates substantial added value with significant employment opportunities; brings foreign currencies to the country, pays taxes and distributes profits. Sarkuysan is a dynamic, global, publicly-held corporation with modern means of production and corporate organisation governed by professionals





Message of the Chairman

Our shareholders' equity sustained its increasing trend for the last five-year period and reached to 586,965,442 TL, increasing 6.51%.

We gave a total of 753 grants for underprivileged children from the grant fund created by our employees; 560 of these are now in business life. Currently, 193 students continue their studies.

Welcome to our 48th Ordinary General Assembly. I would like to greet you all with warm and respectful regards.

You have just watched a video about Social Investment Projects carried out by our Company. As you well know, we are living in an era in which corporations are not assessed only with their production, they are also expected to take on volunteering works and social responsibilities. So, ever since its establishment, Sarkuysan has been attaching great importance to this subject, as much as its production, by making social investments with the awareness of social responsibility. These activities which are always appreciated by the public represent the social awareness of our family.

During my speech, I would also like to touch on 2020 trends besides the outcomes of 2019.

The best word to represent 2019 from a global and national economic perspective is "slowing down." According to the data of IMF, the growth rate of the world economy expected to be around 3% last year will be the lowest rate of the period after 2010. A similar situation applies to the global trade volume which is predicted to decrease to 3.4% from 4% level. This expresses a regression in the globalisation process. Average growth rates of the last 7 years dropped in all significant players of the global

economic system, except the USA, EURO REGION, JAPAN and the EURO region remaining stable in CHINA. As the flag bearer of globalisation, USA's move to start a trade war with the whole world, primarily with China, contributed in this result. At a time when US Central Bank was expected to make decisions to increase interest rates and shortage in liquidity in 2019 in line with their announcements, all monetary policies were reversed and interest rates were reduced in order to overcome global recession. This loose monetary policy has been implemented in all the other big economies as a prescription to overcome the slowness in the markets. This policy was especially to the benefit of some countries which are dependent on outsourcing, such as our country, and created an increase in short-term speculative foreign capital entries, positively affected stock exchanges and enabled a reduction in interests. However, global economic system has come under scrutiny since increased unemployment and poverty trend continues. In summary, we may say that "WIN-WIN" principle was left behind as the main principle of globalisation process and "LOSE-LOSE" period was started with the trade wars.

In addition to all these economic problems, Coronavirus epidemic, which emerged in China in the last days of the year and has caused the global systems to fail, led economies to slow down and even stop. Growth expectations for the new year dropped significantly in line with the size of the pandemic. The IMF expects an economic shrinkage of -6%, -9%, -8% and -7% in the USA, Italy, Spain and Germany, respectively. Turkey is expected to experience a shrinkage of around -5%: In China, where a growth of approximately 6% was expected in 2020, this figure is expected to decrease up to 1%. Hence, global economy is estimated to shrink around -3%. Thus, it is obvious that 2020 will be referred to as a year with a rare and significant economic depression in the economy history of the world. The quantitative

Hayrettin ÇAYCI
Chairman





Message of the Chairman

In 2019, our total sales reached 5,780,611,154 TL, achieving an increase of 2.39% compared to the previous year.

We received championship awards in categories of “Copper Wire and Weaved Ropes” and “Copper Goods Groups” in “Metallic Stars in Export” and “Leaders of Sectoral Export” evaluations of Iron and Non-ferrous Metals Exporters Association.

easing policies of the governments that was initiated last year continue with giant packages and funds created to avoid a global economic rout via trillions of dollars newly issued in the USA, European countries, Japan, China and India. Countries take measures in an unprecedented quickness and sizes against the pandemic. According to the analysis of CNN, the size of support packages offered by governments and central banks throughout the world so far has exceeded USD 7 trillion. These packages include central banks to issue new money, acquire bonds and stock funds as well as public expenditures, loan guarantees and tax discounting.

Our country entered into 2019 with a heritage of exchange rate shock experienced in the previous year. The reduction in economy experienced in the first two quarters was turned into growth in the following quarters and a growth of 0.9% was achieved on yearly basis at the end. This final position was affected by interest rate reductions maintained since the second half of the year and consumption expenditures triggered by increased loan demands. Although a significant progress was seen in the fight against inflation, annual inflation rate was realised with double digits again at the level of 11.84%. Unemployment as

the long-time bleeding wound of our economy peaked in 2019 to above 13% and it approached to 25% in youth unemployment. In the new year, unemployment rates have dramatically decreased with the multiplier effect of the pandemic. This socioeconomic problem which is impossible to bear for a long time requires us to develop employment-friendly growth strategies. In 2019, exportation reached to USD 171.6 billion with an increase of 2.2% compared to the previous year and importation was reduced to USD 202.7 billion with a decrease of 9.1%. With the effect of reduction in importation, our foreign trade deficit came to USD 31 billion from USD 55 billion. And export/import coverage ratio increased to 85% from 75%. Our foreign trade volume was reduced by 4.3%. The USD value per kg in our export was reduced to USD 1.41 from USD 1.74 in industrial goods export compared to 2018. In 2018, per capita export amount was USD 2,495 as the world average, USD 12,276 as the European Union average and USD 2,048 as our country's average. What this picture shows us is that in order to overcome the problem of foreign exchange gap as the most fragile dimension of our economy, we urgently need to update our production and foreign trade policies and strategies in a way that would support value added production and export and that would reduce import dependency.

One of the most important indicators for our country is the course of investments. According to the data of TurkStat, trend of decrease has been ongoing in investments since the last five quarters. Investments dropped by 0.6% in 2018 and reduced by 16% in 2019. The decrease rate in the investment trend has increased due to the characteristics of the new year. The issue reveals the fact that an investment campaign shall be initiated as soon as possible which should be dealt in all its aspects.

2020 has been a very challenging year for our country. The global economic disruption and deterioration due

to the pandemic deeply affect our country as well. Our skills in using the opportunities that may be created by monetary expansion in the world for structural reforms reveal an opportunistic potential that may open up the way for us. Social and market stabilisation were tried to be provided through various purpose funds and packages developed to fight against the disruption caused by the pandemic. In addition, the success of policies that would eliminate the geopolitical risks which tend to evolve into conflict is also of great importance for economic stability.

Our company shows great effort to be minimally affected by the negative macro indicators of national and global economies. The growth arrest and even the negative trend in growth experienced in the European Union, which is the most important trade partner of our country and our company, also has an impact on our export rates. In the existing shrinking global system, we are pushing all the limits despite the fact that we have limited area for operation. In addition, uneconomic competitive pricing which goes against our business approach appears before us as an important challenge in domestic and international markets.

As a result, our company closed 2019 with a balance that may be considered as positive in the current economic environment. Additionally, operating results of all the companies within our group have been positive.

Sark - Bulgaria's Factory established in Bulgaria was taken into operation with great success and continues to increase its production every day, while Sark Wire in the USA increased its recognition level with its high-quality products and expanded its market share.

As in the previous years, we received championship awards in categories of 'Copper Wire and Weaved Ropes' and 'Copper Goods Groups' in 'Metallic Stars in Export' and 'Leaders of Sectoral Export' evaluations

of Iron and Non-ferrous Metals Exporters Association. Our group's collective labour agreement which expired on August 31, 2019 was renewed for 2 years without disturbing labour peace. As you have seen in the video, we continued with our public relations works, and we gave a total of 753 grants for the children of our employees who are receiving higher education and who are in need from the grant fund created by our employees; 560 of these are now in business life. Currently, 193 students continue their studies. I would like to thank all the employees working in our group before you for their sensitivities in this subject. And in the area of health, "Automated Formaldehyde Dosing Equipment" and "Macroscopy Cabin Equipment" were donated to the Pathology Department and 5 "Holter DMS 300-3A Devices" were donated to the Cardiology Department of Gebze Fatih State Hospital, continuing our tradition. Our Table Tennis Team represented our country in the International UEFA cup. We continued to meet public through the concerts of our Turkish Music Choir and Folk-Dance Company.

As a result, our company achieved a consolidated gross profit of 115,353,499 TL from its 2019 activities according to the official bookkeeping entries.

I would like to take this opportunity to thank members of the Board and all our employees for their devoted works throughout this period. I would also like to express my most sincere condolences for the members of our family who passed away and hope the General Assembly meeting will have the best outcome for both our company and our country.



Hayrettin ÇAYCI
Chairman

The Board of Directors

All aspects that are thought to create risks preventing our company from achieving its goals are evaluated at every level of the organisation starting from the Board.





AUTHORISATIONS

Members of the Board: Members of the Board were determined pursuant to the Turkish Commercial Code, the Capital Market Board Regulations and the Company's Articles of Association.

Independent Members of the Board: Independent Members of the Board were determined pursuant to the Capital Market Board Regulations and the Company's Articles of Association.

Terms of Duties: In accordance with the decision taken in the Ordinary General Assembly meeting dated 07.04.2017, the term of duty for the members of the Board is 3 [three] years and in accordance with the decision taken in the Ordinary General Assembly meeting dated 12.04.2019, the term of duty for the Independent Members of the Board is 1 [one] year.

Senior Management



Metin YARAŞ

Vice President

[Domestic & Foreign Trade]

Tolga EDİZ

Vice President

[Technical]

Sevgür ARSLANPAY

CEO

Ümit ULUÇAM

Vice President

[Finance]

SENIOR MANAGEMENT

Name & Surname	Position
Mehmet Ali AKOY	R&D Manager - Metallurgical Engineer, MSc.
Sabri ATILLA	Administrative Affairs Manager - Administrator [Trainer]
Canan ÇAKIROĞLU	Quality Assurance Manager - Physics Engineer, MSc.
Çağatay ÇAPAL	Enamelled Wire Production Manager - Electronics Engineer
Şefiye DURMAZ YAYLA	Commercial Accounting Manager - Business Administrator [CAFA]
Mehmet Uğur ILGAZ	End Products Manager - Metallurgical Engineer, MSc.
Faruk Şekip KARŞANBAŞ	Energy, Automation & Maintenance Manager - Electronics Engineer, MSc.
Meryem KAYA	Export Operations Manager - Business Administrator
Levent Ş. KULAÇ	Procurement Manager - Metallurgical Engineer
Serkan ÖZGEN	Domestic Sales Manager - Business Administrator
S. Sinan SELVİ	Continuous Casting&Refinery Manager - Metallurgical Engineer
Yaşar SÖNMEZ	Constructions Manager - Civil Engineer
Filiz TEKİN SALMANLI	IT Systems Manager - Industrial Engineer
Deniz TURAN	Human Resources Manager - Industrial Engineer
Ferhan TURNAGİL	Cost Accounting Manager - Business Administrator [CAFA]
Ercan USER	Domestic Marketing Manager - Marketing Expert
İ. Deniz UZGAN	Financing and Risk Management Manager - Economist
Mete TARHAN	Tube Plant Manager - Mechanical Engineer
M. Mahir YILDIZ	International Marketing Manager - Foreign Trade Expert [Mathematician]



Sevgür
ARSLANPAY
General Manager

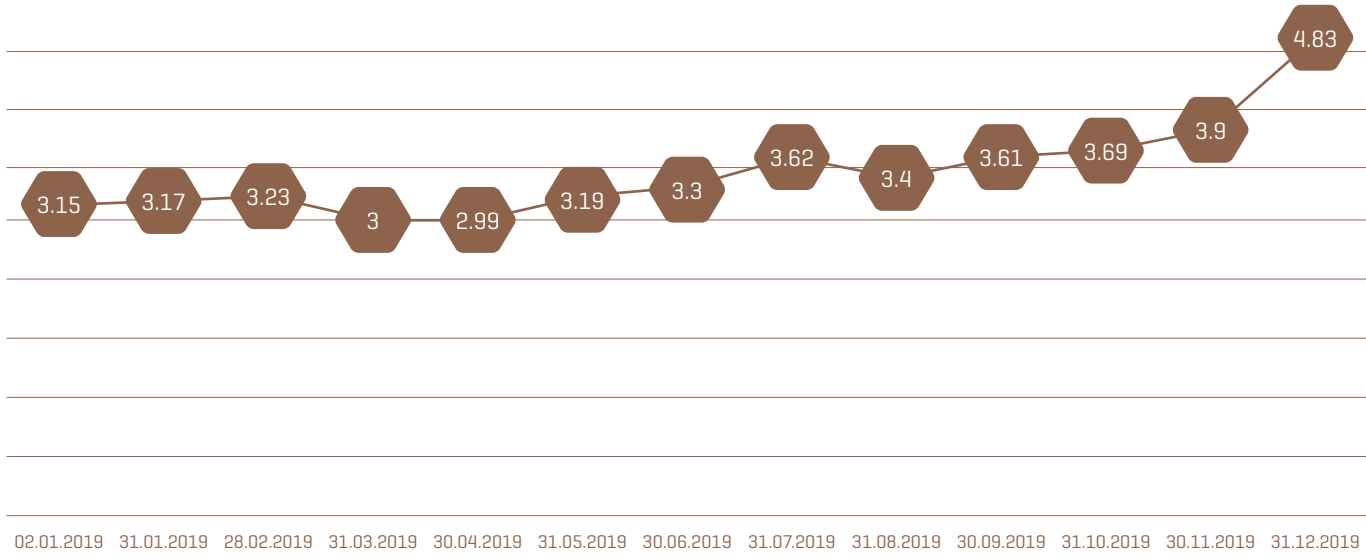


Despite the challenging conditions, we sustained our stability in our 47th operational period. Thanks to our experienced employees and know-how as well as the synergy of being a large family, we reach for the sky.

We keep our flag flying not only in Turkey, but also in two different states in the USA and Bulgaria with our production facilities. We are proud, excited and have faith that we will have more.

Capital Structure

PRICE MOVEMENTS OF SARKUYSAN STOCKS IN THE MARKET IN 2019 (TL)



RESULTS OF 5-YEAR-LONG ACTIVITIES (THOUSAND TL)

	2015	2016	2017	2018	2019
Registered Capital	200,000	200,000	300,000	300,000	300,000
Issued Capital	100,000	125,000	200,000	200,000	200,000
Total Par Value of Shares	4,268	4,268	4,268	4,268	4,268
Total Par Value of Bonus Shares	95,732	120,732	195,732	195,732	195,732
Capital Increase [%]	25	-	60	-	-
Stock Price (TL) [As of the End of the Year]	3.30	3.06	3.30	3.41	4.83
Addition of Fixed Assets Over the Year	19,165	18,545	36,279	9,842	16,540
Total Amount of Dividends Distributed [Gross]	14,118	18,750	16,176	34,000	50,000
Total Amount of Dividends Distributed [Net]	12,000	15,937	13,750	28,900	42,500
Dividend Rate [Gross] [%]	14.12	15	12.94	17	25
Dividend Rate [Net] [%]	12	12.75	11	14.45	21.25

SHARES REPRESENTING CAPITAL

Type of Stock Certificate	Paid-in Capital (TL)	Number of Shares	The Portion of Shares in the Capital [%]
Group A Registered Shares	10.00	1000	0.000005
Group B Registered Shares	199,999,990.00	19,999,999.000	99.999995
Total	200,000,000.00	20,000,000.00	100.000000



The upper limit of the registered capital of Sarkuysan is 300,000,000 TL, while the percent of shares of the company in actual circulation was 82.75% on 31.12.2019.

As of 31.12.2019, Mr. Hayrettin ÇAYCI, Mr. A. Hamdi BEKTAŞ, and Mr. Maksut URUN, members of the Board, have 9.43%, 2.34%, and 2.24% of the capital share, respectively. The shares of other members of the Board are less than the aforementioned shares. Mr. Şükrü KILIMCI holds the highest number of shares of the company with 7.50% of our capital. The percent of shares of the company in actual circulation was 83.58% on 02.01.2019 and 82.75% on 31.12.2019.



General Information

In 2019, 25% gross and 21.25% net dividends of the 2018 profits were distributed to our partners.

With its approximately 5,000 partners, Sarkuysan is a dynamic, global, publicly traded company having a contemporary production and management structure governed by professionals.

This report herein covers the period between 01.01.2019 and 31.12.2019. During this period, important developments related with the company were disclosed at Public Disclosure Platform (PDP) as well as to investors through our website.

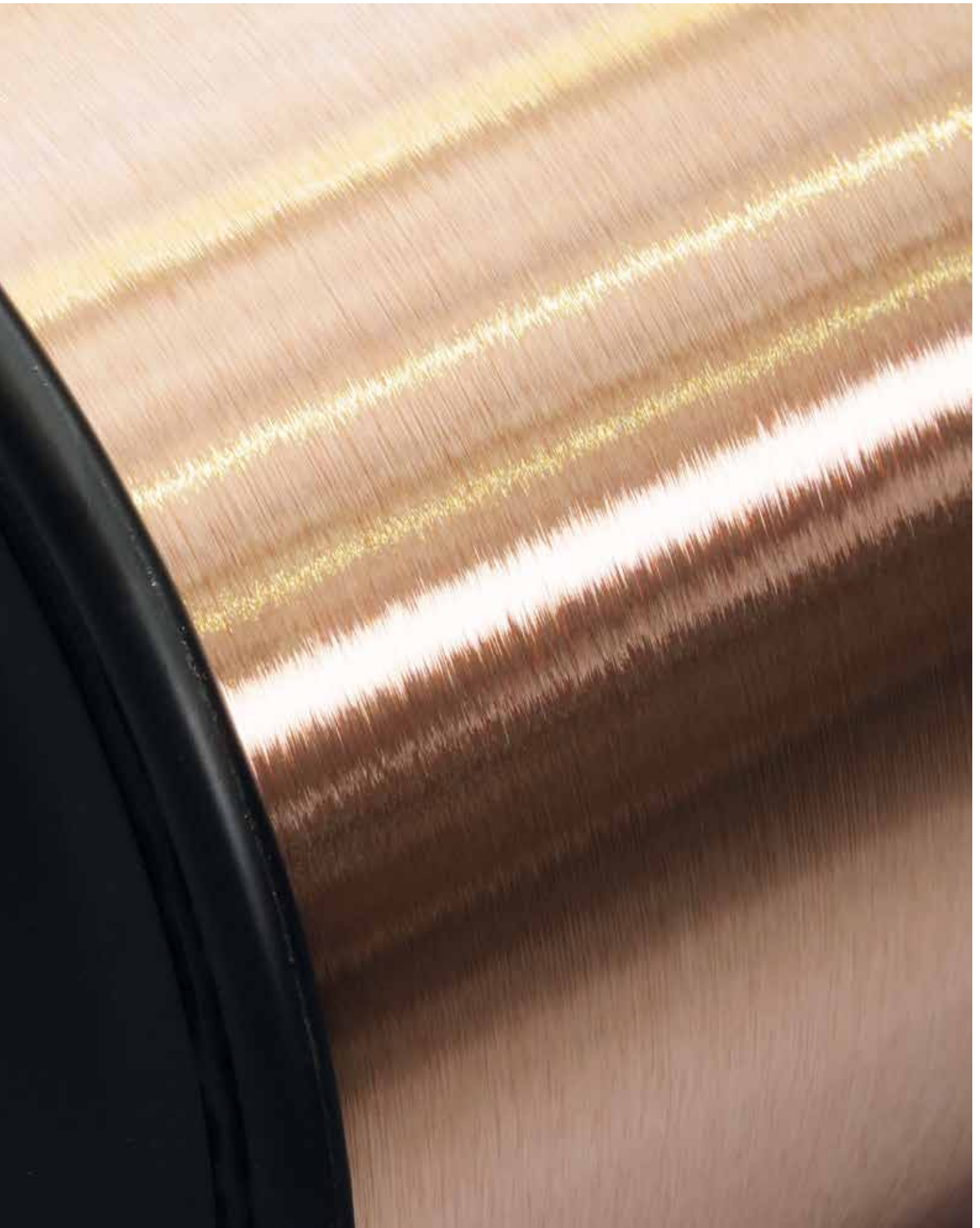
The Ordinary General Assembly Meeting regarding 2018 activities of the Company was held on 12.04.2019 at the Company Headquarters. In this meeting, shareholders representing 72.40% of the shares were represented, whereby members of the

Board were released from their activities and all of the agenda items were discussed and resolved.

As a result of the election held on 12.04.2019 during the General Assembly for the two Independent Members of the Board in accordance with the Capital Market Board Corporate Governance Communique, Mr. Ayhan ZEYINOGLU and Mr. Mehmet BAHTIYAR were elected.

Electronic General Assembly Meeting provisions stated in Article 1527 of Turkish Commercial Code began implementing in 2013 and, besides attendees in the meeting room; the shareholders who fulfilled the required procedures in advance attended the General Assembly Meeting held online on 12.04.2019. In 2019, 25% gross and 21.25% net dividends of the 2018 profits were distributed to our partners. In this case, the net 0.2125 TL cash dividend was paid to share certificates with a nominal value of 1 TL. The dividend was distributed on 27.05.2019.





Financial Status

KEY FINANCIAL INDICATORS (THOUSAND TL)

	2018	2019
Total Assets	1,792,009	2,162,075
Shareholder's Equity	551,069	586,965
Total Sales (Net)	5,645,636	5,780,611

FINANCIAL RATIOS

	2018	2019
Liquidity Ratios		
Current Ratio (Current Assets/Short Term Liabilities)	1.30	1.35
Acid Test Ratio (Current Assets Inventory/Short Term Liabilities)	0.84	0.87
Operational Efficiency Ratios		
Asset Turnover (Net Sales/Total Assets)	3.15	2.67
Account Receivable Turnover (Net Sales/Short-Term Trade Receivables)	7.98	6.73
Inventory Turnover (Cost of Goods Sold/Inventories)	11.49	9.36
Accounts Receivable Collection Period (360/Account Receivables Turnover Rate)[Days]	45	53
Term of Inventory Sales (360/Inventory Turnover)[Days]	31	38
Inventory Collection Period (Days)	76	91
Financial Ratios		
Total Liabilities/Shareholders' Equity	2.25	2.68
Shareholders' Equity/Total Assets	0.31	0.27
Total Liabilities/Total Assets	0.69	0.73
Short-term Liabilities/Total Assets	0.57	0.57
Profitability Ratios		
Return on Assets (Income Before Tax/Total Assets)	0.07	0.05
Return on Equity (Income Before Tax/Equity)	0.22	0.20
Operating Profit Margin (Operating Profit/Net Sales)	0.04	0.04
Profit Margin (Income Before Tax/Net Sales)	0.02	0.02

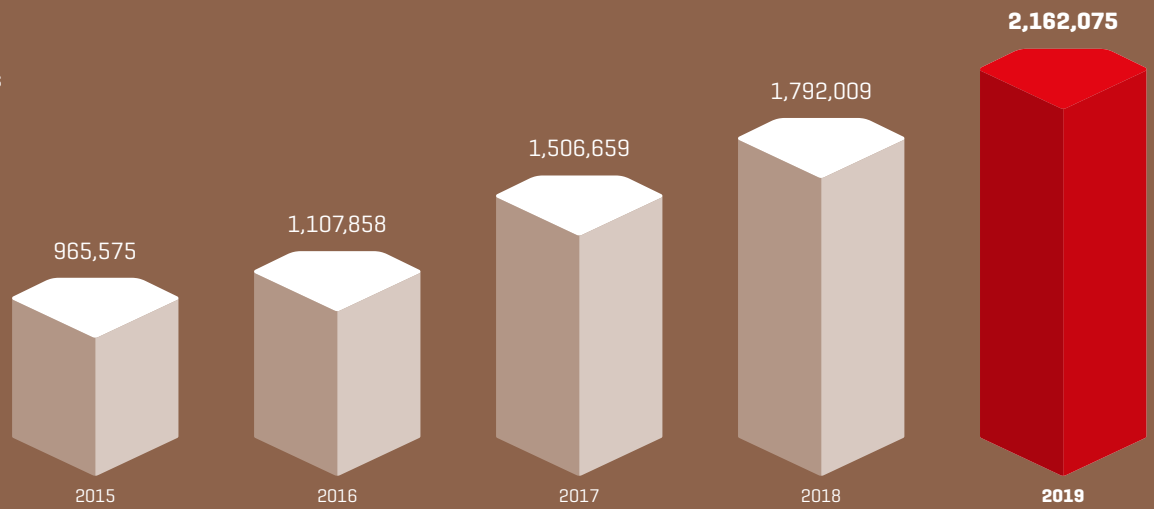
Despite the negative economic conditions and slow-downs and bottlenecks experienced in the markets in 2019, our group has maintained its financial structure thanks to the successful risk management and on-time financial measures taken;

and sustained the positive stability trend in financial ratios as a result of its Efficient and Productive Assets Management, Liability Management, Working Capital and Cash Management and Risk Management applications.

In 2019, our total assets reached 2,162,075,145 TL, an increase of **20.65%** compared to previous year's level.



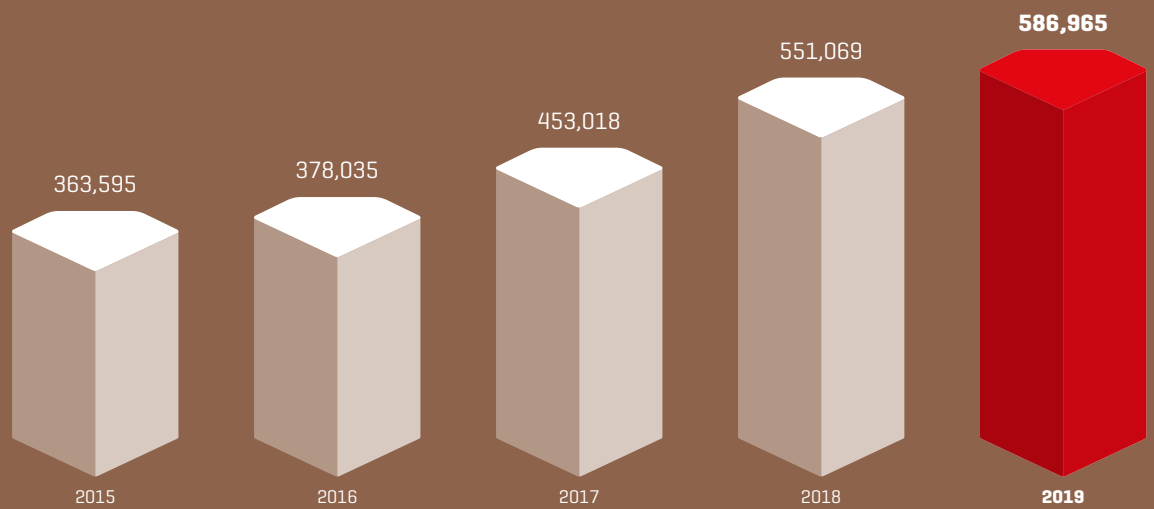
TOTAL ASSETS (THOUSAND TL)



Our shareholders' equity sustained its increasing trend for the last five-year period and reached to 586,965,442 TL, increasing **6.51%**.



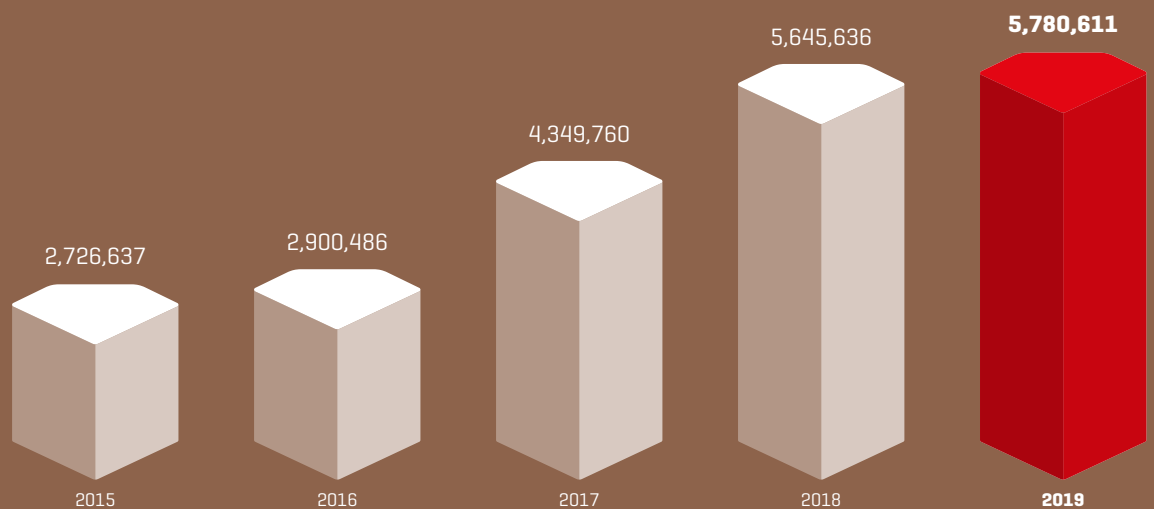
SHAREHOLDERS' EQUITY (THOUSAND TL)



Our total sales reached 5,780,611,154 TL, achieving an increase of 2.39% compared to the previous year.



TOTAL SALES (NET) (THOUSAND TL)



Subsidiaries and Affiliates

Annual production capacity of Demisaş, our subsidiary, is 80,000 tons. As of this year, approximately 39% of the production output is exported particularly to the West European countries.

DEMİSAŞ DÖKÜM EMAYE MAMULLERİ SAN. A.Ş.

The factory of Demisaş A.Ş., which is founded in 1974, is in Bilecik. The casting plants, cupola furnaces and induction furnaces are used for melting; and the production takes place in automatic casting lines. There is also a "Machining Workshop" for processing and selling pig, nodular cast iron and vermicular parts which are produced in the plant. It manufactures compressor parts with hermetic pistons, components for spiral lobe compressors for the white goods sector; brake discs (nodular cast and grey cast iron), airbrake discs,



Electrolytic copper wire and electrolytic copper wire products with high added value are produced at Sark Wire facilities.

brake drums, flywheels, exhaust manifolds, pulleys, brake cylinders, various brackets and parts, brake safety parts for automotive sector; pump housings for the water system sector; compressor housings and brake safety parts for the heavy vehicle sector, rail junction parts for the railway sector and scaffolding connectors for the construction sector. Annual production capacity is 80,000 tons. As of 31.12.2019, approximately 39% of the production output is exported particularly to the West European countries. Stocks of our affiliate are listed on Borsa Istanbul. The registered equity ceiling is 80,000,000 TL and its paid-up capital is 52,500,000 TL Our shareholding in Demisaş is 44.44%.

SAR MAKİNA SAN. VE TİC. A.Ş.

Founded in 1991, Sarmakina successfully provides service to domestic and international markets, particularly in;

Wire, Cable sectors including;

Wire Drawing, Bunching, Coil Winder and Tin Plating Lines, Pay-offs, Rewinding Machines, Spooler, Various Emulsion Systems, Band Filters, Steel Reels, Reel Equipment,

Energy Sector including;

Copper, Aluminum Flexible and Solid Busbar and Insulated conductors used in electro-mechanic industry [Kraft, satin, dennison, mylar, mica, Nomex, etc. are used as insulation materials].

Busbar solutions include flexible connection busbar, welded solid busbar, macaron insulated tin/silver coated profiles, pipes and rods as well as tailor-made busbar processed and produced in line with the requirements of the customers.

The capital of Sarmakina A.Ş. is 10,000,000.-TL in which our share is 99%.

SARDA DAĞITIM VE TİC. A.Ş.

Established in 1979 in Istanbul, Sarda A.Ş. carries out some of promotion and marketing operations for our products. It also imports, exports and distributes the products that are within its field of activity. The capital of Sarda A.Ş. is 15,000,000 TL in which our share is 99.97%.

BEKTAŞ BAKIR EMAYE KABLO SAN. VE TİC. A.Ş.

Our company and Sarda A.Ş. have shareholdings of 70.71% and 29.12% respectively. In the company, which stopped its operations in 2003 with a capital of 5,500,000- TL.

BEMKA KUPFERLACKDRAHT GMBH

The company was founded to conduct a portion of the promotion and marketing activities for the products of Turkey's leading enamelled winding wire producers, Bemka A.Ş., which was founded in 2002. Our company merged with Bemka A.Ş. as of 22.12.2016. Bemka Kupferlackdraht GMBH with an equity of 500,000 EURO has an affiliated partnership of 99.60% with our company.

SARK WIRE CORPORATION

Sark Wire Corp., which was established in 2008 and has been operating in Albany, New York, the USA, since 15.12.2009, produces electrolytic copper wire and other electrolytic copper wire products with high added value at its factory equipped with the latest technology machinery and equipment. An additional factory was established in Georgia to reduce transport costs and deliver products to customers more



Subsidiaries and Affiliates



quickly. The merger of Sark Wire that operates in the USA and which we own 60% of its capital and Sark-USA which we own 100% of its capital under Sark Wire was decided by the boards of directors of the companies. The legal procedures in the USA were completed regarding the merger and the merger was certified on 15.05.2019. Following the merger, Sarkuysan A.Ş. has 73.34% of Sark Wire Corp; while Sarmakina A.Ş. and Bektaş A.Ş. have 14.54% and 12.12% of the company shares, respectively.

SARK BULGARIA AD.

Sark Bulgaria AD. was established on 10.06.2016 in Shumen, Bulgaria, to be able to benefit from the advantages offered by the European Union in exportation and expand the activities of the company. Our company has 90% share and Sarmakina A.Ş. has 10% share in Sark Bulgaria AD., which has a registered capital of 8,000,000 Leva. Investment process of the company was completed and the production period has been initiated.



SUBSIDIARIES AND AFFILIATES ACCORDING TO YEARS

	2015	2016	2017	2018	2019
Demisaş Döküm Emaye Mamulleri Sanayi A.Ş., [Thousand TL]					
Paid-in Capital	35,000	35,000	35,000	52,500	52,500
Participation Share	15,554	15,554	15,554	23,331	23,331
Participation Rate [%]	44.44	44.44	44.44	44.44	44.44
Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş. [Thousand TL](*)					
Paid-in Capital	35,000	35,000	-	-	-
Participation Share ^(*)	20,056	34,991	-	-	-
Participation Rate [%] ^(*)	57,304	99,975	-	-	-
Bektaş Bakır Emaye Kablo Sanayi ve Tic. A.Ş., [Thousand TL]					
Paid-in Capital	5,500	5,500	5,500	5,500	5,500
Participation Share	3,889	3,889	3,889	3,889	3,889
Participation Rate [%]	70.71	70.71	70.71	70.71	70.71
Sarda Dağıtım ve Tic. A.Ş., [Thousand TL]					
Paid-in Capital	15,000	15,000	15,000	15,000	15,000
Participation Share	14,996	14,996	14,996	14,996	14,996
İştirak Oranı [%]	99.97	99.97	99.97	99.97	99.97
Sar Makina San. ve Tic. A.Ş., [Thousand TL]					
Paid-in Capital	10,000	10,000	10,000	10,000	10,000
Participation Share	9,900	9,900	9,900	9,900	9,900
Participation Rate [%]	99.00	99.00	99.00	99.00	99.00
Sark-USA, Inc., [Thousand US\$](**)					
Paid-in Capital	100	100	100	100	-
Participation Share	100	100	100	100	-
Participation Rate [%]	100	100	100	100	-
Sark Wire Corp., [Thousand US\$]					
Capital	10,000	10,000	15,000	15,000	15,575
Paid-in Capital	10,000	10,000	11,250	15,000	15,575
Participation Share	6,000	6,000	6,750	9,000	11,423
Participation Rate [%]	60	60	60	60	73.34
Sark Bulgaria AD, [Thousand Leva]					
Capital		6,000	6,000	8,000	8,000
Paid-in Capital		1,875	6,000	8,000	8,000
Participation Share		5,400	5,400	7,200	7,200
Participation Rate [%]		90	90	90	90
Bemka Kupferlackdraht GmbH [Thousand €]					
Paid-in Capital		500	500	500	500
Participation Share		498	498	498	498
Participation Rate [%]		99.60	99.60	99.60	99.60

(*) The merger process with Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş. was completed and registered in 22.12.2016 and Bemka Kupferlackdraht GMBH, an affiliated company of Bemka A.Ş. operating in marketing sector in Germany, was included to Sarkuysan's affiliated companies.

(**) The legal requirements regarding the merger of Sark Wire that operates in the USA and which we own 60% of its capital and Sark-USA which we own 100% of its capital under Sark Wire were completed and the merger was certified on 15.05.2019.

Activities in 2019

Sarkuysan, which has an annual production capacity over 200,000 tons, ensures having environmentally-friendly production processes at its plants which are equipped with modern environmental protection technologies.

The Sark Wire Corporation, of which 60% is owned by our company, successfully continues its production of high-quality products in the North America market with short delivery periods and always a particular focus on customer satisfaction.

INVESTMENTS

Our company continued investment activities in the 2019 period. Our investment activities were especially focused on high value-added products taking into account the intense competition in the global sector and the new technological trends. Utmost care was given so that the machineries and plants commissioned during the year possess the latest technologies.

Thanks to these investments, the product range was broadened contributing positively to meet customer requirements. The installed capacity of our cogeneration plant reached 16.3 MW following the commissioning of two 4.4 MW, one 3.8 MW and one 3 MW gas turbines and one 700 kW steam turbine. The capacity of our autoproducer license was increased and transformed to a production license accordingly.

Our company conducted researches and completed ERP [Enterprise Resource Planning] activities in



order to respond to the need for revising the software system that has been used by our company for many years due to competitive developments and the rapid innovations experienced in the industrial area; and the need for adaptation to the change.

PRODUCTION ACTIVITIES ABROAD

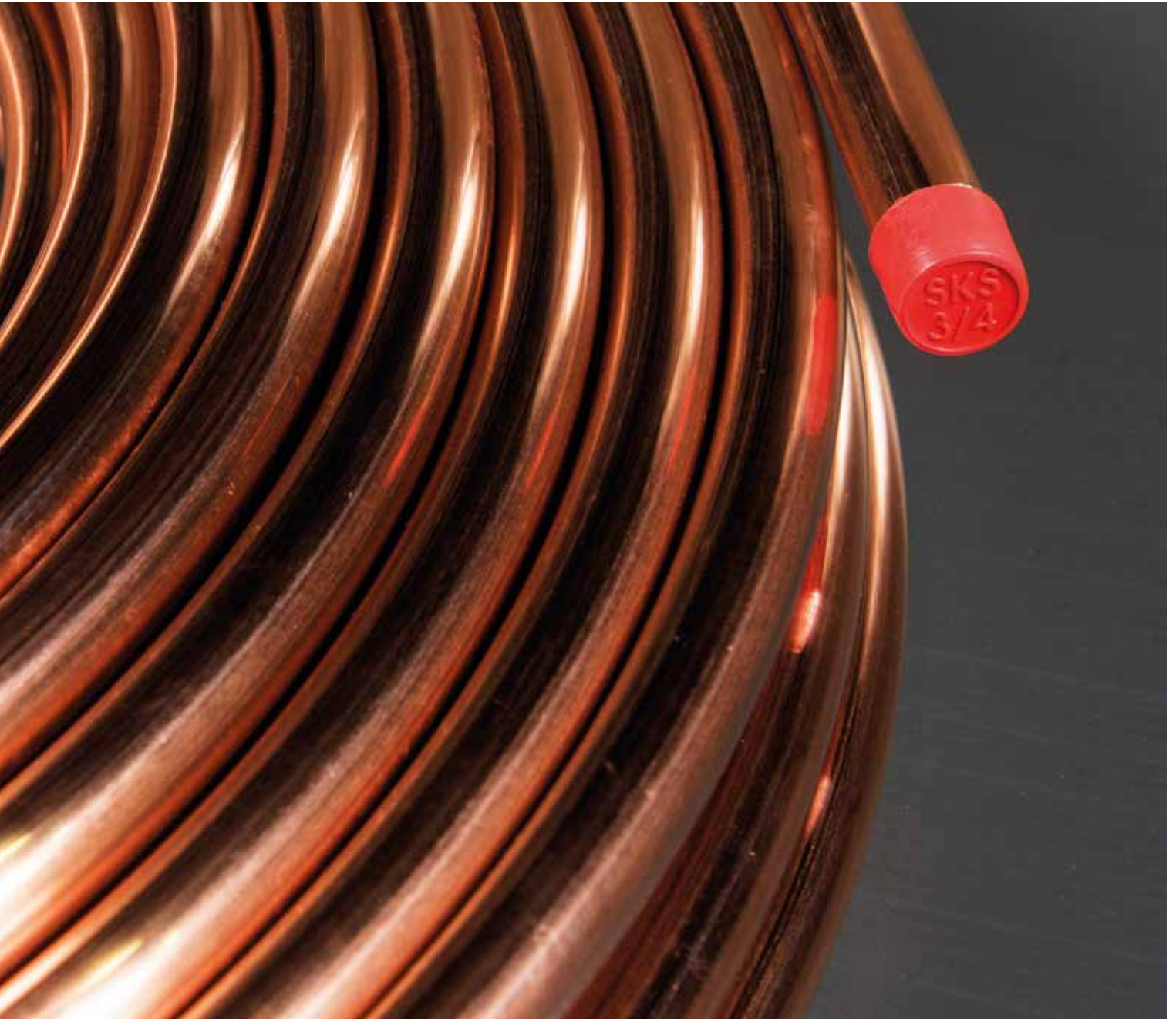
The Sark Wire Corporation, established in Albany, New York-USA, of which 60% is owned by our company, produces in accordance with the requirements of the ISO 9001 Quality Management System Certificate it possesses with high quality products, with growing product variety, competitive prices, short delivery terms and a focus on customer satisfaction in the

North American market. Following the success of our first foreign investment, our production facility in Georgia, the USA, also successfully continues its operations.

Sark Bulgaria AD was founded in Shumen, Bulgaria in 2016 in order to expand our company's operations in the European Union. Serial production of Sark Bulgaria began around mid-2019.

INFORMATION ON PRODUCTION

Sarkuysan was founded in Istanbul in 1972 to produce electrolytic copper and products. The premises of the company are located on an area of



Activities in 2019



175,000 sq. metres in Osmangazi, Gebze, which is 45 km from Istanbul.

Sarkuysan, which has an annual production capacity over 200,000 tons, ensures having environmentally-friendly production processes at its plants which are equipped with modern environmental protection technologies.

Sarkuysan, the first truly publicly owned company of Turkey, with its multi partner and professional management structure, subsidiaries and affiliates, approximately 5,000 shareholders and social projects, has been adding value to the country's socioeconomic life since 1972. In 2019, Sarkuysan reached 164,729 tons of goods sales.

PRODUCTION FACILITIES

Refinery Facilities

Anode Casting Workshop

Blister copper is melted in refining furnaces and then automatically cast in moulds at the casting wheel to obtain copper anodes.

Tank House

Anodes placed in electrolysis baths are subjected to electrolytic refining by means of the conventional direct current electrolysis method. After the electrolysis process, copper cathodes of electrolytic purity are obtained.

Continuous Casting Plants

Sarkuysan is the unique organisation in the world which is capable of manufacturing copper wire rod

Sarkuysan is the unique organisation in the world which is capable of manufacturing copper wire rod by means of three competitive continuous casting technologies that are operated under the same roof.

by means of three competitive continuous casting technologies that are operated under the same roof.

Upcast [Outokumpu]

High purity electrolytic copper cathodes are melted in the protective atmosphere at induction furnaces, transferred to casting furnaces via launders and cast into wire rods with diameters of 8 to 25 mm range by means of the "UPCAST" continuous casting technology. Silver alloyed copper wire rod is also produced in this facility.

Southwire

Electrolytic copper cathodes are melted in the atmosphere-controlled shaft furnace and consecutively transferred into holding furnace and caster via launders. The continuously cast bar through the caster is then hot rolled into ETP copper wire rods with diameters of 8, 11 and 16 mm.

Contirod Contirod/Hazelett

Electrolytic copper cathodes are melted in the atmosphere-controlled shaft furnace and cast into bar form in Continuous Casting Plant. The cast bar is hot rolled into 8 mm wire rod and ETP copper wire rod is produced.

Billet Casting

Electrolytic copper cathodes are melted in the channel type induction furnace and transferred to the holding/casting furnace. The casting takes place automatically and cut into requested lengths at the vertical strand caster. The billets produced in this facility are dispatched to tube, busbar and profile plants for extrusion processes.

PRODUCTION

Conductor Production

Providing raw materials for harness cables as a major input for the automotive industry today, our Company manufactures conductors in compliance with national and international standards, which can be used in technical equipment to be used for fast communication and data transmission in various fields including computers and the Internet. Furthermore, general and special purpose conductors used in electronics industry are included in our product range. Moreover, our Company also undertakes the manufacture of special conductors consumed in every segment of aviation and defence industries. Nickel-plated copper wires manufactured by Sarkuysan of high conductivity copper with superior heat and thermal shock resistance are used in aeronautics and astronautics industries.

Mono Wire Production

8 mm wire rods produced at the continuous casting plants are cold drawn down to 0.05-4.50 mm at different drawing machines with annealing units as per the standards and/or customer requirements.

Bundled Conductor Production

Multi-Wire Bundled Conductors

Multi-wires consisting of up to 24 wires are drawn down to 0.05-1.04 mm on state-of-the-art wire drawing machines.

Activities in 2019

Total sales of the company maintained its increasing trend for the last five-year period and reached 5,780,611,154 TL by an increase of 2.39%.

Adding value to the country's economic and social lives with its approximately 5,000 shareholders since its establishment in 1972, Sarkuysan reached goods sales of 164,729 tons in 2019.

Bunched Conductors

0.05-300 mm² conductors are manufactured in conformance with international standards on bunching machines.

Special Stranded Conductors

0.05-300 mm² conductors are stranded with customised geometry.

Tin / Nickel Plated Wire Production

Copper wires within the diameter range of 0.8-3.00 mm are firstly electroplated with tin or nickel, and then drawn down to required diameters at wire drawing machines.

Flat Wire and Profile Production

Predrawn and shaved rods are fed into specially designed cold drawing/rolling machines. The product is then annealed in compliance with required standards depending on the customer demand. Flat wires and profiles are also produced in annealed form thanks to the state-of-the-art continuous extrusion method.

Flat Wires

Flat wires up to 150 mm² cross-section in 3-30 mm width and 1-12 mm thickness are produced.

PV Ribbon Wire Production

PV ribbon wires are produced in bare, tin or solder plated forms by means of particular rolling and plating units,

and then transferred to spools via the rewinding unit according to customer specifications. Thickness: 0.08-0.50 mm, Width: 0.80-6.00 mm, Plating: Tin-plated, nickel plated or solder plated in desired specifications, Physical characteristics: Annealed or hard

Contact Wires and Catenary Conductors

Sarkuysan manufactures contact wires with electrolytic copper of 99.99% purity in manufacturing. The company manufactures contact wires in different dimensions from electrolytic copper, silver, tin and magnesium alloyed copper wire rods by means of drawing, rolling or drawing rolling method. Products are manufactured according to international standards such as ASTM B 47, UIC 870-0 and TS EN 50149 or customer specifications in 107 mm², 120 mm² or 150 mm² cross sections. Silver alloyed copper contact wires provide advantages to high speed and high frequency rail systems thanks to their high conductivity and high softening temperatures. Tin or magnesium alloyed contact wires have high breaking stress and wear strength, and thus are highly preferred in very high speed rail systems. Magnesium alloy conductors, which have high tensile strength, are ideal to be used in manufacturing catenary wires that require flexibility and high strength. Catenary wires and feeder wires can be produced from CuMg and CuAg alloy or pure copper according to demand.

Profile Bars

Maximum diameter in round bars is 80 mm. In flat profiles, maximum width is 200 mm.

Tube, Busbar and Profile Manufacturing Plant

Preheated up to the appropriate process temperatures, DHP-Cu and ETP-Cu billets are transformed into mother tubes, profiles and busbars





by extrusion presses. Final products are produced in different finishing lines in compliance with required dimensions. As well as busbars and profiles, inner grooved or non-grooved tubes drawn in straight lengths, pancake or LWC forms are calibrated according to customers' demands, and are annealed in the annealing furnace, operating under protective gas. Insulated copper tubes are produced for the air conditioning sector with a production line that is specially developed and produced by Sarkuysan. Depending on the customers' order, busbars are offered for sale in bare or tin-plated forms. In addition, copper busbars with high conductivity and surface quality properties are manufactured from Cu-OF wire rods at the state-of-the-art continuous extrusion plant. Moreover, tin-plated busbars can be

produced at electro tin-plating line, jointly developed by Sarkuysan and SarMakina who is the patent holder.

Enamelled Wire Production Facilities

Round copper and aluminium enamel winding wire, flat copper enamelled winding wire and Continuously Transposed Conductors are produced at our plants in Gebze and Tuzla.

Round and Flat Enamelled Winding Wire Production

Round copper wires in the 0.03 -5.00 mm range, round aluminium in the 0.80-2.50 mm range and up to 100 mm² cross section in flat enamelled winding wires are produced on enamelling machines at world standards.

Activities in 2019

In 2019, Sarkuysan increased the number of countries exported to as well as active export customers despite all unfavourable conditions experienced.

CTC [Continuously Transposed Conductor] Production

The CTC product that is manufactured by gathering flat enamelled winding wires together which is used in power transformers and generators that reduce losses in the unit used, winding time, unit size and costs and increases the physical endurance of the winding, is produced with project development according to customer demand.

SALES

The total sales figure in 2019 reached 5,780,611,154 TL. Effective team work, high quality and our customers regarding Sarkuysan as a long-term solution partner played an important role in reaching record breaking sales despite all the adversities in local and the global markets.



Nickel-plated copper wires of high conductivity copper with superior heat and thermal shock resistance, manufactured by Sarkuysan are used in aeronautics and astronautics industries.



EXPORT

2019 was a successful year during which the number of countries exported to and active export customers increased for Sarkuysan. In 2019, we achieved export figures of USD 222,136,092, EUR 270,515,025 and GBP 28,989,012.

FAIRS PARTICIPATED IN 2019

Fairs in Turkey

- April 4-6, 2019, Solarex Istanbul 2019, Istanbul Exhibition Centre / Istanbul
- April 10-12, 2019, Eurasia Rail 2019, Fair Izmir / Izmir
- April 11-12, 2019, 10th Energy Efficiency Forum

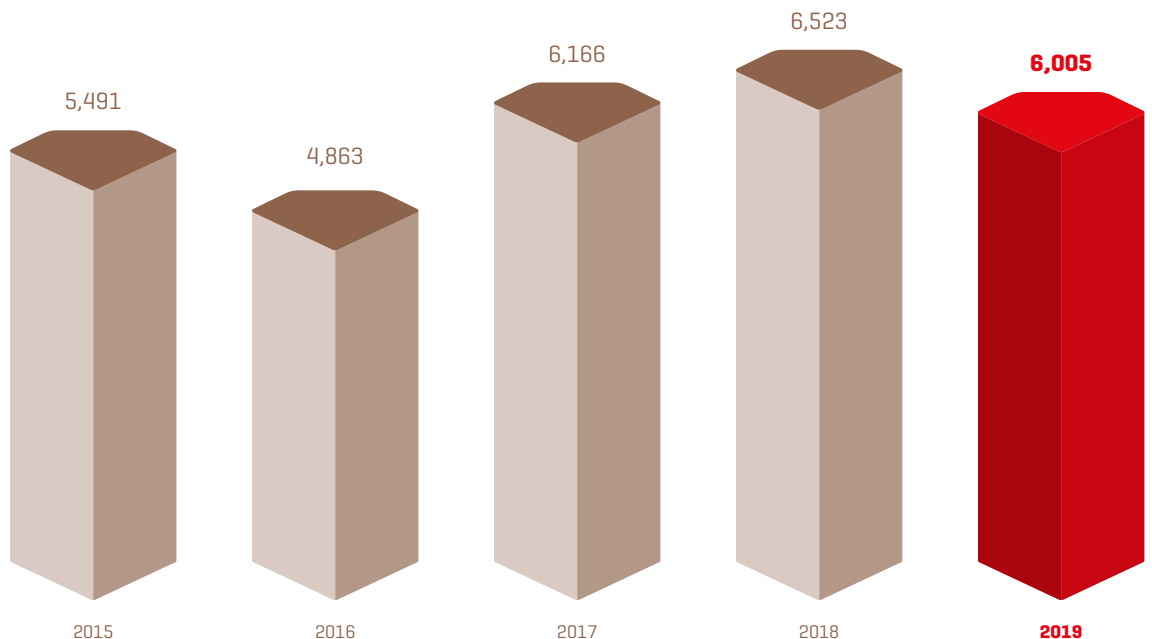
and Fair, Istanbul Lutfi Kirdar Convention & Exhibition Centre / Istanbul

- October 2-5, 2019, ISK-SODEX Istanbul 2019, TUYAP Fair and Convention Centre / Istanbul
- November 6-9, 2019 Santek 2019 / Kocaeli Metropolitan Municipality International Fair Centre / Kocaeli

Fairs Abroad

- March 5-7, 2019, Middle East Electricity 2019, Dubai / United Arab Emirates
- March 19-21, 2019, CABEX, Moscow / Russia
- May 21-23, 2019, CWIEME, Berlin / Germany
- May 13-16, 2019, Interwire, Atlanta / USA
- September 25-26, 2019, Coiltech, Pordenone / Italy

LME COPPER PRICES ANNUAL AVERAGE [US\$/TONS]



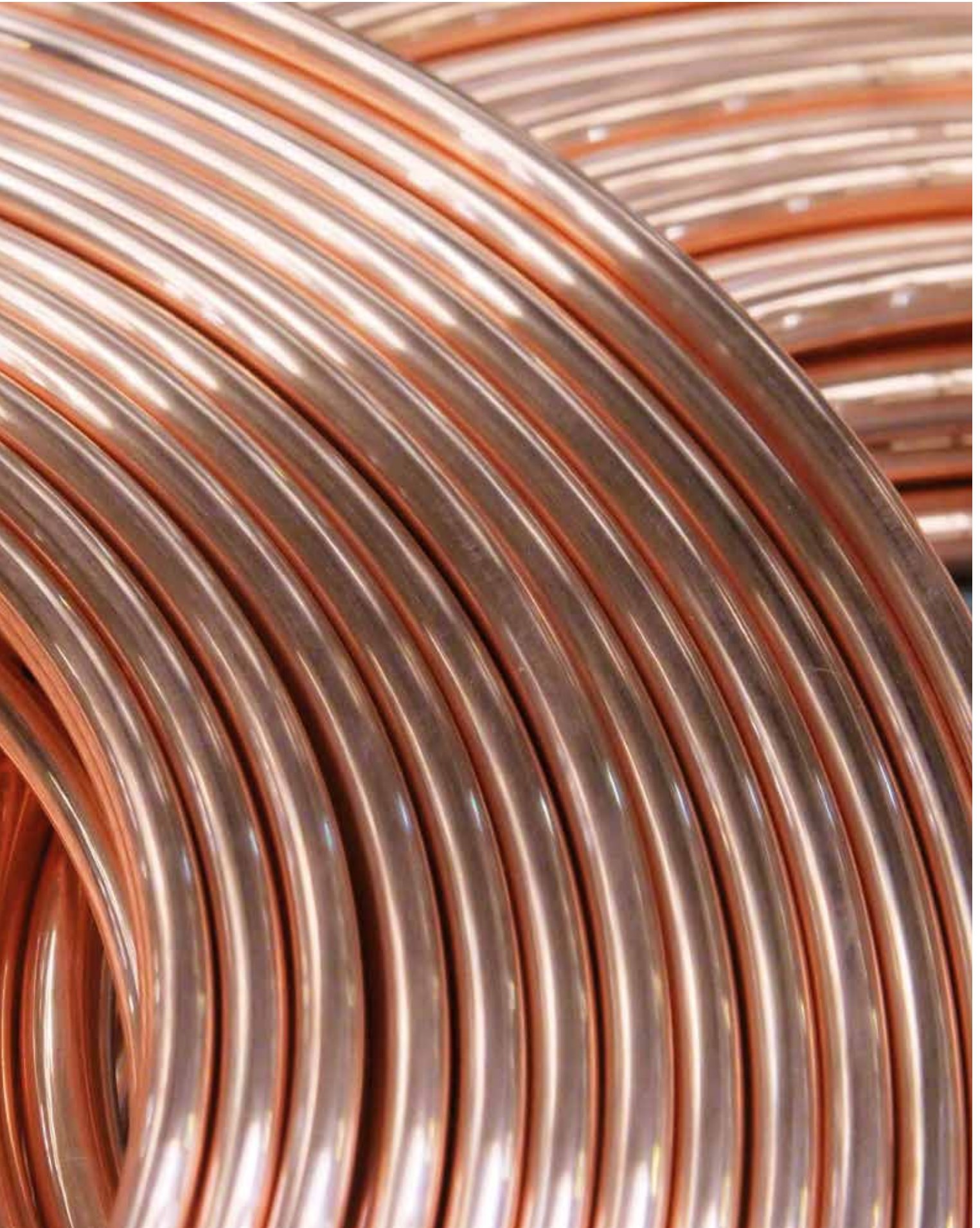
Activities in 2019

Sarkuysan manufactures conductors in compliance with national and international standards to be used in technical equipment for fast communication and data transmission in computers and the Internet.

PRODUCTS

- Copper Cathode
- Produced from electrolytic copper;
 - Wire rod
 - Rods
 - Wires in various diameters
 - Flat wires [bare and insulated]
 - Overhead Catenary Wires [contact wires, dropper wires, porter wires, feeder wires, Y rope insulated/non-insulated earth wires]
 - Tin-Plated Wires
 - Nickel-Plated Wires
 - Bunched and Stranded Wires
 - Rope Stranded Wires
 - Profiles
 - Copper Tubes [LWC, pancake, plain, grooved, insulated]
 - Copper Busbars [bare or tin-plated]
 - Copper Nuggets [Cu - OF and Cu - DXP]
 - PV Ribbon Wires
 - Round Enamelled Winding Wire [copper or aluminium]
 - Flat Enamelled Winding Wire
 - CTC [Continuously Transposed Conductor]





Activities in 2019

Sarkuysan, with its exports to more than 70 countries over 5 continents, has sustained its leadership in the sector.





Activities in 2019

In 2019, our total assets reached 2,162,075,145 TL, an increase of 20.65% compared to previous year's level.

Continuing its activities in sector with high global competition, Sarkuysan places importance to its R&D studies to fulfil the requirements of the industry and compete in the international arena.

2020 MARKET AND COPPER MARKET EXPECTATIONS

Trade Wars started in March, 2018 between America and China caused copper prices to increase in June, 2018 to 7,348 USD/Mt [3 Months]. Copper prices which experienced sharp drops in the rest of the year entered 2019 with 5,725 USD/Mt and mood of optimism between two countries in March and April helped the prices to increase to the levels of 6,600 USD/Mt. However, after additional customs taxes placed by USA for China entered into effect and China retaliated with the announcement that additional taxes will enter into effect after July 1, copper prices dropped rapidly to the level of 5,740 USD/Mt. Following these events, labour strikes which started in Chile created irregularities in supply-demand balance and caused the prices to increase again to the levels of 6,000 USD/Mt.

Three big industrial events of 2019 [LME Week London, American Copper Council Meeting, CESCO Asia] created the base for price movements in the copper market at the end of October and throughout November. Along with this, a wider economic and geopolitical news flow continued to dominate the price-day movements in the last quarter. Intraday LME 3M was supported by USA-China trade relations and reached to 5,966 USD/Mt on November 8, the highest level achieved since July. In addition, the announcement of generally weak Chinese economic

data for the month of October reversed the gains and kept the price range between 5,800-6,000 USD/Mt until the beginning of December. Then, more optimistic questionnaire-based data with regard to the manufacturing sector in China and positive voices in USA-China trade at the beginning of the month and announcement of USA's economic data by the end of the first week of the month of December created a risk for capital markets. Copper price raised above 6,000 USD/Mt in the next day transactions on December 6. Together with the strong pressure for China's copper import and more progress achieved in the direction of first stage USA-China trade agreement, the market was raised to 6,200 USD/Mt on December 8. In the days following Christmas, the signing of Trade Wars agreement helped LME-3 months prices to reach above 6,300 USD/Mt in the middle of January, the highest level since the month of May. In addition, spikes in LME stocks and increasing concerns with regard to Coronavirus in China caused copper prices to drop in the last week of January to the lowest levels of 2019. With the impact of macro level developments within the year, copper market which experienced a highly fluctuant year is expected to experience a similarly fluctuant year in 2020. Spreading level of Coronavirus and trade wars are expected to determine the prices.

Considering the global trend, the global growth rate around 2.9% is expected in 2019 according to IMF projections. During this period, the USA is expected to achieve a growth rate of 2.3%, while Europe and China achieve a growth rate of 1.2% and 6.1%, respectively; whereas Developing Countries Group, in which Turkey is included as well, are expected to close the year with a growth rate of 3.7%. In 2019, IMF and World Bank had to frequently update the global growth expectations in a decreasing trend for 2019-2020-2021 due to these commercial wars. According to the recent studies conducted by the



Sarkuysan R&D Centre commenced its activities with the permission of the Ministry of Industry and Technology on November 19, 2018.





IMF, the USA is expected to achieve a growth rate of 2.0%, while Europe and China are expected to achieve a growth rate of 1.3% and 6.0%, respectively. Developing Countries Group, in which Turkey is included as well, are expected achieve a growth rate of 4.4%, whereas the global growth rate expected is 3.3%. [Source: IMF, World Bank]

In 2020, an increase around 4% is expected in global refined copper production due to capacity increase in mining industry in Chile (2017: 23,538,000 Mt; 2018: 24,098,000 Mt). In the meantime, refined copper consumption is expected to increase around 1.7%. (2017: 23,710,000 Mt; 2018: 24,489,000 Mt). The global refined copper steadiness projections reveal an expectation of approximately 320,000 tons

of shortage and 280,000 tons of excess in 2019 and 2020, respectively. [Source: Reuters, CRU, ICSG]

R&D ACTIVITIES

Sarkuysan R&D Centre commenced its activities with the permission of the Ministry of Industry and Technology on November 19, 2018.

Continuing its activities in sector with high global competition, Sarkuysan places importance to its R&D studies to fulfil the requirements of the industry and compete in the international arena. Sarkuysan R&D Centre continues its studies in line with the company's line of business and goals. Hence, the centre is mainly focused on developing products included in the portfolio of the company

Activities in 2019



Thanks to the “Quality Management System” with ISO 9001 and IATF 16949 certificates, Sarkuysan continues its activities in line with the Company’s main goals of increasing quality and customer satisfaction and ensuring sustainability.

and produced in massive amounts as well as tailor-made products and systems in line with the requests and suggestions of the customers. Thus, every year activities to strengthen R&D infrastructure and human resources are carried out.

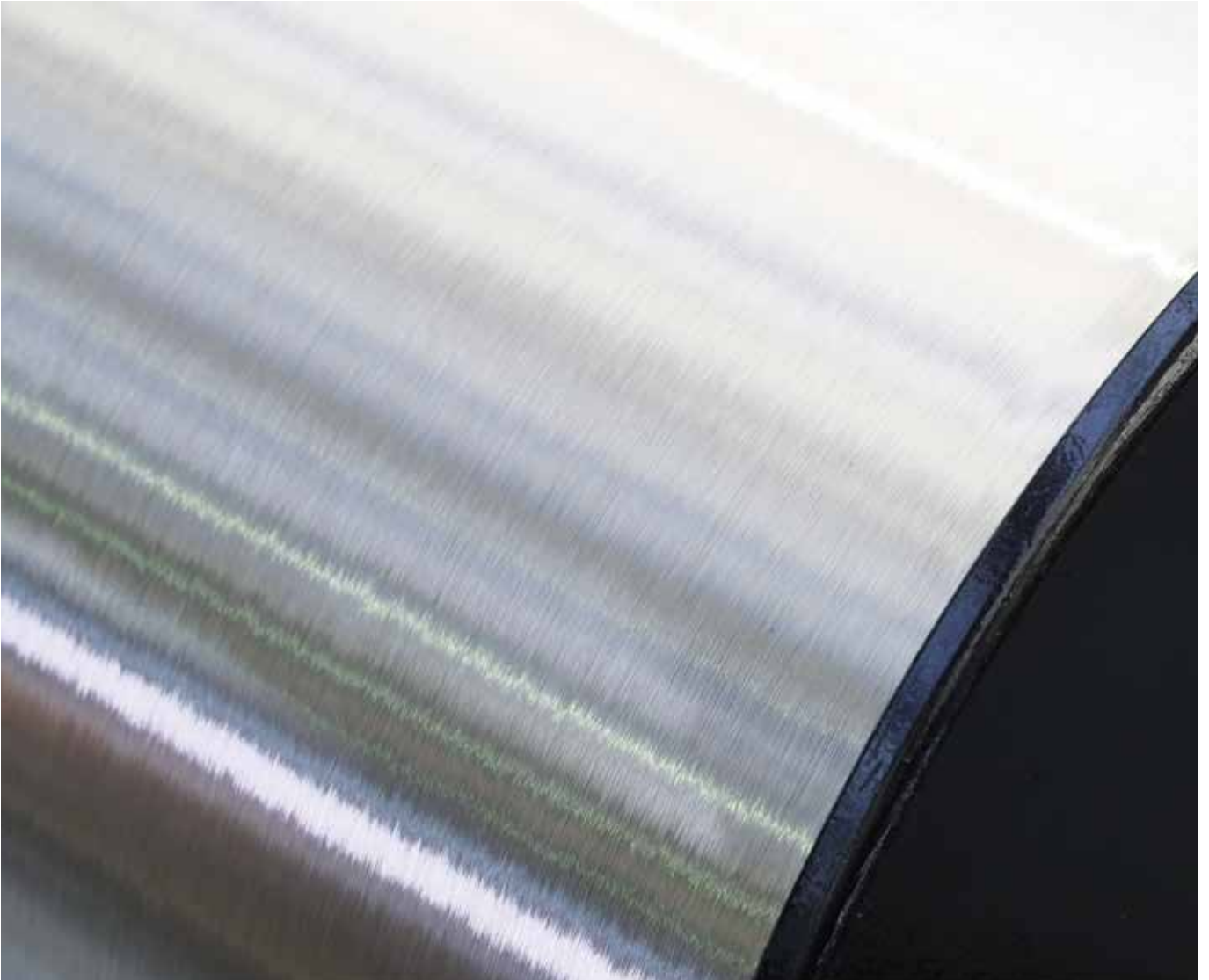
Sarkuysan R&D Centre is focused on,

- Process design and implementation,
- Material development and implementation
- Project-specific tailor-made implementations,
- Low-cost, high-quality implementations,

to strengthen its position in the sector.

MANAGEMENT SYSTEMS AND QUALITY CONTROL ACTIVITIES

High quality of our products and our business understanding focused on continuous improvement have an important role in the success of our company in sustaining its leading position in



the production of electrolytic copper and copper products. Thanks to the “Quality Management System” with ISO 9001 and IATF 16949 certificates, Sarkuysan continues its activities in line with the Company’s main goals of increasing quality and customer satisfaction and ensuring sustainability.

The “Environmental Management System” with ISO 14001 certificate leads Sarkuysan to decrease the use of natural resources, minimises the impacts on soil, water and air, increase and sustains the environmental performance.

The “Health and Safety Management System” with OHSAS 18001 certificate enables us to continue our systematic applications for the protection of our employees by creating a safe and healthy work environment, prevents the occurrence of workplace accidents and occupational diseases, and ensures the safety of workplace environment. Thanks to

our “Energy Management System” with ISO 50001 certificate, the required processes and systems to increase energy efficiency were established and efficient energy management is enabled by the projects applied.

The quality control activities that start with input products are continued with process control and product controls. Quality controls at all levels are carried out according to test methods in line with the national and international standards and by appropriate devices and competent personnel. The laboratories where Physical Tests and Chemical Analyses are conducted are experts on copper tests and analyses and our activities are approved by the Turkish Standards Institute [TSE].

Conformity of our products to the national standards is certified by TSE.

Activities in 2019

ENERGY POLICY

SARKUYSAN A.Ş. adopts the principle of constantly improving the efficient use of energy and providing environmental and economic sustainability in all operations with the awareness on undertaking the Energy Management System responsibility.

Thus, we are committed to;

- Complying with appropriate national and international energy regulations, standards and other requirements in force,
- Utilizing energy and natural resources efficiently in all manufacturing operations and processes, and constantly improving our energy performance through surveys and improvement projects for energy efficiency,
- Keeping up with technological trends to evaluate alternative energy resources that would minimize negative impacts,
- Efficiently using energy and natural resources through sustainable development approach, and launching efficient and transparent efforts for reducing greenhouse gas emissions,
- Implementing efforts dedicated to improving the energy awareness of employees, suppliers, customers and stakeholders,
- Minimizing energy losses and optimally utilizing gas emissions and waste heat,
- Preferring energy-efficient technologies and applications to improve our production plants and equipment and new investment operations

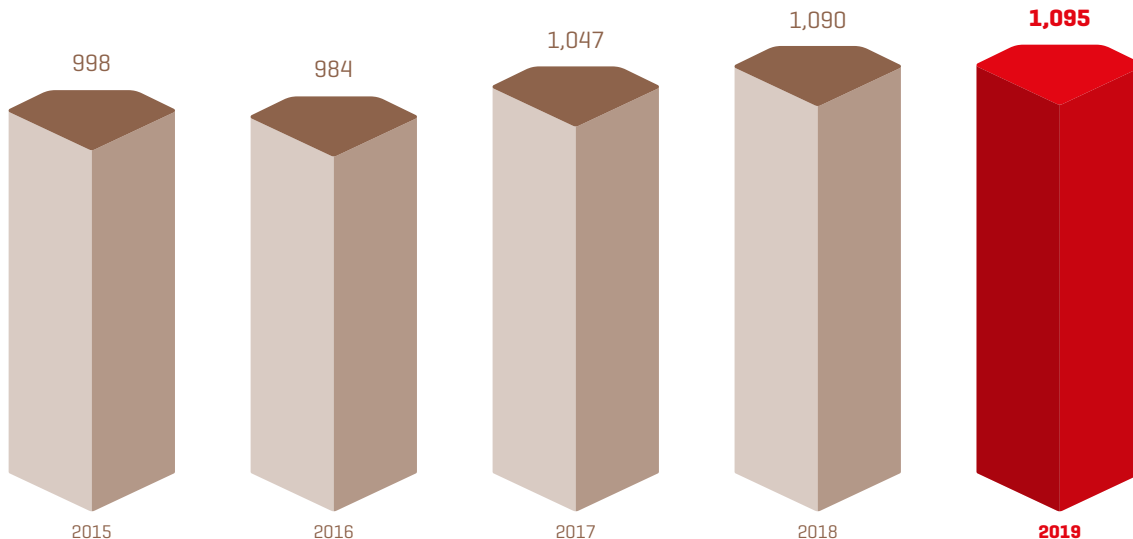
services in new investments,

- Integrating the documented Energy Management System into corporate management applications and periodically reviewing and improving the objectives.

ENVIRONMENT, HEALTH AND SAFETY POLICY

The principles of Sarkuysan which are based on protecting our employees' health and safety are; using clean technologies which do not pollute the environment and minimise waste with recycling facilities in the production site in accordance with the requirements of our customers; to ensure the efficient use of energy and natural resources for sustainable development and to prevent pollution as part of our Environmental Management System that is based on continuous improvement; to take all necessary measures in order to prevent workplace accidents and to preserve our employees from occupational diseases; to comply with the requirements of Environment, Health and Safety Legislation and approved code of practice in the course of activities; to set attainable goals and continuously seek to improve them in line with the continuous improvement principle and to increase environmental performance; to ensure the effective implementation of Environment, Health and Safety Management Systems and to train the employees to raise awareness. Our policy is accessible to all stakeholders and the public. We commit to put our efforts to achieve these principles together with all our employees.

NUMBER OF EMPLOYEES

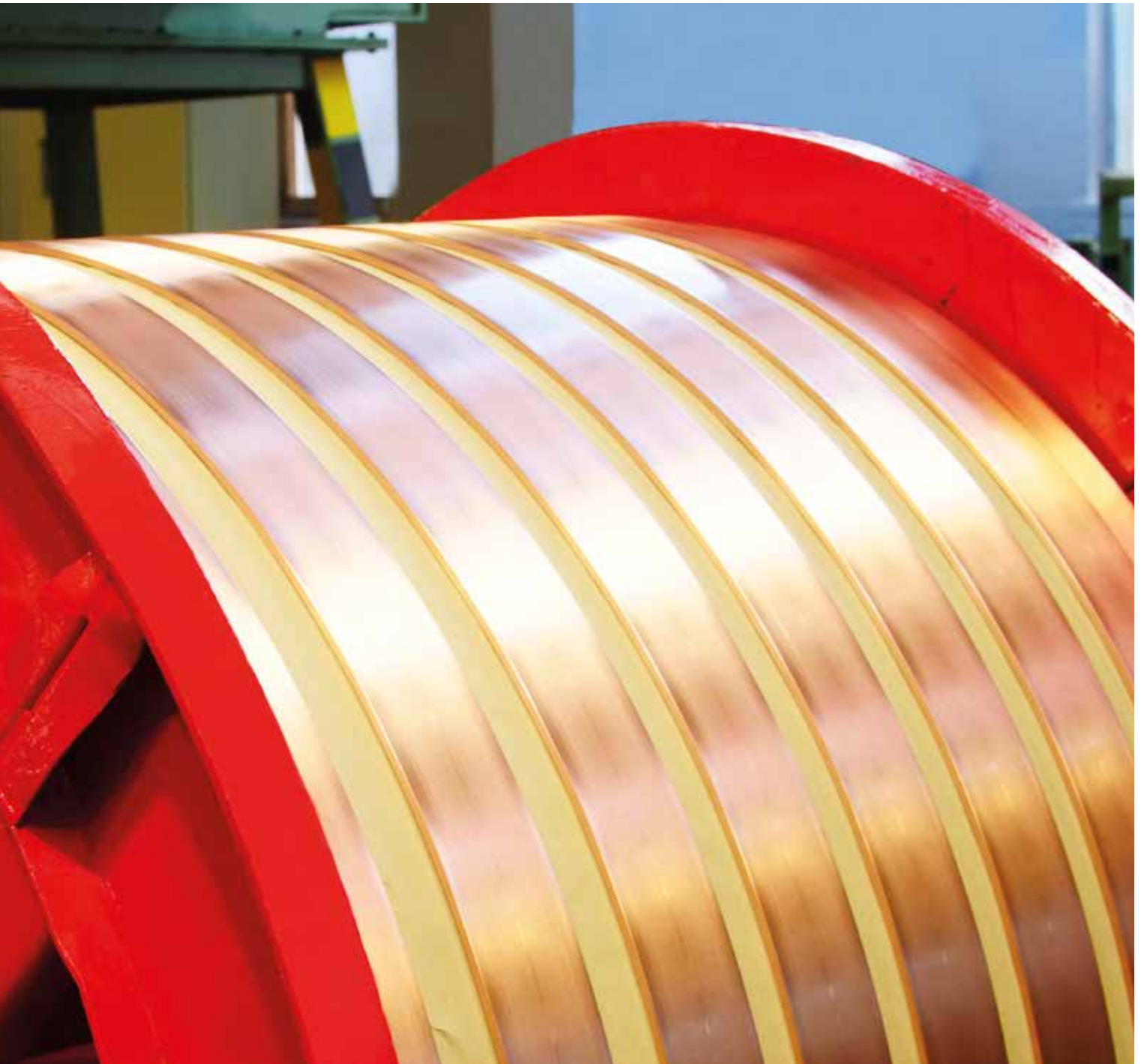


HUMAN RESOURCES

In this period, human resources policy was implemented in parallel with our main targets. In 2019, the year-on-year recruitment volume of our group increased to 1,095. 428 administrative personnel and 667 workers were employed. Our staff members have been encouraged to attend the relevant internal and external training programs with the purpose of accelerating their occupational and social development. Additionally, various events have been organised to increase the positive

communication and motivation among the staff members.

Thus, Company's Turkish Music Chorus, which is established by our staff, gave a concert on April 20, 2019 as part of the 26th Istanbul Turkish Music Festival in addition to another concert held for the public at the Gebze Osman Hamdi Bey Stage on December 21, 2019 for the 44th anniversary of commencement of our production. Also, folk dancing and Pilates training sessions continued.



Activities in 2019



FINANCIAL RIGHTS GIVEN TO THE MEMBERS OF THE BOARD AND SENIOR EXECUTIVES [TL]

Attendance fees, salaries, bonuses, premiums and dividends	15,747,464
Allowances, travel, accommodation, insurance and representation expenses	662,956
TOTAL	16,410,420

FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF THE BOARD AND SENIOR EXECUTIVES

The salaries of Board Members are determined in the Ordinary General Assembly which is held annually.

Salaries of all managers including senior executives of the Company are determined in parallel with the pay rise periods specified in the collective labour agreements, based on the general economic and sectoral circumstances, actual figures in the financial statements of the Company, wages applied in the market and particularly in the peer corporations, annual performance assessment results of employees, pay rise percentages arising from collective labour agreements of our union member workers and implemented upon evaluation and approval of the Board of Directors.

SOCIAL RESPONSIBILITY

We are aware of our responsibilities towards society and we carried out various social responsibility projects over the year. In line with the great importance attached to volunteering social investments in the assessment of corporations today, a promotional film will be prepared in Turkish and English regarding important social responsibility projects conducted by our Company up to today and it will be played on various platforms as needed.

We continued our contributions in the education field by granting non-refundable scholarships to 122 undergraduates, including children of our employees and graduates of Sarkuysan High School studying at higher education institutions. Thanks to these practices, 282 people have been included in the



professional life so far. Furthermore, 71 students were donated scholarships from the grant fund created by our employees; 278 students are now actively working in business life.

Our employees established a scholarship fund 25 years ago by contributing with certain amounts of deduction from their salaries. So far, 278 students have benefitted from this scholarship and finished their schools. In the meantime, 71 students still continue their education. Vocational high school students and undergraduates are also given the chance of training at the company to the extent of the quota allocated for this purpose. We keep our relations with Sarkuysan High School and Sarkuysan Primary Schools close and vivacious; and make contributions for maintenance and repair works, as well as new equipment.

As part of allocating our promotional budget to the purchase of medical equipment needed by a health organisation which is a tradition since 26 years in the area of health care, this year we continued this tradition with the purchase of "Automated Formaldehyde Dosing Equipment" and "Macroscopy Cabin Equipment" for the Pathology Unit and 5 "Holter DMS 300-3A Devices" for

the Cardiology Unit of Gebze Fatih State Hospital. As part of Istanbul Levent Rotary Club's organisation, winter boots and coats were donated to 350 students who are studying at Mehmet Şerafettin Yaltkaya Elementary School located in the center of Ağrı province and who are in economic need.

In line with the mission of 'Equal Opportunity in Education' of Darüştüfaka Society, we became 'Parent Donators' of two students by paying for their yearly education expenses as part of the 'Parent Donator' program for successful children whose father or mother is deceased and who are in economic need.

As part of robotics coding festival, first of which was organised this year in cooperation with Kocaeli Governorship, Provincial Directorate for National Education and Darıca Municipality, we contributed in the organisation of "Coding and Robotics Workshop" for the schools in our province.

Sarkuysan Table Tennis Team won the right to participate in Europe Cup Championship this year as well and represented our country.

Activities in 2019



DONATIONS AND GRANTS

In this period, donations and grants in an amount of 397,366.-TL in total were provided to various organisations. Major donations and aids paid during this period were as follows; 143,405 TL was donated to Sarkuysan Sports Club for the cost of the materials and equipment of our table tennis team competing in the Super League; 122,300 TL was donated to Fatih State Hospital for 5 Holter EKG

Devices; 60,000 TL was donated to Sarkuysan High School; and 20,000 TL was donated to Darüşşafaka Society.

Dear shareholders,

Our Company made donations and grants to various organisations and contributed to their development and improvement.

Yours faithfully, The Board of Directors

DONATIONS AND GRANTS IN 2019 (TL)

Sarkuysan Sports Club	143.405
Fatih State Hospital	122.300
Sarkuysan High School	60.000
Darüşşafaka Society	20.000
Otizm Vakfı [Autism Foundation]	10.000
Kocaeli Sports Club	10.000
Türk Eğitim Vakfı [Turkish Education Foundation]	4.420
Dilovası Kamu Hizmetleri Geliştirme ve Destekleme Vakfı [Dilovası Developing and Supporting Public Services Foundation]	3.000
Sağlıklar ve Tescanüt Derneği [Deaf and Solidarity Association]	2.400
Fiziksel Engelliler Derneği [Association for Physically Disabled]	2.000
Unicef Derneği [Unicef Association]	2.000
Altınokta Körler Derneği [Six Points Association for Blinds]	2.000
Others	15.841
Total	397.366

Internal Audits

The internal audit system of the company consists of job descriptions, authorisation system, policies and documented procedures that were previously determined based on the work flows and processes.

Our Company aims to achieve its targets on efficiency and effectiveness of operations, the reliability of its financial reporting system and assurance on the compliance to the legal regulations through implementation of an internal audit system.

Internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and effectiveness of the production operations is inspected.

The Audit Committee has notified the Board of Directors in writing about its opinions on the election of the independent auditors for the year 2019 interim and annual financial statements to be disclosed to the public, accuracy and consistency of them with the accounting principles and actual figures and the decisions taken during the meetings held throughout the year.

Risks and Assessment of the Board of Directors

All of the strategic, operational, financial particularities and other aspects that are thought to create risks preventing our company from achieving its short- and long-term targets are evaluated at every level of the organisation starting from the Board.

The Risk Assessment Committee that is established for this purpose carries out activities in parallel with the objective of making recommendations and giving advice towards detecting, evaluating and managing, reporting all kinds of risks including strategic, financial, operational risks etc., that may have an impact on the Company and taking them into consideration in the decision taking mechanisms.

Operational Risks: These risks are evaluated from a broad perspective beginning from the procurement of raw materials, production, sales and after sales services.

Receivable Risk: The receivable risks of our company are reported by the Limit Determination Committees consisting of senior executives of the Company in accordance with the Customer Limits Determination Procedure and they are approved upon checking and analysing in accordance with the relevant procedure.

There are insurance policies covering the receivables of our Company from the domestic market and foreign countries so that the losses that may arise from risks can be compensated.

In addition to the global policies, various security methods [securities, bonds, direct debiting system, etc.] are used with the purpose of minimizing the receivables risk.

Financial Risks: These risks are classified in four categories as Liquidity Risks, Interest Rate Risks, Foreign Exchange and Price Risks and following principles are regarded for the management.

Liquidity Risks: Attention is paid for matching the due dates of our Company's receivables and debts, and efforts are made to maintain the liquidity ratios of the Company [current ratio and acid-test ratio] through effective cash flow management and control and net operating capital management with the purpose of maintaining the short term liquidity level.

Interest Rate Risk: Changes in the interest rates lead to a substantial risk with respect to the financial consequences as a result of the impact created on interest sensitive assets and liabilities. This risk is managed by balancing the amount and maturity dates of the interest sensitive items.

Accordingly, efforts are made not only to match the maturities of the receivables and payables but also to balance the fixed/ fluctuating interest rates and short/long-term maturities.

Foreign Exchange Risk: As our company carries out operations in a vast geography, the operations are compensated with different currencies. Therefore, the exchange rate risk is one of the most important financial risks encountered. The main principle in managing this risk is to balance foreign currency assets and liabilities in foreign currencies such that the currency fluctuations create the minimum impact, in other words, a level close to zero is maintained in connection with the foreign currency position. Most of the time, methods that can be implemented on the balance sheet are used for the management of the foreign exchange. In addition, derivative financial instruments are used for protection against the parity change risks.

Raw Material Price Risk: Copper prices that form a substantial part of our costs are set by the global markets and follow a volatile trend. We implement models based on matching the prices and payment dates of the goods procured and sold in order to protect the Company against such price change risks. Apart from these models, all long-term price fixing demands of customers are managed through hedging operations.

In addition to the hedging operations against changes in copper prices, we implement hedging operations for other metals such as Tin, Nickel and Aluminium too, as they form a part of our costs and are open to price changes.

MISCELLANEOUS

No important developments of special importance occurred in the company that may have a potential to affect rights of the partners, debtors and other relevant persons and organisations upon expiry of the activity period.

Corporate Governance Compliance Report

SECTION I - DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Our company adopted complete compliance to Corporate Management Principles included in the annex of Communiqué on Corporate Management no.II-17.1 of the Capital Markets Board that came into effect after it was published in the Official Gazette no. 28871 dated 03.01.2014. However, full compliance could not be achieved due to reasons such as difficulties that could be faced in practice and that could cause delays in the company's activities, existence of debates in our country and also in the international arena about the compliance to some articles and as some of its aspects do not fully coincide with our company's present structure. There is not any conflict of interest situation that our company has been subject to for not complying with any principle. During application of Corporate Management Principles, some principles that do not fully coincide with our company structure and could cause delays in some activities were not included.

In the annual period that ended on December 31, 2019, the explanations regarding compliance to corporate management principles found in the attachment of Corporate Management Communiqué as well as the principles yet to be complied with were given in Corporate Governance Compliance Report ("URF") and Corporate Governance Data Sheet ("KYBF") and other sections of the report. In case of any change in URF or KYBF within the annual period, special announcements will be made and updates will be included in interim reports.

Prepared in line with the Capital Market Board decision dated 10.01.2019 and numbered 2/49 and Corporate Governance Communiqué numbered II-17.1, Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) can be accessed on <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1067-sarkuysan-elektrolitik-bakir-sanayi-ve-ticaret-a-s> as part of the related reporting principles, under "Corporate Governance Principles Compliance Report" section.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Investor Relations Department

Our company has an Investor Relations Department formed under Financial Affairs Deputy General Manager Ümit Uluçam and our personnel who have CMB Level 3 and CMB Corporate Governance Rating Licenses and below given personnel who is our Company's Legal Counsel work in this department.

In line with the requirements of Corporate Governance Principles, Şefiye YAYLA is also appointed as a member of Corporate Governance Committee.

Şefiye Yayla-Investor Relations Unit Manager

Tel : 0 262 676 66 00 / 3275

Faks : 0 262 676 66 82

E-Mail : yatirimciiliskileri@sarkuysan.com

Suat Vardar-Investor Relations Unit Member

Tel : 0 262 676 66 00 / 3455

Faks : 0 262 676 66 82

E-Mail : yatirimciiliskileri@sarkuysan.com

Demet Cizrelioğulları-Investor Relations Unit Member-Legal Counsel

Tel : 0 262 676 66 00 / 3276

Faks : 0 262 676 66 82

E-Mail : yatirimciiliskileri@sarkuysan.com

The Investor Relations Department is responsible for ensuring that the investor relations are conducted as part of Corporate Governance Principles, following the changes that occur in the regulations concerning the Capital market Board Law and making sure that the concerned departments in the company are informed, maintaining the relationship between the Capital Market Board (CMB), the Istanbul Stock Exchange (BIST) and the Central Records Agency (MKK) and representing our company.

Information and disclosures of a nature that could affect the use of shareholder rights are presented to the attention of shareholders on our website, www.sarkuysan.com. In 2019, our company has made 15 special situation disclosures on the Public Disclosure Platform. Material events were disclosed according to the "Material Events" communiqué and no sanctions were imposed by the CMB and Borsa Istanbul. The verbal applications, which were made by investors to our company within the period, were also responded.

Investor Relations Unit prepares an annual report regarding its activities and submits this report to the Corporate Governance Committee within the first two months of the following year.

Corporate Governance Compliance Report

1. SHAREHOLDERS EXERCISING THEIR RIGHT TO INFORMATION

1.1 Facilitating Use of Shareholder Rights

Updated information and disclosures that may affect the use of shareholder rights are presented to the attention of the investors on the corporate website.

1.2 Right to Demand and Review Information

While there is no article concerning the appointment of a special auditor in our articles of association, our company avoids actions that may complicate special audit and in 2019 there were no requests of a special audit from shareholders.

Investors can obtain answers to anything they want to know about our company from the 0 262 666 66 00 / Extension 3275 and 3455 telephone numbers. The e-mail address of investor relations, muhasebe@sarkuysan.com, can be used by shareholders to have all their questions answered other than information that has not been disclosed to the public, that is confidential and of a commercial secret nature. The inquiries of our partners who choose to contact us via mail will be answered immediately.

Information and disclosures of a nature that could affect the use of shareholder rights are presented to the attention of shareholders on our website www.sarkuysan.com under "Investor Relations" menu. Also, following the agreement signed with MKK, the sub-section "Information Society Services" was included under the "Investor Relations" section and through the link provided here, services can be accessed over the e-COMPANY Portal on MKK, thus fulfilling the obligations specified in Article 1524 of the TCC and the Regulation.

1.3 General Assembly

Company's General Assembly Meetings and invitation to General Assembly are organised in a way that provides adequate information to the shareholders and wide participation of the shareholders as per Turkish Commercial Code, Capital Market Regulation, General Assembly Internal Directive and Corporate Governance Principles. Ordinary General Assembly Meeting with regard to 2018 annual period was held on 12.04.2019 at the headquarters of the company. Shareholders acting as principal or agent have participated in the meeting which was organised in the electronic environment along with physical attendance and 72.40% participation was achieved.

Call for General Assembly meeting is announced 3 weeks before the General Assembly as per Corporate Governance Principles Communiqué, on the same date as the Board of Directors decree dated 11.03.2019, via Special Occasion Announcement made through Public Disclosure Platform and Electronic General Assembly System [EGKS]. Call for General Assembly meeting was advertised in Turkish Commercial Registry Gazette dated 12.03.2019, in Gebze Newspaper and Company website on 11.03.2019 as per the obligatory regulations in order to inform shareholders and enable highest participation for the meeting. Additionally, an announcement was made regarding the General Assembly Meeting to the shareholders of Group A Registered Shares by a letter dated 12.03.2019. The agenda of the meeting, information regarding the meeting, a copy of power of attorney and signature declaration were attached to the letters. At least three weeks before the general assembly meeting date, excluding announcement and meeting dates, the Consolidated Financial Statements and the Annual Report were made available to shareholders as part of the Turkish Commercial Code no 6102, article 437.

We negotiated with the company Medianova İnternet Hizmetleri ve Tic. A.Ş. for an Electronic General Assembly Meeting per the Turkish Commercial Code number 1524 and article 34 of our Articles of Association. On the day of our company's general assembly meeting the audio and video of our meeting was broadcasted by 3 cameras on the internet by connecting to the Central Records Agency.

In order to make it more convenient for shareholders to attend the General Assembly meeting, which is held at the headquarters of the company, buses were arranged from the Mecidiyeköy Trump Towers Shopping Centre and in front of the Haydarpaşa Protocol Mosque and after the meeting the buses returned shareholders to the same location.

Privileged persons who have the opportunity to obtain partnership information have not taken action as part of the activity subject of the partnership in their own name.

The Board members, other concerned individuals, authorities in charge of preparing the financial statements and the auditors were present at the General Assembly meeting to answer questions and provide information about the subjects on the agenda. During General Assembly meeting, items in the agenda are conveyed to the shareholders in an unbiased, clear and detailed manner. During General Assembly meeting, shareholders and stakeholders who participated in the meeting evaluated the questions asked in EGKS environment electronically as well as physically as per the related regulation and answers were given by the Members of the Board of Directors and Senior Managers; no question was left unanswered.

Company General Assembly is held as per the relevant Turkish Commercial Code and Capital Market Board provisions, being open to all shareholders, employees and physical persons permitted to participate in the assembly as part of the relevant regulations. During the General Assembly meeting, information was provided to the partners under a separate agenda item about the donations and aids given

out within the period and a decision was made on the upper limit for donations in 2019. All of the decisions concerning the meeting agenda matters discussed in the General Assembly and the minutes of General Assembly meeting including the dividends were published on PDP, EGKS and e-Company portals as well as our company's corporate website, www.sarkuysan.com.tr, after the meeting.

1.4 Right to Vote

While the company avoids all practices that make it difficult for shareholders to use their votes, the necessary mechanisms have been established to help shareholders vote easily and properly, even outside the borders. Hence, shareholders who have the right to participate in General Assembly Meetings are able to attend these meetings in electronic setting per Turkish Commercial Code article 1527 according to articles 21 and 34 of the articles of association concerning Participation in General Assembly Meetings Electronically. At the 2019 Ordinary General Assembly meeting the system established according to this provision of the articles of association was used to enable shareholders and their representatives to use their votes. No privileges are recognised concerning voting rights in the company Articles of Association. There is one vote per share in the Ordinary and Extraordinary General Assemblies. Shareholders may attend the General Assembly meetings by proxy with a power of attorney issued in the name of shareholders or non-shareholders representing them. Power of attorney holders who are also shareholders shall have the right to use their own vote plus the vote of the share they are representing. The power of attorney form is determined and announced by the Board in accordance with the CMB. There are no privileges concerning the use of votes. Only as a requirement of our articles of association, during the election of Board of Directors, 5 of the Board members are selected amongst the candidates nominated by shareholders of the [A] group and 4 candidates nominated by the [B] group shareholders, after which the selection is carried out in the General Assembly. The Company has not voted in a General Assembly of a partnership, in which the company has cross-ownership that also brings rulership.

1.5 Minority Shareholder Rights

The Company pays utmost attention for the minority shareholders to use their rights. The Company agrees that the related legislation in terms of the use of minority shareholder rights is sufficient. No extension was included in the Articles of Association regarding the minority shareholder rights.

1.6 Profit Share Right

There are no privileges on profit share rights and profit is distributed equally to all existing shares. The company has a specific and consistent profit distribution policy. This policy is presented to the partners for approval at the general assembly meeting and is disclosed on our company's corporate website. Profit is distributed according to the policy provisions.

Dividend Distribution Policy

- The annual profit of the Company is distributed per General Assembly meeting decision in accordance with the Dividend Distribution policy formulated in accordance with the Turkish Commercial Code, Capital Market Law, appropriate regulations and Company's articles of association.
- The Board determines its proposal for dividend distribution in line with appropriate legal provisions and by observing the sensitive benefit balance between shareholders and Company.
- The decision of whether to distribute profit or not is taken during the General Assembly upon the proposal of the board. The Board's proposal for profit distribution is publicly disclosed together with the dividend distribution scheme, for which the format and content are defined by the capital markets board, in line with CMB's regulations on the disclosure of material events, on the date when the agenda of the general assembly meeting is announced at the latest, and then posted in the Company's corporate website.
- The profit distribution process is initiated no later than the end of accounting period for which the general assembly meeting where dividend distribution is decided is held.
- The profit may be paid in instalments of equal or different amounts subject to the further appropriate decision taken at the general assembly meeting. The number and timing of instalments are determined during the general assembly meeting or by the board of directors authorised thereby.
- Instalment payments are distributed equally to all of the shares existing as of the date of payment pro rata their shares in capital, regardless of their dates of issuance and acquisition.
- The dividend per share is found by dividing the profit to be distributed to shareholders under the general assembly meeting decision by total number of shares.
- There is no share certificate granting any privilege for dividend share.
- Since the share certificates of the Company are registered on account as per the applicable regulations, profit share payments are deposited to Takasbank A.Ş. for further transfer to the accounts of shareholders with brokers and banks upon Central Registry's request on the date specified by the general assembly.

Corporate Governance Compliance Report

- Profit share distribution is affected in accordance with Turkish Commercial Code, Capital Market Law, applicable regulations and the Company's articles of association.
- The Company's articles of association should contain a specific provision for profit distribution to Board members and Company's employees.
- The Company's articles of association should contain a provision to make donations. The limit of donation is designated defined during the general assembly meeting. Donations made within the given fiscal period are added to the distributable profit base. The donations and payments to be made are presented to the partners in the ordinary general assembly.
- The profit distribution policy is formulated in accordance with the Turkish Commercial Code, Capital Market Law appropriate legal regulations and the Company's articles of association, and included in the annual report. Shareholders are informed accordingly during the general assembly meeting.
- In the event that it is proposed to make an amendment to the dividend distribution policy, the Board resolution on this matter and justification thereof are publicly disclosed in accordance with CMB's regulations on the public disclosure of material events.

1.7 Transfer of Shares

There are no restrictions that make transfer of shares difficult. All of the A and B Group shares that were issued against our company's issued capital have been listed in the Stock Exchange. Whilst the Group A registered shares are not traded, the B group shares are issued to the holder and traded. Per article 7 of the company Articles of Association "Founding partners who wish to sell their Group [A] Registered Shares shall first propose their intention in writing through the Board to the other partners. If none of the founding partners states an interest in the said shares at market value or the real value of the share stock this share may be sold to an outsider. All sales, which are not done accordingly shall be considered invalid by the company and shall not be entered on the company ledgers."

2.1 Corporate Website

The objective of disclosure policy is to share the performance, expectations, strategies, targets, and visions of the company except for confidential business information with the public, relevant authorities, existing and potential investors and shareholders through an active and open communication medium. This policy is presented to the approval of the partners during the general assembly meeting and is disclosed to the public in the annual report and on our company's website.

The Sarkuysan website www.sarkuysan.com is actively used by the company in public disclosure as recommended by the CMB Corporate Governance Principles. The disclosures on the website do not take the place of notifications and material disclosures required by the Capital Markets Board. The website is prepared in Turkish and in English with the content and format set forth by the CMB Corporate Governance Principles. In accordance with Article 1527 of the Turkish Commercial Code, a specific part of the corporate website is dedicated to legal announcements. This section is available through "Information Society Services" in our corporate website. The Investor Relations part of our corporate website contains the Company's trade registration details, most recent shareholding and management structure, details of preferred shares, announcements, date and issue no of the Turkish Commercial Registry Gazette announcing the amendments to the Company's articles of association, Company's up-to-date articles of association, material event disclosures, annual reports, announcements for General Assembly meetings, sample agenda and power of attorney, list of attendance, meeting minutes, profit distribution policy, disclosure policy, frequently asked questions and answers thereto. In the part "Sarkuysan on Istanbul Stock Exchange" of our website, all details about the Company posted in Istanbul Stock Exchange's corporate website are available. The corporate website further contains stock prices, charts, prices of some precious items as well as news about Sarkuysan and all other related news and exchange rates.

2.2 Annual Report

Board of Directors ensures that annual report reflects company activities completely and correctly. The company's annual report is prepared according to the provisions in the Regulation on Determining the Minimum Contents of Company Annual Reports published in the Official Gazette no 28395 dated August 28, 2012, the periods in the Communique on Principles Concerning Financial Reporting in the Capital Markets [II - 14.1] and as part of Corporate Governance Principles and are disclosed to the public.

3.1 Company Policy Regarding Stakeholders

The rights of all our stakeholders and employees are protected and they are informed efficiently as part of our information disclosure policy concerning company activities. Stakeholders are organisations or interest groups like employees, creditors, customers, suppliers, unions and various nongovernmental organisations that are involved in our Company's reaching its goals or in its activities. The company protects the rights of stakeholders that are organised by relevant regulations and mutual contracts in its operations and activities. In cases where the rights of stakeholders are not protected under regulations and mutual contracts, the rights of stakeholders are protected as part of good faith and to the extent of the company's capabilities.

Our company forms the necessary mechanisms to forward any acts of stakeholders that are in violation of our company's relevant regulations and ethically unsuitable to the corporate governance committee or the committee in charge of auditing.

3.2 Supporting the Contribution of the Stakeholders to the Management of the Company

In order to encourage the participation of personnel at all levels in the management, regular management meetings are held with the attendance of department managers and executive managers. The "Suggestion System" for employees is actively used. In 2019, 87 of the 164 suggestions were accepted. Those whose suggestions are chosen to be the best are rewarded every year. All of the operations and processes of our company are carried out in accordance with the ISO 9001 quality management system procedures. While there are no provisions in the Company's Articles of Association concerning employee participation in the management, the principle to employ personnel who have been raised within the company for vacancies in senior management positions has been adopted.

3.3 Corporate Human Resources Policy

Company has adopted an employment policy that ensures equal opportunity. This is indicated in the Human Resources Policy section of Company Annual Report Corporate Governance Principles Compliance Report section. Succession Policy is currently being developed. Action is taken in line with the Human Resources Policy broadcasted on the company website.

The principle of providing equal opportunities to employees in equal conditions is adopted while preparing recruitment policies and career planning. Employees are treated fairly in all rights and training programs are provided to increase their knowledge, skills and experience. Meetings are organised to inform employees and get their views on the financial status of our company, salaries, career, training and health. Periodic bulletins and announcements as necessary are issued to achieve an efficient communication network to inform employees, increase their motivation and develop good relations and communication.

Decisions that are made concerning the employees or developments about the employees are notified to the employee or their representatives and if deemed necessary the views of the concerned unions are obtained for these types of decisions.

Various measures have been taken to prevent discrimination among employees and protect them against physical, mental and emotional abuse within the company and these include procedures, trainings, awareness raising, targets, tracking, grievance mechanisms.

Our company effectively supports the freedom to establish organisations and collective labour agreements. Relations with employees as part of Collective Labour Contracts are conducted through representatives. As an employer the company is a member of the Turkish Metal Industrialists (MESS) and its blue-collar workers are members of the United Metal Labour Union.

A safe work environment and conditions are provided to our employees. As part of the "ISO 9001 Quality Management System" job descriptions and our booklet titled "The Basic Sources of Our Corporate Culture", which includes Our Quality Policy, Our Personnel Guidelines, Our Collective Labour Contract and Our Corporate Behaviour Principles, is given in printed form to each employee. The "Health & Safety Handbook" is handed to our workers with priority as part of our activities which we carry out to prevent occupational accidents. Applications like vaccination, health screening and medical follow up is carried out meticulously to protect employee health, which is a top priority of the company. The necessary work as part of standards under the "OHSAS 18001 Health and Safety" management system certificate we possess is carried out in integration with our legal obligations. All of our employees and their spouses and children are covered under a group personal injury insurance policy 24/7 and 365 days a year.

Various social, athletic and artistic events are organised to motivate employees. Our Sarkuysan Tennis Table team has won domestic and international championships and a number of different achievements while we also have different activities in music.

Our Turkish Music Chorus, which is composed of our staff members, gives concerts to the local people in Gebze. Furthermore, folk dancing and Pilates activities continue.

3.4 Relations with Customers and Suppliers

The company has measured customer satisfaction and has been operating based on the principle of unconditional customer satisfaction. Customers are informed in case there is a delay in processing their requests regarding products and services they have purchased. The company is committed to the quality standards regarding products and services. The company has the necessary measures in place to protect the confidentiality of sensitive information of customers and suppliers as part of commercial secret.

Corporate Governance Compliance Report

3.5 Ethics Code and Social Responsibility

The Ethics Code of the Company is explained to the employees under the “Corporate Behaviour Principles” titles within “The Basic Principles of the Company Culture” manual.

Partnership is sensitive to social responsibility. Measures have been taken to prevent corruption and bribery.

Our company presents its governance undertakings concerning the environment and health and safety with its “Environment, Health and Safety Policy” which it has disclosed to the public through our Company website.

Being aware of its social responsibilities, Sarkuysan continuously develops social projects at all fields. Accordingly;

Frej Han, renovated and used as Company Headquarters for several years, is an important contribution to our cultural legacy. The company contributes to education by building the Sarkuysan High School in Gebze and the Sarkuysan Elementary School in Darica and by granting non-refundable scholarships to higher education students. Sarkuysan also supports State Religious Affairs with the Sarkuysan Mosque inspired by and built as an Ottoman Architectural complex. Contributing to health sector by allocating the funds reserved in the beginning of the year for the urgent medical device needs of a health institution, the company also supports sports with its Table Tennis Team that frequently represents our country successfully in the European Cup Championship. Contributing to arts with its Turkish Music Choir, Folk Dance group consisting of its employees, the company pays utmost attention to the environment by developing forestation areas. And the last but not the least is that Sarkuysan promotes our country by hosting international events. There are no cases filed against our company for environmental damage in this period.

4.1 Function of the Board of Directors

The Board of Directors ensures that strategies and risks do not threaten long-term interests of the company and implementation of an effective risk management. Meetings’ agendas and minutes show that the Board of Directors discusses and approves strategic targets of the company, determines the required resources and supervises performance of the management.

4.2 Rules of Procedures for the Board of Directors

The Board of Directors has documented its activities and informed shareholders of these.

The Board of Directors has created an internal audit system suitable to the scale of the company and complexity of the activities. Information regarding processes and effectiveness of internal audit system are given in the annual report.

The Chairman and the General Manager positions are filled by two different persons. The Board of Directors ensures effective operation of investor relations department and corporate governance committee and works in close cooperation with investor relations department and corporate governance committee to resolve conflicts between company and shareholders and in communication with shareholders.

According to the Company’s Articles of Association, the management of the Company is carried out as part of Turkish Commercial Code provisions and the Capital Markets Board Regulation by 11 members, 9 of which are regular members and 2 of which are independent members, to be elected by General Assembly decision from among the 5 candidates nominated by A Group shareholders and 4 candidates to be nominated by B Group shareholders. The Board members must be determined as to assist conducting efficient and constructive work, making fast and rational decisions and effectively organizing the formation work of the committees.

Some members of the board are assigned in executive positions whilst others are not. [Members of the board who are not assigned in an executive function are individuals that, except for membership, do not have any other management position in the company or an executive department that reports to them and are not involved in the daily work flow and ordinary activities of the company.] Amongst the board members who are not assigned in an executive function, there are independent members with the ability to carry out their duties without being under any kind of influence.

As part of the duties of Members of the Board of Directors and managers, managers’ liability insurance with 20 million Euro worth of securities [an amount above 25% of the company’s capital] was put in place to pay damages against liabilities they may be held responsible for personally.

4.3 Structure of the Board of Directors

Name-Surname	Position	Executive or not	Independent Member of Board or not	Latest Date of Election	Term of Office	Committees Assigned & Roles	Duties Outside the Company
Hayrettin ÇAYCI	Chairman	Executive	Not An Independent Member	07.04.2017	3 Years		Chairman and General Manager at Sarkuysan Group of Companies Turktrade Chairman
Hamit MÜCELLİT	Acting Chairman	Executive	Not An Independent Member	07.04.2017	3 Years		Vice Chairman and Member of Board at Sarkuysan Group of Companies
A. Hamdi BEKTAŞ	Member	Executive	Not An Independent Member	07.04.2017	3 Years		Vice Chairman and Member of Board at Sarkuysan Group of Companies
Cenap TAŞKIN	Member	Executive	Not An Independent Member	07.04.2017	3 Years		
Fuat SUCU	Member	Not executive	Not An Independent Member	07.04.2017	3 Years		Member of Board at Sarkuysan Group of Companies
Maksut URUN	Member	Not executive	Not An Independent Member	07.04.2017	3 Years		Vice Chairman at Sarkuysan Group of Companies
Nurtekin KEÇECİ	Member	Not executive	Not An Independent Member	07.04.2017	3 Years	Risk Assessment Committee	
Turgay ŞOHOĞLU	Member	Not executive	Not An Independent Member	07.04.2017	3 Years	Corporate Governance Committee	
Bekir MENETLİOĞLU	Member	Not executive	Not An Independent Member	07.04.2017	3 Years	Corporate Governance Committee	
Ayhan ZEYTİNOĞLU	Member	Not executive	Not An Independent Member	12.4.2019	3 Years	Risk Assessment Committees	President of Kocaeli Chamber of Industry, Vice President of Turkish Union of Chambers and Commodity Exchange [TOBB], President of Economic Development Foundation [IKV], General Coordinator of Zeytinoğlu Denizcilik A.Ş.
Mehmet BAHTİYAR	Member	Not executive	Not An Independent Member	12.4.2019	3 Years	Audit, Corporate Governance, Risk Assessment Committees	Academician at Yeditepe, Bahçeşehir and Kadir Has Universities

In the Ordinary General Assembly Meeting held in 2019, 2 independent members who fully meet the criteria set forth by the Capital Markets Board's communique no. II-17.1 were elected. The Independent Members of Board submitted their independence declarations and background information to the Corporate Governance Board before the General Assembly Meeting. No incidents that would invalidate the independent status of our independent board members occurred in this activity period.

In accordance with the decision taken in the General Assembly meeting dated 07.04.2017, the terms of duty for the Members of the Board elected is 3 years; while in accordance with the decision taken in the General Assembly meeting dated 12.04.2019, the terms of duty for the Independent Members of the Board elected is 1 year; and it was decided by the General Assembly decision that the members of the Board of Directors be allowed to carry out transactions in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Market Board regulations.

With the objective of carrying out the duties and responsibilities of our Board efficiently, an "Audit Committee", a "Corporate Governance

Corporate Governance Compliance Report

Committee” and a “Risk Assessment Committee” were established in line with Board decision 1351/12.41 dated 18.09.2012 and these committees conduct their activities as part of their specified operation principles. However, since a separate nomination committee and remuneration committee have not been established due to the structure of the Board, the corporate governance committee carries out the duties of these committees. No conflicts of interest occurred in the committees in 2019.

The tasks, principles of work and which members will comprise the committees is determined by the board and disclosed on Public Disclosure Platform (PDP).

The general manager is not assigned in any of the committees.

The utmost care is taken to make sure that one Board member is not assigned in more than one committee but members who have to serve on more than one committee due to the structure provide communication between the committees that serve in related matters and increase the ability to cooperate. The Board of Directors is of the opinion that the benefits expected from the committee work are being provided.

All kinds of resources and supports, which are required for the committees to fulfil their duties, are provided by the Board. The committees invite people, who they deem as necessary, to the meetings and obtain their views.

Committees utilise independent expert opinions on subjects they require concerning their operations. The fees for consultation which is needed by the committee are covered by the company. However, in such a case, information about the person/company service is being acquired from and whether or not this person/company has any relation with the company is included in our annual report.

Decisions that are made as a result of the independent work done by our committees are presented to the Board of Directors and the final decision is made by the Board of Directors. Committees put all their work in writing and keep records. Our committees meet at the frequency that is deemed necessary and explained in the working principles. Committees present reports containing information about their work and results of meetings to the Board of Directors.

4.4. Nature of Board Meetings

Our Board of Directors meets at least once a month as part of the provisions of the articles of association. The board chairman negotiates with the other members and the general manager to determine the agenda of the board meeting. Members make every effort to attend every meeting and voice their opinions at the meetings. All members of the Board physically attended to the majority of the board meetings. Work has been started to make sure remote participation can be made possible through technological means and this has been included in the articles of association.

The Board of Directors sets a minimum period for the members of the Board to be provided information and documents regarding the items of the agenda before the meeting is held. The opinions of members who did not attend the meeting but submitted their views in writing are submitted to the attention of other members.

Each member has one vote on the board.

How the Board of Directors meetings are to be held has been organised and also an internal guideline has been prepared as part of the TCC and relevant regulations. In 2019, the Board of Directors met 17 times.

The Board Members shall always consult to the Chairman and ask for matters to be added to the agenda.

The Independent Members of Board have positive votes on the Board decisions concerning related party processes presented to the members of the Board for approval.

The issues on the agenda in Board meetings are openly discussed in every aspect. The Chairman of the Board does the best to make sure that nonexecutive members actively attend the Board meetings. Board members shall record their reasonable and detailed justifications for opposing votes on issues they disagree in the decision record. Minutes of Board meeting shall indicate that all items in the agenda are discussed and records shall include the opposing views as well.

Members of Board shall set aside sufficient time for company work. If the member of Board is an administrator or board member in another company or provides consultation in another company, it is essential that this situation does not cause a conflict, interests or disruptions in the member’s work in this company. Members of the Board are not restricted in assuming other duties outside of the company.

4.5 Committees Formed Under the Board of Directors

Independent members of the Board are assigned to more than 1 committee. Members who have to serve in more than one committee shall enable communication between the committees that serve in related matters and increase the ability to cooperate. The committees invite people, whose views were deemed necessary to be heard, to the meetings and heard their views.

The Audit Committee

Our audit committee monitors the company accounting system, the disclosure of financial information to the public, independent auditing and the operation and efficiency of the internal control and auditing system. At least one of the members of the committee in charge of auditing shall have 5 years of experience in auditing/accounting and finance.

The independent audit company that our company will obtain services from and the services to be obtained from this company are determined by the audit committee and presented to the board for approval. The company accounting and internal audit system, investigation and conclusion of complaints received by the company concerning internal audit and the methods and criteria to be applied in the evaluation of disclosures concerning company employees, company accounting and independent audit as part of confidentiality principles are determined by the audit committee. The audit board makes an evaluation of the annual and interim financial statements to be disclosed to the public and their compliance with the accounting principles followed by the company and their accuracy and submits the evaluations along with the opinions of company administrators and independent auditors, in writing to the Board. The audit committee met 5 times in 2019 and the results of the meetings were recorded and decisions were presented to the board of directors. Explanations of the activities and meetings results of the audit committee are provided in the annual report. The number of audit committee's submission with written notification to the board within the accounting period is included in the annual report.

THE AUDIT COMMITTEE

Name-Surname	Position in the Company	Duty in the Committee
Ayhan ZEYTINGLU	Independent Member of Board	Chairman
Mehmet BAHTIYAR	Independent Member of Board	Member

Corporate Governance Committee

Our corporate governance committee determines whether or not corporate governance principles are being implemented in our company, if not the reasons for not implementing and the conflicts of interest that are generated by not fully complying with these principles, they make recommendations to the board to improve the implementation of corporate governance applications and monitor the work of the investor relations department.

CORPORATE GOVERNANCE COMMITTEE

Name-Surname	Position in the Company	Duty in the Committee
Mehmet BAHTIYAR	Independent Member of Board	Chairman
Turgay SOHOGLU	Member of Board	Member
Bekir MENETLİOĞLU	Member of Board	Member
Şefiye Yayla	Investor Relations Manager	Member

Nomination Committee [within our Corporate Governance Committee]

The duties of this committee include forming a transparent system for selecting, evaluating and training suitable candidates for the board and management positions with administrative responsibility, to determine policies and strategies on this subject, to make regular assessments of the structure and productivity of the Board and to submit suggestions to the Board on changes that could be made on these subjects.

Remuneration Committee [within our Corporate Governance Committee]

This committee determines the principles, criteria and applications to be used in the remuneration of Board members and managers with administrative responsibility taking into account the long-term goals of the company and monitors the application thereof. The committee presents recommendations for the wages to be paid to Board members and managers with administrative responsibility considering their degree of meeting the criteria used in remuneration to the Board.

Risk Assessment Committee

The risk assessment committee works to detect the risks that could endanger our company's existence, development and continuation, to take precautions concerning the detected risks and manage the risks; and reviews the risk management systems at least once a year. Additionally, the committee meets at least once in every two months and gives reports to the Board on their work.

Corporate Governance Compliance Report

RISK ASSESSMENT COMMITTEE

Name-Surname	Position in the Company	Duty in the Committee
Ayhan ZEYTINGLU	Independent Member of Board	Chairman
Mehmet BAHTIYAR	Independent Member of Board	Member
Nurtekin KECECI	Member of Board	Member

4.6 Financial Rights Given to the Members of the Board and Administrative Executives

The principles of remuneration for Board members and administrative staff have been transferred into written form and presented to the information of shareholders as a separate item on the agenda at the general assembly meeting of 12.04.2019. Our partners are given the opportunity to submit their opinions on the subject.

Profit shares, profit options or payment plans based on the company's performance cannot be used in the remuneration of Independent Board Members. In fact, the wages of our independent board members are determined at a level that will maintain their independence. Our company has not provided credit facilities to any of the members of the board of directors or managers with administrative responsibilities, has not given loans or extended the term of the loan that was given, has not improved the conditions of loan, has not provided credit facilities under the title of a personal credit through third parties or has not given guarantees on behalf of these such as indemnity.

All other benefits acquired with the wages given to Board members and administrative staff has been disclosed to the public via the annual report.

The wages, attendance fees and profit shares from the annual profit of Board Members and administrative staff have been transferred to written form. The criteria and remuneration principles have been presented as a separate agenda subject in the General Assembly meeting dated 12.04.2019 and shareholders have been given the opportunity to state their opinions. Decisions, which are made at a later date, are written on record and disclosed to the public. This information that is included in our annual report is also available on our website.

Risk Management and Internal Control Mechanism

All of the strategic, operational, financial particularities and other aspects that are thought to create risks preventing our company from achieving its short- and long-term targets are evaluated at every level of the organisation starting from the Board of Directors' level. The Risk Assessment Committee that is established for this purpose carries out activities in parallel with the objective of making recommendations and giving advice towards detecting, evaluating and managing, reporting all kinds of risks including strategic, financial, operational risks etc., that may have an impact on the Company and taking them into consideration in the decision taking mechanisms.

The internal audit system of the company consists of job descriptions, authorisation system, policies and documented procedures that were previously determined based on the work flows and processes. Our Company aims to achieve its targets on efficiency and effectiveness of operations, the reliability of its financial reporting system and assurance on the compliance to the legal regulations through implementation of an internal audit system. Internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and effectiveness of the production operations is inspected. The Audit Committee has notified the Board of Directors in writing about its opinions on the election of the independent auditors for the year 2019 interim and annual financial statements to be disclosed to the public, accuracy and consistency of them with the accounting principles and actual figures and the decisions taken during the meetings held throughout the year.

Strategic Goals of the Company

The goals and critical performance indicators that are in parallel with the company's vision and mission are approved by the Board of Directors at the budget meetings which is organised at the end of the previous year. The Board of Directors reviews the results of activities and target indicators by comparing with the previous year's performance and target indicators in its ordinary meetings.

Statements of Independence from the Members of the Board

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş [Company]; as part of the criteria stipulated in the legislations, the articles of association of the Company and the Corporate Governance principles issued by the Capital Markets Board,

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) the Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and legal persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities, or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to as part of the agreements signed,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership on the Board,
- Accordance with the legislations, I will not be working full-time in public institutions and organizations (except working as an academician at the university) after being elected as a member,
- I am treated as a resident in Turkey in accordance with the Income Tax Law no 193 of 31.12.1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I have not been an independent member of the Board of Directors in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors,

and therefore, I will fulfil my Board membership as an independent member.

Best regards,

Mehmet Bahtiyar

Statements of Independence from the Members of the Board

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş [Company]; as part of the criteria stipulated in the legislations, the articles of association of the Company and the Corporate Governance principles issued by the Capital Markets Board,

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) the Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and legal persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities, or have not been a member of the Board of Directors or been a shareholder [more than 5%] particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to as part of the agreements signed,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership on the Board,
- Accordance with the legislations, I will not be working full-time in public institutions and organizations (except working as an academician at the university) after being elected as a member,
- I am treated as a resident in Turkey in accordance with the Income Tax Law no 193 of 31.12.1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I have not been an independent member of the Board of Directors in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors,

and therefore, I will fulfil my Board membership as an independent member.

Best regards,

Ayhan Zeytinoglu

Disclosure Policy

Purpose

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. pursues a transparent and accurate policy that enables its shareholders to be informed precisely, clearly, accurately and simultaneously as part of relevant laws and the Capital Markets Board (CMB) Corporate Governance Principles. Any information, which is not regarded as a trade secret and can be legally disclosed, is publicly communicated.

The objective of the disclosure policy is to share past performance, strategies, targets except for confidential business information, and visions of the company with the public, relevant authorities, existing and potential investors and shareholders through an active and open communication medium.

Sarkuysan complies with the regulations of CMB and the regulations of the Istanbul Stock Exchange (IMKB) regarding all public disclosure, and aims to follow the most accurate, fair, simultaneous, clear and efficient communication policy as part of CMB Corporate Governance Principles.

Authority and Responsibility

The authority and responsibility to follow, monitor and develop Sarkuysan's policy of clarifying and informing the public is under the responsibility of the Board, whilst the Vice General Manager (Finance), Accounting Department and Investor Relationships Department conduct the coordination of the disclosure function. Such authorities carry out their responsibilities in close cooperation with the Board and the General Manager.

The Disclosure Policy approved by the Board is submitted to the consideration of shareholders at the General Assembly meeting and disclosed publicly through the corporate website.

Methods and Means of Public Disclosure

The methods and means used to inform the public by Sarkuysan in accordance with the regulations of CMB and BIST and further with the appropriate provisions of the Turkish Commercial Code (TCC) are given below:

- Material Event disclosures (submitted online to the Public Disclosure Platform (PDP)),
- Financial statements, notes, independent audit reports and statements periodically disclosed on quarterly basis (submitted online to PDP),
- Annual and interim reports,
- Corporate website (www.sarkuysan.com),
- Prospectus, circular, invitation for general assembly and other documents disclosed through Central Registration System (CRS) and the Central Database Service Provider (CDSP) systems,
- Announcements and notices made in Turkish Trade Registry Gazette, and also in national and local newspapers that are widely circulated when necessary, press releases published in the press and mass media throughout the year parallel to the important developments,
- Means and methods of communication such as telephone, e-mail, fax, etc.,
- Announcements made through brochures and catalogues,
- Domestic and International fairs participated.

Public Disclosure of Material Events

The material event disclosures of Sarkuysan A.Ş are prepared by the Financial Affairs Department and Investor Relations Department, and submitted online to PDP by duly authorised directors. The relevant units carry out controls in connection with the publication of such disclosures on PDP.

Officials with administrative function are Board Members, Auditors, the General Manager, the Assistant General Managers, Finance Department, Cost Accounting and other officials who make administrative decisions having effect on future development and commercial objectives of Sarkuysan.

Such officials are announced in the Annual Report updated annually and on the corporate website.

In the event that there are legal and commercial relationships between our Company and real & legal entities with which we directly or indirectly collaborate for capital management and audit purposes, the necessary disclosures are made pursuant to the appropriate provisions of CMB.

Disclosure Policy

Public Disclosure of Financial Statements

Financial statements and footnotes of Sarkuysan are prepared in consolidated form in accordance with the provisions set forth by the Capital Markets Board and International Financial Reporting Standards (IFRS). Annual and semi-annual financial statements are subject to independent audit in accordance with International Audit Standards before public disclosure. 3- and 9-month Financial Statements are also prepared in accordance with IFRS and publicly disclosed within a defined timeframe.

In accordance with the Capital Markets Legislation, prior to public disclosure of the financial statements and footnotes, they are submitted to the Board of Directors for approval upon the positive opinion of the Audit Committee. After attestation is granted at the meeting, financial statements, footnotes and the independent audit reports are submitted to BIST and CMB in accordance with the Capital Market Law and BIST.

Financial statements and footnotes that are disclosed on PDP are publicly announced simultaneously with PDP on our corporate website under a link titled BIST due to our agreement with Forex. In addition to that, data of financial statements are retrospectively stored for a period of five years under the heading "Annual Reports" in the Investor Relations section of the corporate website.

Public Disclosure of the Annual Report

The content of yearly and interim Annual Reports is prepared in accordance with the Turkish Commercial Code, Capital Market legislation and CMB's Corporate Governance Principles. Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) are applied to the annual report and financial statements.

Once Annual Reports are prepared, they are subject to the Board's approval, and then reports are publicly disclosed through the corporate website three weeks prior to the General Assembly meeting, and also communicated to PDP online. Investors may obtain a Turkish and English hard-copy version of the Annual Report from the Finance Department and Investor Relations Department.

Website

The Sarkuysan website www.sarkuysan.com is actively used by the company in public disclosure as recommended by the CMB Corporate Governance Principles. The disclosures on the website do not take the place of notifications and material disclosures required by the Capital Markets Board. The website is prepared in Turkish and in English with the content and format set forth by the CMB Corporate Governance Principles.

In accordance with Article 1527 of the Turkish Commercial Code, a specific part of the corporate website is dedicated to legal announcements. This section is available through "Information Society Services" in our corporate website.

The Investor Relations part of our corporate website contains the Company's trade registration details, most recent shareholding and management structure, details of preferred shares, announcements, date and issue no of the Turkish Commercial Registry Gazette announcing the amendments to the Company's articles of association, Company's up-to-date articles of association, material event disclosures, annual reports, announcements for General Assembly meetings, sample agenda and power of attorney, list of attendance, meeting minutes, profit distribution policy, disclosure policy, ethical rules of the Company, frequently asked questions and answers.

In the part "Sarkuysan on Istanbul Stock Exchange" of our website, all details about the Company posted in Istanbul Stock Exchange's corporate website are available. The corporate website further contains stock prices, charts, prices of some precious items as well as news about Sarkuysan and all other related news and exchange rates.

Announcements and Notices Published on the Turkish Trade Registry Gazette

As required by the Capital Market Law, Turkish Commercial Code and the Company's Articles of Association; the announcements related to the General Assembly meeting, capital increase and dividend payment are published both in the Turkish Trade Registry Gazette and daily newspapers.

Statements on Exercising the Rights of Partnership

Pursuant to CMB regulations, shareholders are informed about the General Assembly, Capital Increase, Dividend Payments, merger and appropriate matters through prospectuses and announcements.

Company's Ordinary General Assembly meetings are held every year within legal periods specified. The information and documents to be discussed during the General Assembly meeting can be listed as the List of Attendance, Annual Report, Auditor's Report, Balance Sheet, Statement of Income, minutes of meeting for the General Assembly and Amendments to the Articles of Association, if any.

Measures to Keep In-house Information Confidential Until Public Disclosure

Sarkuysan A.Ş. employees with internal information and other relevant parties are informed about their liability to ensure confidentiality of internal information between the time when the information subject to a material event disclosure develops until it is announced on PDP.

In the event that it is determined that internal information has unintentionally been shared by people working for and on behalf of Sarkuysan A.Ş. with third parties, if it is concluded that the confidentiality of the information cannot be protected as part of CMB legislations, a material event disclosure is made immediately.

Dividend Distribution Policy

- The annual profit of the Company is distributed as per the decision taken during the general assembly meeting in accordance with the Profit Distribution policy formulated in accordance with the Turkish Commercial Code, Capital Market Law, appropriate regulations and Company's articles of association.
- The Board determines its proposal for dividend distribution in line with appropriate legal provisions and by observing the sensitive benefit balance between shareholders and Company.
- The decision of whether to distribute profit or not is taken during the General Assembly upon the proposal of the board. The Board's proposal for profit distribution is publicly disclosed together with the dividend distribution scheme, for which the format and content are defined by the capital markets board, in line with CMB's regulations on the disclosure of material events, on the date when the agenda of the general assembly meeting is announced at the latest, and then posted in the Company's corporate website.
- The profit distribution process is initiated no later than the end of accounting period for which the general assembly meeting where dividend distribution is decided is held.
- The profit may be paid in instalments of equal or different amounts subject to the further appropriate decision taken at the general assembly meeting. The number and timing of instalments are determined during the general assembly meeting or by the board of directors authorised thereby.
- Instalment payments are distributed equally to all of the shares existing as of the date of payment pro rata their shares in capital, regardless of their dates of issuance and acquisition.
- The dividend per share is found by dividing the profit to be distributed to shareholders under the general assembly meeting decision by total number of shares.
- There is no share certificate granting any privilege for dividend share.
- Since the share certificates of the Company are registered on account as per the applicable regulations, profit share payments are deposited to Takasbank A.Ş. for further transfer to the accounts of shareholders with brokers and banks upon Central Registry's request on the date specified by the general assembly.
- Profit share distribution is affected in accordance with Turkish Commercial Code, Capital Market Law, applicable regulations and the Company's articles of association.
- The Company's articles of association should contain a specific provision for profit distribution to Board members and Company's employees.
- The Company's articles of association should contain a provision to make donations. The limit of donation is designated defined during the general assembly meeting. Donations made within the given fiscal period are added to the distributable profit base. The donations and payments to be made are disclosed to the public as part of rules concerning public disclosure of material events and are presented to the partners in the ordinary general assembly.
- The profit distribution policy is formulated in accordance with the Turkish Commercial Code, Capital Market Law appropriate legal regulations and the Company's articles of association, and included in the annual report. Shareholders are informed accordingly during the general assembly meeting.
- In the event that it is proposed to make an amendment to the dividend distribution policy, the Board resolution on this matter and justification thereof are publicly disclosed in accordance with CMB's regulations on the public disclosure of material events.

Guarantees / Pledges / Mortgages Assigned

	31.12.2019 Amount (TL)	31.12.2018 Amount (TL)
A. Total value of GPM assigned on behalf of the Company	511.417.872	516.533.659
Sarkuysan A.Ş. Letter of Guarantees Given	160.492.585	157.455.768
Sarkuysan A.Ş. Surety Bonds Given	330.481.882	345.349.672
Sar Makina A.Ş. Letter of Guarantees Given	473.004	937.209
Sarda A.Ş. Letter of Guarantees Given	19.960.000	12.780.000
Aegean Free Trade Zone Letter of Guarantees Given	10.401	11.010
B. Total amount of the GPM assigned in favour of the corporations included in the scope of full consolidation	186.331.438	167.006.793
Sureties		
Mortgages	186.331.438	167.006.793
C. Total amount of the GPM assigned for securing debts of other 3rd persons in order to carry out ordinary business operations		
D. Total amount of other GPMs assigned		
ii. Total amount of the GPMs assigned in favour of the other group companies that are not within the scope of B and C		
iii. Total amount of the GPMs assigned in favour of 3 rd persons that are not within the scope of C		
Total	697.749.310	683.540.452

Dividend Distribution Proposal

The 85,159,208.- TL Net Distributable Period Profit that remains after the Taxes to be Paid and the General Legal Reserves are deducted from the period profit on our Consolidated Income Table dated 31.12.2019 prepared in accordance with the Capital Markets Board and the donations are added, is recommended to be distributed as shown in the table below per article 25 of our articles of association and our partners be given an 15.00% net profit share and the distribution date be 30.06.2020. If this proposal is accepted, 17.65% [0.1765 TL] Gross and 15.00% [0.1500 TL] Net in cash profit share will be given for each nominal value share of 1.-TL of our 200,000,000.-TL Paid Capital.

Yours faithfully, the Board of Directors

DIVIDEND DISTRIBUTION IN 2019

1. Paid-in/Issued Capital		200.000.000
2. General Legal Reserves [According to Legal Records]		42.120.950
Information on the relevant privilege if any privileges are applied in the distribution of dividends		None.
	According to CMB	According to Legal Registries
3. TERM PROFIT	115.353.499	103.372.959
4. Taxes [-]	26.416.253	19.864.873
	<i>Corporate Tax [-]</i>	<i>19.864.873</i>
	<i>Provision for Deferred Tax [-]</i>	<i>0</i>
5. Net Term Profit	88.937.246	83.508.086
6. Previous Years Losses [-]	0	0
7. General Legal Reserve [-]	4.175.404	4.175.404
8. 75% of Property Sales		
9. NET DISTRIBUTABLE PROFIT FOR THE PERIOD	84.761.842	79.332.682
10. Donations Within the Year [+]	397.366	
Net Distributable Profit for the Period Incl. Donations	85.159.208	
12. First Dividend to Shareholders	4.257.960	
	<i>Cash</i>	<i>4.257.960</i>
	<i>Bonus</i>	<i>0</i>
	<i>Total</i>	<i>4.257.960</i>
13. Dividends Distributed to Privileged Shareholders	0	
14. Other Dividends Distributed	3.751.937	
- Dividends to Board Members	3.751.937	
15. Dividends Distributed to Holders of Redeemed Shares	0	
16. Second Dividend to Shareholders	31.042.040	
	<i>Cash</i>	<i>31.042.040</i>
	<i>Bonus</i>	<i>0</i>
	<i>Total</i>	<i>31.042.040</i>
17. General Legal Reserve [-]	2.905.194	
18. Statuary Reserves	0	0
19. Special Reserves	0	0
20. EXTRAORDINARY RESERVE	42.804.712	37.375.552
21. Other Resources to be Distributed	0	0
Profits of the Previous Years	0	0
Extraordinary Reserves	0	0
Other Reserves Distributable pursuant to Law and Articles of Association	0	0

PROFIT SHARES TABLE

Information on Dividend per Share

	Group	Total Dividends Distributed		Total Dividends Distributed / Net Distributable Dividends	Dividends Corresponding to Share with Par Value of 1 TL	
		Cash (TL)	Bonus (TL)		Ratio %	Amount (TL)
NET	A	150,00	0,00	0,00	0,1500	15,00
	B	29.999.850,00	0,00	35,39	0,1500	15,00
	TOPLAM	30.000.000,00	0,00	35,39	0,1500	15,00

Auditor's Report on Risk Assessment System and Committee

To the Board of Directors of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

We have audited the risk assessment system and committee established by the Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

The Board's Responsibility

Per article 378 clause 1 of the Turkish Commercial Code (TCC) Law no. 6102, the Board of Directors is responsible for establishing an expert committee for early detection of factors that threaten the existence, development and continuation of the Group, to implement the necessary precautions and solutions for these and to manage the risk; for operating and developing the system.

Responsibility of the Auditor

Our responsibility is to express a conclusion on the Risk Assessment System and Committee based on our audit. Our audit was conducted in accordance with TCC and the "Principles on the Independent Auditor's Report on Risk Assessment System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey. These Principles require us to determine whether the risk assessment system and committee of the Group has been established, and if established, to evaluate whether the system and committee operate in accordance with Article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions on the risks identified by the Risk Assessment System and Committee and the practices performed by the management against the risks.

Information Regarding the Risk Assessment System and Committee

The Group established the committee September 18, 2012 and the committee consists of 2 [two] members. The Committee met 6 [six] times in 2019 for early detection of factors that threaten the existence, development and continuation of the Group, to implement the necessary precautions and solutions for these and to manage the risk; and the reports prepared as a result were submitted to the Board.

Result

As a result of the audit we conducted, we have found the risk assessment system and committee established by Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. to be sufficient in every perspective as part of Article 378 of TCC.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Dr. Hakkı DEDE

Auditor in charge

Istanbul, March 10, 2020

Independent Audit Report regarding the Annual Report of the Board of Directors

To the Board of Directors of Sarkuysan Elektrolitik Bakir Sanayi ve Ticaret A.Ş.

Opinion

We have audited the Annual Report of Sarkuysan Elektrolitik Bakir Sanayi ve Ticaret A.Ş. for the fiscal period covering the period between January 1 and December 31, 2019.

In our opinion, the financial information provided in the annual report of the Board of Directors as well as the discussions of the Board of Directors regarding the status of the Group, is presented fairly and consistent with the whole set of financial statements audited and information acquired during the independent audit in all material respects.

Basis of Opinion

The independent audit we have conducted is in accordance with the Independent Audit Standards (IAS), which are inseparable parts of the Turkish Audit Standards published by the Public Oversight, Accounting and Audit Standards Agency ["KGK"]. Our responsibilities as part of the aforementioned standards are explained in detail in our report under the title of Responsibility of the Independent Auditor on the Annual Report of the Independent Auditor. Ethics Code for the Independent Auditors (Code of Ethics) published by KGK and ethical rules pursuant to the legislation regarding independent audits, we hereby declare that we are independent from the Group. Code of Conduct and other responsibilities regarding ethics as part of legislation have been fulfilled by us. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor Opinion on the Whole Set Financial Statements

We kindly submitted our opinion on the whole set of financial statements of the Group regarding the period covering January 1 and December 31, 2019 in our report dated March 10, 2020.

Responsibility of the Board of Directors regarding the Annual Report

The executives of the Group are responsible from the following items regarding the annual report as per the articles 514 and 516 of the Turkish Commercial Code (TCC) no 6102:

- a. Annual report shall be prepared within the first three months following the date of the balance sheet and submitted to the attention of the General Assembly.
- b. The annual report shall be prepared to include the activities carried out within the year, and the Group's financial status in a complete, correct, direct, realistic and honest way. The financial status given in the report shall be evaluated according to the financial statements. The report shall also explicitly highlight the development of the Group and the possible risks to be encountered. The assessment of the Board of Directors on the subject issues shall be included in the report.
- c. The annual report shall also include the following issues:
 - Special incidents occurred in the Group after completion of the operation period for the year-in-question,
 - Research and development activities of the Group,
 - Financial benefits such as the salaries, premiums, bonuses, etc., allowances, travel, accommodation and representation expenses and real and cash benefits, insurances and similar securities.

During the preparation process of the annual report, the Board of Directors shall also consider the regulations stipulated by the secondary legislation of the Ministry of Customs and Trade and other related institutions.

Responsibility of the Independent Auditor regarding the Independent Audit of the Annual Report

The purpose is to provide our opinion on whether or not financial information provided in the annual report as well as the discussions of the Board of Directors are consistent with and represent the actual situation in the audited financial statements of the Group and information acquired during the independent audit and to prepare a report including our opinion.

The independent audit that we carried out was in compliance with the Independent Audit Standards. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and discussions of the Board of Directors is free from material misstatement and consistent with the financial statements and information gathered during the independent audit.

The independent audit was carried out and completed by Hakkı Dede, auditor in charge.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Dr. Hakkı DEDE

Auditor in charge

Istanbul, March 10, 2020

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT FOR THE PERIOD BETWEEN JANUARY 1ST, 2019 AND DECEMBER 31ST, 2019

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SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS****To the Board of Directors of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi;****Opinion**

We have audited the accompanying consolidated financial statements of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi ["Company"] and its subsidiaries ["collectively referred to as the "Group"] which comprise the consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash-flow for the year then ended and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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

Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

Key Audit Matters

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

Trade Receivables

See Note: 2.09.09 and 10 to the Consolidated Financial Statements.

Key audit matters

Trade Receivables of the Group is 859.178.009 TL and constitutes 51 % of its assets. An impairment provision amounting to TL 72.124.871 has been provided for trade receivables in the consolidated financial statements. The Group uses certain estimates and policies to reduce the value of its trade receivables to their recoverable amounts and determine the required provision.

The significance of Trade Receivables in the financial statement, its balance and recoverability determined as key audit matter for our audit.

How our audit addressed the key audit matter

Our audit procedures are based on the verification of trade receivables and testing whether appropriate provisions are set by taking guarantees for uncollectability trade receivables into consideration.

The effectiveness of internal controls related to financial reporting on credit risk and credit follow-up processes were evaluated.

The Group's receivable risk policy is based on the analysis of overdue trade receivables considering the guarantees received.

For the purpose of verifying the existence of trade receivables, the third party verifications were evaluated and the foreign currency valuation of trade receivables, rediscount of receivables [deferred interest income] etc. which are recognized in the financial statement and other valuation transactions have been recalculated.

Trade Receivables

See Note: 2.09.09 and 10 to the Consolidated Financial Statements.

Key audit matters

How our audit addressed the key audit matter

Aging results of receivables, economic conditions, past collection ability, lawsuits filed and execution proceedings, guarantees received against receivables and subsequent period collections are evaluated for appropriateness. TFRS 9 application and transition protocols were checked.

We had no material findings related to relevance of disclosures in notes on Trade Receivables.

Determination of Fair Value of Investment Properties

See Note: 2.09.19 and 17 to the Consolidated Financial Statements.

Key audit matters

How our audit addressed the key audit matter

The fair value of the investment properties of the Group as of 31 December 2019 is TL 97.865.000. The income statement of the Group in 2019 includes a revaluation surplus of TL 4.794.424 corresponding to an increase in the value of investment properties.

Fair values investment properties of the Group are recognized according to appraisal reports issued by independent experts. These appraisal companies used various estimations and assumptions, when making valuations. The determination of fair value of investment properties in the financial statement determined as key audit matter for our audit.

We performed the following procedures in relation to the testing the fair value of investment properties:

We examined the competency and neutrality of investment properties appraiser appointed by the Group management.

We evaluated appropriateness of valuation methods used by the appraisal experts.

We made discussions with the Group management and in these discussions, we compared the estimations and assumptions used in the valuation reports with assumptions made in the previous years.

The explanations in the consolidated financial statement and notes related to fair value of investment properties are examined and the adequacy of the information in these notes is evaluated.

Financial Liabilities

See Note: 2.09 and 8 to the Consolidated Financial Statements.

Key audit matters

How our audit addressed the key audit matter

As of December 31, 2019, financial liabilities amounting to TL 1.146.199.926 constitute a significant portion of total liabilities.

The Group discloses the financial liabilities discounted cost by using the effective interest method. Calculation and reconciliation of discounted costs of financial liabilities determined as key audit matter for our audit.

We performed the following procedures in relation to the testing of financial liabilities:

Understanding the financial liabilities balances of the Group which has been provided and internal rate of return and discount studies calculated by the Group for financial liabilities have been recalculated and tested.

The explanations in the consolidated financial statement and notes related to financial liabilities are examined and the adequacy of the information in these notes is evaluated.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS****Revenue**

See Note: 2.09.01, 5 and 28 to the Consolidated Financial Statements.

Key audit matters

The Group's revenue recognition in the financial statements, when it has [or has] fulfilled its liabilities of performance by transferring a committed good or service to its customer.

Based on the aforementioned disclosure, it has been determined as a key audit matter whether the revenue is recognized to the correct period in accordance with the periodicity principle of sales.

How our audit addressed the key audit matter

Our audit procedures are based on testing the accuracy of time and accurate recognition of revenue.

The Group's accounting policies related to the recognition of the revenue in the financial statements are evaluated.

Revenue as a process is evaluated by observing the sales and delivery procedures of the Group.

Our audit procedures are focused on the assessment of invoices issued but risk and ownership have not been transferred. In this context, invoice, delivery note, warehouse exit and delivery documents are analyzed by sampling method and the actual delivery is made before the balance sheet date is evaluated.

Details of the sales returns account are requested for the audit date to evaluate whether there is a high amount of returns incurred after the balance sheet date. The conformity of the disclosures and notes to the financial statements of revenue in accordance with TFRS 15 has been evaluated.

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

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

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

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

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

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with independent auditing standards published by SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

1. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 10 March 2020.
2. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ["TCC"] No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
3. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

The engagement partner responsible for the audit resulting in this independent auditor's report is Hakkı DEDE.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Dr. Hakkı DEDE

Responsible Auditor, Partner

İstanbul, 10 March 2020

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2019

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

	Notes	Audited Current Period 31.12.2019	Audited Previous Period 31.12.2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	87.708.466	64.545.928
Financial Investments	7	-	-
Trade Receivables	10	859.178.009	707.262.363
<i>Trade Receivables From Non-Related Parties</i>	10	857.486.816	705.897.613
<i>Trade Receivables From Related Parties</i>	10, 37	1.691.193	1.364.750
Receivables from Finance Sector Operations		-	-
Other Receivables	11	70.768.411	35.445.289
<i>Other Receivables From Non-Related Parties</i>	11	70.768.411	35.445.289
<i>Other Receivables From Related Parties</i>	11, 37	-	-
Derivative Instruments	14	4.105.362	148.585
Inventories	13	589.867.375	468.246.350
Prepaid Expenses	26	30.146.337	43.137.224
Assets Related To Current Period Tax	35	895.568	4.292.471
Other Current Assets	26	27.227.641	1.199.496
Total		1.669.897.169	1.324.277.706
Non Current Assets Held for Sale			
	34		-
Non-Current Assets			
Financial Investments	7	536.765	95.582
Trade Receivables	10	-	-
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	88.508	47.074
<i>Other Receivables From Non-Related Parties</i>		88.508	47.074
<i>Other Receivables From Related Parties</i>		-	-
Derivative Instruments	14	-	-
Investments Accounted for Using the Equity Method	16	51.568.805	49.118.548
Investment Properties	17	97.865.000	93.060.000
Property, Plant and Equipment	18	322.899.319	305.673.713
Right of Use Assets	18	819.745	-
Intangible Assets	19	9.664.980	8.769.351
Prepaid Expenses	26	381.742	2.884.707
Deferred Tax Asset	35	8.353.112	8.082.207
TOTAL ASSETS		2.162.075.145	1.792.008.888

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

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2019

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

	Notes	Audited Current Period 31.12.2019	Audited Previous Period 31.12.2018
LIABILITIES			
Short-Term Liabilities			
Short-Term Borrowings	8	655.535.049	706.299.426
Short Term Portion of Long Term Borrowings	8	209.029.681	143.461.823
Other Financial Liabilities	9	-	-
Trade Payables	10	301.208.148	124.310.494
<i>Trade Payables To Non-Related Parties</i>	10, 38	301.208.148	124.310.494
<i>Trade Payables To Related Parties</i>		-	-
Employee Benefits Payables	12	5.529.408	4.220.629
Other Payables	11	10.730.081	6.674.648
<i>Other Payables To Non-Related Parties</i>	11	10.730.081	6.674.648
<i>Other Payables To Related Parties</i>		-	-
Derivative Instruments	14	-	1.516.431
Deferred Income	26	33.741.952	16.298.862
<i>Deferred Income from Non Related Parties</i>		33.741.952	16.298.862
Period Profit Tax Liabilities	35	2.601.812	778.334
Short Term Provisions	22,24	19.667.727	12.268.584
<i>Provisions for Employee Benefits</i>		16.326.551	10.025.334
<i>Other Short Term Provisions</i>		3.341.176	2.243.250
Other Short Term Liabilities	26	-	352.669
Total		1.238.043.858	1.016.181.900
Non Current Assets Held for Sale Liabilities		-	-
Long Term Liabilities			
Long Term Borrowings	8	281.635.196	184.046.520
Trade Payables	10	-	-
Long Term Provisions	24	54.062.164	39.320.004
<i>Provisions for Employee Benefits</i>		54.062.164	39.320.004
<i>Other Long Term Provisions</i>		-	-
Deferred Tax Liabilities	35	1.368.485	1.391.816
EQUITY			
Equity Holders of the Parent			
Paid in Capital		200.000.000	200.000.000
Capital Adjustment Differences		1.020.551	1.020.551
Other Comprehensive Income Or Expense Not Be Reclassified To Profit Or Loss		8.278.422	15.340.163
Other Comprehensive Income Or Expense to Be Reclassified To Profit Or Loss		61.439.335	51.022.125
Restricted Reserves from Retained Earnings		88.622.550	88.862.693
Previous Years' Profits/Losses		138.226.791	103.213.140
Net Profit / Loss for the Period		88.834.444	91.098.734
Non-Controlling Interest		543.349	511.242
TOTAL LIABILITIES AND EQUITY		2.162.075.145	1.792.008.888

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2019

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

	Notes	Audited Current Period 01.01.2019 31.12.2019	Audited Previous Period 01.01.2018 31.12.2018
PROFIT OR LOSS			
Revenue	5, 28	5.780.611.154	5.645.635.715
Cost Of Sales [-]	5, 28	(5.523.766.292)	(5.381.801.749)
GROSS PROFIT/(LOSS)		256.844.862	263.833.966
Marketing, Sales And Distribution Expenses [-]	29, 30	(26.299.470)	(22.868.646)
General Administrative Expenses [-]	29, 30	(55.570.931)	(55.574.012)
Research and Development Expenses [-]	29, 30	(3.245.701)	(2.161.892)
Other Operating Income	31	229.057.084	446.160.170
Other Operating Expenses [-]	31	(188.704.784)	(382.767.216)
OPERATING PROFIT / (LOSS)		212.081.060	246.622.370
Income from Investment Activities	32	5.525.483	1.152.105
Expense from Investment Activities [-]	32	(312.057)	(106.970)
Shares In Profit / Loss Of Investments Accounted By Using the Equity Method	16	7.214.081	15.818.752
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE		224.508.567	263.486.257
Financial Income	33	111.993.190	189.145.631
Financial Expense [-]	33	(221.148.258)	(331.607.028)
CONTINUING OPERATIONS PROFIT/ (LOSS) BEFORE TAX		115.353.499	121.024.860
Continuing Operations Tax Income/(Expense)	35	(26.416.253)	(29.807.827)
- Period Tax Income/(Expense)		(24.132.161)	(35.125.109)
- Deferred Tax Income/(Expense)		(2.284.092)	5.317.282
CONTINUING OPERATIONS PERIOD PROFIT / (LOSS)		88.937.246	91.217.033
DISCONTINUED OPERATIONS			
Discontinued Operations Period Profit/(Loss) After Tax		-	-
PERIOD PROFIT / (LOSS)		88.937.246	91.217.033
Period Profit/Loss Distribution		88.937.246	91.217.033
Non-Controlling Interests		102.802	118.299
Equity Holders of the Parent		88.834.444	91.098.734
Earnings/(Losses) Per Share	36	0,00444	0,00455

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

**CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT
AT 31 DECEMBER 2019**

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

	Notes	Audited Current Period 01.01.2019 31.12.2019	Audited Previous Period 01.01.2018 31.12.2018
PERIOD PROFIT/LOSS	27	88.937.246	91.217.033
OTHER COMPREHENSIVE INCOME			
		(7.062.787)	20.583.812
Items Not be Reclassified in Profit or Loss			
Property, Plant and Equipment Revaluation Increases/Decreases	24	(8.975.725)	26.445.204
Investment Accounted by using the Equity Method on Other Comprehensive Income Not to be Reclassified to Profit or Loss	16	136.268	(1.612.947)
Taxes on Other Comprehensive Income Not to be Reclassified to Profit or Loss	35	1.776.670	(2.245.010)
- Period Tax Income/Expense		-	-
- Deferred Tax Income/Expense		1.776.670	(2.245.010)
Items to be Reclassified in Profit or Loss			
Currency Translation Differences	27	10.417.638	24.537.188
Investment Accounted by using the Equity Method on Other Comprehensive Income to be Reclassified to Profit or Loss		-	-
Taxes on to Other Comprehensive Income to be Reclassified in Profit or Loss		-	-
- Period Tax Income/Expense		-	-
- Deferred Tax Income/Expense		-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		3.354.851	45.121.000
TOTAL COMPREHENSIVE INCOME		92.292.097	136.338.033
Distribution of Total Comprehensive Income:			
Non-Controlling Interests		102.802	117.317
Equity Holders of the Parent		92.189.295	136.220.716

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

CONSOLIDATED CHANGES IN EQUITY STATEMENT AT 31 DECEMBER 2019

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

Audited Current Period	Notes	Paid in Capital	Capital Adjustment Differences	Property, Plant and Equipment Revaluation Increases/ Decreases	Accumulated Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss	
					Benefit Plans Remeasurement Gains/Losses	Investment Accounted by using the Equity Method on Other Comprehensive Income Not to be Reclassified to Profit or Loss
1 January 2019 Opening Balance		200.000.000	1.020.551	23.800.684	(6.594.312)	(1.866.209)
Adjustments Related to Changes in Accounting Policies		-	-	-	-	-
TFRS 9 Policy Change Effect (Net)		-	-	-	-	-
Adjustments Related to Errors		-	-	-	-	-
Other Adjustments		-	-	-	-	-
Amounts After Adjustments		200.000.000	1.020.551	23.800.684	(6.594.312)	(1.866.209)
Transfers	27	-	-	-	-	-
Capital Increase		-	-	-	-	-
Profit Distribution		-	-	-	-	-
Non Controlling Interests Shareholders Transactions		-	-	-	-	-
Increase (Decrease) from Other Changes		-	-	-	-	-
Total Comprehensive Income		-	-	-	(7.198.009)	136.268
- Net Profit for the Period		-	-	-	-	-
- Other Comprehensive Income (Expense)		-	-	-	(7.198.009)	136.268
31 December 2019 Closing Balance		200.000.000	1.020.551	23.800.684	(13.792.321)	(1.729.941)

Audited Current Period	Notes	Paid in Capital	Capital Adjustment Differences	Property, Plant and Equipment Revaluation Increases/ Decreases	Accumulated Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss	
					Benefit Plans Remeasurement Gains/Losses	Investment Accounted by using the Equity Method on Other Comprehensive Income Not to be Reclassified to Profit or Loss
1 January 2018 Opening Balance		200.000.000	1.020.551	-	(4.991.991)	(253.262)
Adjustments Related to Changes in Accounting Policies		-	-	-	-	-
TFRS 9 Policy Change Effect (Net)		-	-	-	-	-
Adjustments Related to Errors		-	-	-	-	-
Other Adjustments		-	-	-	-	-
Amounts After Adjustments		200.000.000	1.020.551	-	(4.991.991)	(253.262)
Transfers	27	-	-	-	-	-
Capital Increase		-	-	-	-	-
Profit Distribution		-	-	-	-	-
Non Controlling Interests Shareholders Transactions		-	-	-	-	-
Total Comprehensive Income		-	-	23.800.684	(1.602.321)	(1.612.947)
- Net Profit for the Period		-	-	-	-	-
- Other Comprehensive Income (Expense)		-	-	23.800.684	(1.602.321)	(1.612.947)
31 December 2018 Closing Balance		200.000.000	1.020.551	23.800.684	(6.594.312)	(1.866.209)

Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		Restricted Reserves from Retained Earnings	Retained Earnings					
Currency Translation Differences	Statutory Reserves	Profit on Disposal of Participating Preferred Stock and Properties	Previous Years Profits/ Losses	Net Profit /Loss For the Period	Equity Holders of the Parent	Non Controlling Interests	TOTAL EQUITY	
51.022.125	88.862.693	-	103.213.140	91.098.734	550.557.406	511.242	551.068.648	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
51.022.125	88.862.693	-	103.213.140	91.098.734	550.557.406	511.242	551.068.648	
-	(240.143)	-	91.338.877	(91.098.734)	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	(56.314.603)	-	(56.314.603)	(80.701)	(56.395.304)	
-	-	-	-	-	-	-	-	
-	-	-	(10.623)	-	(10.623)	10.623	-	
10.417.210	-	-	-	88.834.444	92.189.913	102.185	92.292.098	
-	-	-	-	88.834.444	88.834.444	102.802	88.937.246	
10.417.210	-	-	-	-	3.355.469	(617)	3.354.852	
61.439.335	88.622.550	-	138.226.791	88.834.444	586.422.093	543.349	586.965.442	

Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		Restricted Reserves from Retained Earnings	Retained Earnings					
Currency Translation Differences	Statutory Reserves	Profit on Disposal of Participating Preferred Stock and Properties	Previous Years Profits/ Losses	Net Profit /Loss For the Period	Equity Holders of the Parent	Non Controlling Interests	TOTAL EQUITY	
26.485.559	30.843.011	-	111.498.511	87.888.922	452.491.301	527.543	453.018.844	
-	-	-	(431.116)	-	(431.116)	-	(431.116)	
-	-	-	(431.116)	-	(431.116)	-	(431.116)	
-	-	-	-	-	-	-	-	
26.485.559	30.843.011	-	111.067.395	87.888.922	452.060.185	527.543	452.587.728	
-	58.019.682	-	29.869.240	(87.888.922)	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	(37.723.495)	-	(37.723.495)	(133.618)	(37.857.114)	
-	-	-	-	-	-	-	-	
24.536.566	-	-	-	91.098.734	136.220.716	117.317	136.338.033	
-	-	-	-	91.098.734	91.098.734	118.299	91.217.033	
24.536.566	-	-	-	-	45.121.982	(982)	45.121.000	
51.022.125	88.862.693	-	103.213.140	91.098.734	550.557.406	511.242	551.068.648	

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

CONSOLIDATED CASH FLOW STATEMENT

AT 31 DECEMBER 2019

(Amounts are expressed in "Turkish Lira" unless otherwise indicated)

	Notes	Audited	Audited
		Current Period 01.01.2019 31.12.2019	Previous Period 01.01.2018 31.12.2018
A) CASH FLOWS FROM OPERATING ACTIVITIES		71.625.511	43.999.028
PERIOD PROFIT / [LOSS]		88.937.246	91.217.033
Period Profit/Loss from Continued Operations		88.937.246	91.217.033
Period Profit/Loss from Discontinued Operations			-
Adjustments Related To Reconciliation Of Net Period Profit / Loss		140.671.012	161.269.490
Adjustments related To Depreciation And Amortization	18,19	24.818.089	28.136.600
Adjustments Related to Interest Income/Expenses	33	60.808.403	61.866.627
<i>Adjustments Related to Interest Income</i>	33	<i>[14.585.674]</i>	<i>[7.873.219]</i>
<i>Adjustments Related to Interest Expenses</i>	33	<i>75.394.077</i>	<i>69.739.846</i>
Adjustments Related to Impairment [Reversal]	13, 31	14.922.577	20.938.882
<i>Adjustments Related To Receivables Impairment [Reversal]</i>	10	<i>14.922.577</i>	<i>20.668.918</i>
<i>Adjustments Related to Other Impairment [Reversal]</i>	11	<i>-</i>	<i>269.964</i>
<i>Adjustments Related to Inventory Impairment [Reversal]</i>	28	<i>-</i>	<i>-</i>
Adjustments Related to Provisions	24	16.006.369	8.883.690
<i>Adjustments Related to Provision [Reversal] for Employee Benefits</i>	12, 24	<i>14.832.502</i>	<i>8.079.045</i>
<i>Adjustments Related to Other Provision</i>	22	<i>1.173.867</i>	<i>804.645</i>
Adjustments Related to Tax Income/ [Expenses]	35	26.416.253	29.807.827
Adjustments Related to Unrealized Currency Translation Differences		10.417.210	24.756.777
Adjustments Related to Fair Value Gains/[Losses]	14	<i>[10.267.632]</i>	<i>2.916.573</i>
<i>Adjustments Related to Investment Properties Fair Value Increase/[Decrease]</i>		<i>[4.794.424]</i>	<i>[933.371]</i>
<i>Adjustments Related to Derivative Instruments Fair Value Increase/[Decrease]</i>	14	<i>[5.473.208]</i>	<i>3.849.944</i>
Adjustments Related to Undistributed Profit on Investments Accounted by using the Equity Method	16	<i>[2.450.257]</i>	<i>[15.818.752]</i>
Adjustments Related to Loss/[Gains] Arising from the Disposal of Property, Plant and Equipment	18	<i>-</i>	<i>[218.734]</i>
Changes in Working Capital		[136.492.639]	[164.869.239]
Decrease/[Increase] in Financial Investments		<i>[441.183]</i>	<i>[71.024]</i>
Adjustments Related to Decrease/[Increase] in Trade Receivables	10	<i>[166.838.223]</i>	<i>[154.033.759]</i>
Adjustments Related To [Increases] / Decreases In Inventories	13	<i>[121.621.025]</i>	<i>[82.989.987]</i>
Adjustments Related To [Increase] In Other Receivables Related To Operations	11	<i>[61.392.701]</i>	<i>27.855.327</i>
Adjustments Related To Increase/[Decrease] In Trade Payables	10	<i>176.897.654</i>	<i>8.818.658</i>
Adjustments Related To Decrease / [Increase] In Other Payables Related To Operations	11,20,22	<i>4.055.433</i>	<i>1.833.371</i>
Decrease/[Increase] in Prepaid Expenses	26	<i>15.493.852</i>	<i>29.252.171</i>
Decrease/[Increase] in Payables Related to Employee Benefits	24	<i>[89.536]</i>	<i>586.405</i>
Decrease/[Increase] in Deferred Income [Except Liabilities from Customer Contracts]	26	<i>17.443.090</i>	<i>3.879.599</i>
Adjustments Related To [Increase] In Other Changes in Working Capital		<i>-</i>	<i>-</i>
Total Cash Flows from Operating Activities		93.115.619	87.617.284
Payments Within Provisions Related To Employee Benefits	24	-	[1.853.656]
Tax Returns / [Payments]		[21.490.108]	[41.764.600]
B) CASH FLOWS FROM INVESTING ACTIVITIES		[31.761.341]	[61.443.445]
Cash OutFlows from Capital Increase or Subsidiaries or/and Joint Ventures	27	<i>-</i>	<i>[7.777.000]</i>
Cash Inflows from Disposal of Property, Plant and Equipment and Intangible Assets	18,19	<i>11.032.568</i>	<i>1.029.441</i>
Cash OutFlows from Acquisition of Property, Plant and Equipment and Intangible Assets	18,19	<i>[42.783.333]</i>	<i>[54.695.886]</i>
Cash OutFlows from Acquisition of Investment Properties		<i>[10.576]</i>	<i>-</i>
C) CASH FLOWS FROM FINANCING ACTIVITIES		[4.811.550]	18.230.996
Cash Inflows from Borrowings	8	<i>2.098.477.627</i>	<i>1.799.026.160</i>
Cash Outflows on Debt Payments	8	<i>[1.986.085.470]</i>	<i>[1.681.071.424]</i>
Dividends Paid	27	<i>[56.395.304]</i>	<i>[37.857.113]</i>
Interest Paid	33	<i>[75.394.077]</i>	<i>[61.866.627]</i>
Interest Received		<i>14.585.674</i>	<i>-</i>
Net [Increase] / Decrease In Cash And Cash Equivalents Before Effect Of Foreign Exchange Translation Differences		35.052.620	786.579
Effect Of Exchange Rate Changes on Cash and Cash Equivalents		<i>[11.530.002]</i>	<i>11.227.645</i>
Net Increase/[Decrease] in Cash and Cash Equivalents		23.522.618	12.014.225
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	64.095.808	52.081.584
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	87.618.426	64.095.808

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

NOTE 1 GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. [The Company, Sarkuysan] was established on May 3, 1972 and the Company shares are traded on the Borsa Istanbul [BIST Star Market]. The main area activity of the Company are to produce and trade electrolytic copper wire, copper and copper alloys.

The registered address of the Company is Emek Mahallesi Aşıroğlu Cad.No:147 Darıca, KOCAELİ.

All of the shares are publicly traded and there is no shareholder who is holding voting rights more than %10.

The subsidiaries and affiliates of the Company as of 31 December 2019 are as follows:

Partner Company Name	Subsidiary Company Name	Area of Activity	Country	Partnership Percentage %
Sarkuysan A.Ş.	Sarmakina San. ve Tic. A.Ş.	Packaging materials steel spools, import machinery's manufacturing and export	Turkey	99,00
Sarkuysan A.Ş.	Sarda Dağ. ve Tic.A.Ş.	Marketing and Distribution	Turkey	99,97
Sarkuysan A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	The Company has earnings of properties rent income and revenue from partnerships.	Turkey	70,71
Sarda Dağ. ve Tic. A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	The Company has earnings of properties rent income and revenue from partnerships.	Turkey	29,13
Sarkuysan A.Ş.	Ege Serbest Bölge Şubesi	Import and trade of electrolytic copper wire.	Turkey	100,00
Sarkuysan A.Ş.	Demisaş Döküm Emaye Mam.San.A.Ş.	Import and trade of steels parts for automotive and household appliances.	Germany	44,44
Sarkuysan A.Ş.	Bemka Kupferlackdraht GMBH.	Marketing and Distribution	Almanya	99,60
Sarkuysan A.Ş.	Sark Bulgaria A.D.	Production Of Electrolytic Copper And Conductors	Bulgaria	90,00
Sarkuysan A.Ş.	Sark Wire Corp.	Copper wire production and marketing.	US	73,34
Bektaş Emaye Kablo San. Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing.	US	12,12
Sarmakina San. ve Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing.	US	14,54
Sarmakina San. ve Tic. A.Ş.	Sark Bulgaria A.D.	Production Of Electrolytic Copper And Conductors	Bulgaria	10,00

Sarkuysan with its consolidated subsidiaries and joint ventures, is together referred as the "Group".

Sark USA Inc and Sark Wire Corp, of which the Group has a 100% participation in the United States of America, merged under Sark Wire Corp and the related merger realized as of 15.05.2019 and was approved under the laws and legislation of the United States of America.

As of the end of 2019, the average number of personnel employed by the Group is 1.095. [2018: 1.090]

	31 December 2019	31 December 2018
Unionized Employees	591	599
Non-Unionized Employees	76	79
White-Collar Worker	428	412
Total	1.095	1.090

The consolidated financial statements of the Group have been prepared in accordance with the CMB Communiqué Serial Numbered II-14.1 "Principles of Financial Reporting in Capital Market". The consolidated financial statements for the year ended 31 December 2019 were approved at the meeting which was held on 10 March 2020. Hayrettin ÇAYCI who is Chairman of The Board and Şefiye YAYLA who is Commercial Accounting Director signed the consolidated financial statements on behalf of the Board. The Board of Directors has the authority to amend the consolidated financial statements.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**2.01 Basis of Presentation**

The Group maintains their books of account and prepares their statutory consolidated financial statements in accordance with the Turkish Commercial Code ["TCC"], tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries operating in foreign countries prepare accounting records and statutory financial statements according to currencies of the country where they are in and in accordance with the legislation of the countries. The Group's consolidated financial statements are presented with the Group's functional currency which is used primary economic conditions. Accordingly the Group's financial position and operation results are expressed in Turkish Lira.

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ["TFRS"] promulgated by the Public Oversight Accounting and Auditing Standards Authority ["POA"] that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ["the Communiqué"] announced by the Capital Markets Board ["CMB"] on 13 June 2013 and published in Official Gazette numbered 28676.

In addition, the accompanying consolidated financial statements and notes, have been approved by the decision No. 30 dated June 2, 2016 of the POA and presented by taking into consideration the TAS Taxonomy 2016.

Financial Statements of the Subsidiaries which are Operated in Other Countries:

If the functional currency of any of the group companies is different than the reporting currency, the functional currency is translated into reporting currency according to the following rules [none of the currencies of the group companies belong to a hyper inflationist economy]

- Assets, liabilities and equity items except for the ones arising as a result of presenting income and expenses in the current period financial statements [except certain equity items] are translated into Turkish Liras at the closing rate at the date of that statement of financial position. Capital and capital reserves are carried at their historical nominal values and the translation differences arising from these are recognized under the equity as currency translation differences.
- Income and expenses in the statement of profit or loss are translated by the average exchange rate and the currency translation differences are recognized under Changes in Equity and Other Comprehensive Income Statement
- When a section of the foreign operations are sold, the exchange differences which were recognized under Changes in Equity Statement are transferred to Statement of Profit or Loss as sales income or expense. Goodwill and fair value adjustments arising from an acquisition of a foreign company are considered to be assets and liabilities of the acquired entity and are translated using the closing exchange rate.

2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

Before the related legislation of Turkish Commercial Code no. 6102 and the Decree Law no. 660, Capital Markets Board ["CMB"], a decision which was taken on 17 March 2005, companies operating in Turkey and for companies that prepare consolidated financial statements in accordance with CMB Accounting Standards, it is not necessary the inflation accounting application, to be effective from January 1, 2005 as announced, as of this date Turkey Accounting Standard 29 "Financial Reporting in Hyper inflationary Economies" practice of preparation and presentation of consolidated financial statements has ended.

2.03 Consolidation Principles

If the Group has the power to vote more than 50% of the voting rights in the companies directly or indirectly related to its shares, or if it does not have more than 50% voting power, the Group will use its effective control effect on financial and operating policies. The Group is included in the consolidation if it has the authority and power to control it in line with the Group's interests.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

The balance sheets and income statements of the Subsidiaries are consolidated using the full consolidation method and the carrying value of the shares held by the Group and its Subsidiaries is offset from the related equity. Intercompany transactions and balances between the Group and its Subsidiaries are eliminated on consolidation. The cost of shares, and the dividends arising from shares held by the Group in its Subsidiaries are eliminated from capital and income for the period, respectively.

The Group's consolidated subsidiary, participation rate, the country in which it operates and its main business operations are as follows:

31 December 2019

Name of the Subsidiary	Direct Ownership by Parent Company	Indirect Ownership by Parent Company	Total Ownership
Sarmakina San. ve Tic. A.Ş.	99%	-	99%
Sarda Dağ. ve Tic. A.Ş.	99,97%	-	99,97%
Bektaş Emaye Kablo San. Tic. A.Ş.	70,71%	29,13%	99,84%
Ege Serbest Bölge Şubesi	100%	-	100%
Sark Wire Corp.	73,34%	26,66%	100%
Sark Bulgaria A.D.	90%	10%	100%
Bemka Kupferlackdraht GMBH	99,60%	-	99,60%

31 December 2018

Name of the Subsidiary	Direct Ownership by Parent Company	Indirect Ownership by Parent Company	Total Ownership
Sarmakina San. ve Tic. A.Ş.	%99	-	%99
Sarda Dağ. ve Tic. A.Ş.	%99,97	-	%99,97
Bektaş Emaye Kablo San. Tic. A.Ş.	%70,71	%29,13	%99,84
Sark-USA, Inc.	%100	-	%100
Ege Serbest Bölge Şubesi	%100	-	%100
Sark Wire Corp. (**)	%60	%39,83	%99,83
Sark Bulgaria A.D. (*)	%90	%10	%100
Bemka Kupferlackdraht GMBH	%99,60	-	%99,60

[*] In the Board of Directors decision dated on 29.03.2018, Sark Bulgaria A.D. which is located in Bulgaria has increased the capital of its subsidiary from 6.000.000 Leva to 8.000.000 Leva and all of the increased capital has been paid as of 31.12.2018.

[**] At the Board of Directors dated on 26.07.2017; the Group has decided to increase the capital of its subsidiary Sark Wire, which is located in Albany, New York State of the United States, from USD 10.000.000 to USD 5.000.000 by increasing it to USD 15.000.000. The increased capital of USD 5.000.000 has been fully paid as of 31.12.2018.

Sark USA Inc and Sark Wire Corp, of which the Group has a 100% participation in the United States of America, merged under Sark Wire Corp and the related merger realized as of 15.05.2019 and was approved under the laws and legislation of the United States of America.

Investments in Subsidiaries; are accounted by the equity method. These are entities over which the Group generally has between 20% and 50% of voting rights or has significant influence, but does not have control on these subsidiaries operations. Unrealized gains that result from intercompany transactions between the Group and its Subsidiaries are eliminated on consolidation, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in a Subsidiary reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the Subsidiaries. Such Subsidiaries are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost.

Demisaş A.Ş., which is one of Sarkuysan Elektrolitik Bakır Sanayi and Ticaret A.Ş.'s subsidiaries, is accounted for under the equity method. According to equity method, subsidiaries are recognized initially at acquisition cost, and subsequently the amount of the parent's interest in the subsidiaries equity is reflected to consolidated financial statements by either adding the increase in the amount to the investment amount or subtracting the losses from the investment amount.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2019**

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

The Group's consolidated subsidiary, participation rate, the country in which it operates and its main business operations are as follows:

31 December 2019

Name of the Subsidiary	Direct Ownership by Parent Company	Indirect Ownership by Parent Company	Total Ownership
Demisaş Döküm Emaye Mam.San.A.Ş.	%44,44	-	%44,44

31 December 2018

Name of the Subsidiary	Direct Ownership by Parent Company	Indirect Ownership by Parent Company	Total Ownership
Demisaş Döküm Emaye Mam.San.A.Ş.	%44,44	-	%44,44

Financial Assets in which the Group and its Subsidiaries, have interest below 20%, or over which the Group does not have a significant influence even though having more than an interest over 20 %, are classified as financial assets available for sale. Financial Assets available for sale that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Financial Assets available for sale that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value. **[Note.7]**

The minority shareholders' share in the net assets and results for the period for Subsidiaries are separately classified in the consolidated statement of financial position and in the statement of profit or loss as Non-Controlling Interest.

The subsidiary of the Group, Demisaş Döküm Emaye Mam. accounted for using the equity method in its material disclosure dated on 9 May 2018, the issued capital of TL 35.000.000 was increased by 50% to TL 80.000.000 within the registered capital ceiling of TL 17.500.000 become TL 52.500.000 through cash capital increase. The Group has participated in this capital issued by the Group management and was paid in cash on the date of 12.09.2018, which is the whole of the capital commitment of TL7.777.000.

2.04 Comparatives and Adjustment of Previous Period Financial Statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative information is reclassified when necessary and important differences are explained in order to ensure compliance with the presentation of the current period consolidated financial statements.

2.05 Significant Accounting Estimates and Assumptions

Preparation of the consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

Estimates and assumptions that may cause significant adjustments in the book value of assets and liabilities in the next financial reporting period are as follows:

- Provision for severance payment benefits is determined by using actuarial assumptions [discount rates, future salary increases and employee exit rates]. The details of calculations disclosed in employee benefits **[Note 24]**.
- The Group depreciates its property, plant and equipment on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates. **[Note 2.09.03-2.09.04]**
- On the litigation provisions in **Note 22**, the probability of losing these cases and the consequences to be faced if these cases are lost evaluated in accordance with the opinions of the Group's legal counsel.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

[Amounts are expressed in “Turkish Lira” unless otherwise indicated]

- d. In determining the impairment of trade receivables, creditworthiness of debtors, past payment performances and restructuring conditions, collaterals of mortgages and receivable insurance amounts taken into consideration. **[Note 10]**. In addition, the Group hedges its domestic and foreign receivables with insurance, letters of guarantee and various guarantees in accordance with the credit risk policy. The Group calculates the expected credit loss using the expected life-to-maturity ratio by adopting the simplified approach model for trade receivables that does not include a significant financing component in accordance with TFRS 9. This model is based on a review of the collection performance of the customer on the basis of past and the comparison of the sales made and the submerged ratio account which includes future forecasts taking into account the future credit risks and macroeconomic impacts. In the expected credit loss calculations, the right to insurance indemnity and letters of guarantee are considered as the most liquid collaterals and are taken into account in the calculations. The Group makes forward-looking estimates of the collection performances, taking into account the effects of economic growth expectations and the exchange rate effects of foreign currency exchange rates.
- e. The physical properties of the inventories and the past are examined in relation to the inventory impairment, the availability of the personnel is determined according to the opinions of the technical personnel and provision is made for the items that are estimated to be unavailable. Average sales prices are used to determine the net realizable value of inventories. The information about the inventory impairment that has been set as of the balance sheet date is given in **Note 13**.
- f. The Group has chosen to use the revaluation model for Investment Properties in the accompanying consolidated financial statements. **[Note 2.09.19]**

2.06 Changes in Accounting Policies

Whether there are changes and errors in accounting policies and accounting estimates, the amended significant changes and the identified significant accounting errors are implemented retrospectively and the previous periods Group’s consolidated financial statements are adjusted. Whether the changes are amended in accounting policies effect the previous periods, aforementioned policy is implemented retrospectively to the consolidated financial statements as it had been used in.

Transition to TFRS 16, “Leases”

TFRS 16 “Leases” Standard was published by the POA on 13 January 2016. It replaces the existing IAS 17 “Leases”, IFRS 4 Determining whether an Agreement includes a Leasing and IAS 15 “Operating Leases – Incentives”, and replaces the IAS 40 “Investment Properties” Standard. TFRS 16 eliminates the dual-accounting model of leasing transactions that are the current application in terms of lessees and monitoring of off-balance sheet commitments. Instead, a single balance sheet-based accounting model is presented for all leases, similar to the current financial leasing accounting. In this context, the “Lease Liabilities” amount, which is calculated as the present value of lease payments to be made during the lease period in relation to the lease contracts over 12 months, is recognized in the liabilities of the “Right of Use Assets” in the liabilities part of the balance sheet. The amount recognized as “Right of Use Assets” is subject to depreciation according to the contract period.

Within the framework of the optional transition provisions in TFRS 16, no adjustment in equity in consolidated financial statements before 1 January 2019. The amount of “Right of Use Assets” and “Right of Use Liabilities” have been calculated for the remaining period by taking into consideration the contracts that have been in place for over than 12 months as of 1 January 2019.

2.07 Changes in Accounting Estimates and Errors

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods.

The nature and amount of a change in the accounting estimate, which has an impact on the outcome of the current period or is expected to have an impact on subsequent periods, is disclosed in the notes to the consolidated financial statements, except when the estimation of the effect on the future periods is not possible. There are no changes in the accounting estimates expected to have an impact on the results of operations in the current period.

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2.08 Offsetting

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

2.09 Summary of Significant Accounting Policies

The summary of the significant accounting policies applied during the preparation of the consolidated financial statements is as follows:

2.09.01 Revenue Recognition

Revenues are shown to be expected to be earned in return for goods and services. Revenue is recognized in the financial statements with a 5-stage model in accordance with TFRS 15 which is as follows.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

Group revenue consists mainly of electrolytic copper wire, copper and composite sales to the domestic market and overseas and subcontracting services. Rent income from investment properties is included in sales.

When the revenue from services can be measured reliably, the revenue is recorded in accordance with its completion level. If the revenue cannot be measured reliably, revenue is recognized as much as the recoverable amount of expenses that are associated with this revenue.

Other miscellaneous income that are derived by the Group, are recognized as follows:

Interest Income, on the basis of effective interest method

Rent and Royalty Income, on an accruals basis in accordance with the substance of the relevant agreement

Dividend Income, when the shareholder's right to receive payment is established.

Rent income from investment properties is recognized on a straight-line basis over the term of the respective lease.

When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is included in the financing cost. The differences between the fair value and the nominal value are recognized as interest income according to the accrual basis.

2.09.02 Inventory Valuation

Inventories are evaluated at either the lower of acquisition cost or net realizable value. Cost of inventories includes; all purchasing costs, covering costs and other costs incurred to make the inventories ready to sell. The covering costs of inventories include costs which are directly related to production such as direct labor expense. Those costs also include systematically distributed costs from fixed and variable general production expenses incurred in covering direct raw material to the goods.

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The cost of inventory calculated by the Group is the average annual cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.09.03 Property, Plant and Equipment

Property, plant and equipments are carried at cost less accumulated depreciation as of December 31, 2004 for the items purchased before 01 January 2005 and for the items purchased as of January 1, 2005, less the accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. Fixed securities and machines are included in the consolidated financial statements with their fair value.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Type	Economic Useful Lives (Years)	31 December 2019 Ratio (%)	31 December 2018 Ratio (%)
Land Improvements	25	4	4
Buildings	50	2	2
Plant, Machinery and Equipment	8-12,5	8-12,5	8-12,5
Furniture and Fixtures	5	20	20
Vehicles	5	20	20
Other Property, Plant and Equipment	5	20	20
Leasehold Improvements	5	20	20

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

2.09.04 Intangible Assets

Intangible Assets are stated at cost less accumulated depreciation and amortization and accumulated impairment losses for items purchased before January 01, 2005, adjusted for the effects of inflation and the cost of acquisition for items purchased after January 01, 2005. Intangible Assets cannot be capitalized and expenses incurred during the period in which they are incurred are excluded, except for expenses incurred in the development of new products that are planned to be produced within the Group. Intangible assets are amortized on a straight-line basis over their expected useful lives. Capitalized development costs are amortized on a straight-line basis over their estimated useful lives following the commencement of trade production of the product. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being recognized for on a prospective basis.

Type	Economic Useful Lives (Years)	31 December 2019 Ratio (%)	31 December 2018 Ratio (%)
Rights	5	20	20
Research and Development Expenses	5	20	20
Other Intangible Assets	3 - 10	10 - 33	10 - 33

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2.09.05 Impairment of Assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization. An impairment test is applied to these assets each year. For assets subject to amortization, impairment test is applied if the book value cannot be recovered. An impairment loss is recognized if the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets except goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.09.06 Leasing Transactions

At the beginning of the contract, the Group assesses whether the contract is a lease or includes a leasing transaction. In the event that the contract assigns the right to control the use of the defined asset for a certain amount of time for a certain period of time, the contract is a lease or includes a leasing transaction. The Group considers the following conditions when assessing whether a contract transfers the right to control the use of a defined asset for a specified period of time:

- a. The contract contains the identified asset; an asset is generally defined by specifying it explicitly or implicitly in the contract.
- b. A functional part of the asset is physically separate or represents nearly the full capacity of the asset. An asset is not identified if the supplier has a principal right to replace the asset and provides economic benefit therefrom.
- c. Has the right to receive almost all economic benefits from the use of the identified asset.
- d. Has the right to manage the use of the identified asset. The Group considers that the asset has the right to use if the decisions about how and for what purpose the asset will be used are determined in advance. The Group has the right to manage the use of the asset when:
 - i. the Group has the right to operate the asset during its useful life [or to direct others to operate the asset in its own way] and the supplier has no right to change these operating instructions; or
 - ii. The Group has designed the asset [or certain characteristics of the asset] in advance to determine how and for what purpose the asset will be used during its useful life.

The Group's lease liabilities are disclosed in **Note: 8**.

Property, plant and equipment acquired through financial leasing contracts are depreciated over the useful life of the asset. The net book value of the assets subject to financial leasing is disclosed in **Note:18**.

Right of Use Assets Group as a Lessee

The Group reflects a right of use and a lease liability to the consolidated financial statements at the date of the lease.

The right of use asset is initially recognized at cost method and includes the followings:

- a. Initial measurement of the lease liability,
- b. The received obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease,
- c. All initial direct costs incurred by the Group; and
- d. Estimated costs to be incurred by the Group with respect to the dismantling and transport of the underlying asset, the restoration of the area in which it is placed, or the restoration of the underlying asset to the condition required by the lease terms and conditions. The Group is liable for these costs on the date of actual lease or as a result of using the underlying asset for a certain period of time.

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When applying the cost method, the Group shall determine the right of use assets as follows:

- Accumulated depreciation and accumulated impairment losses are deducted;
- Measures over the cost adjusted for the remeasurement of the lease liability

The Group applies the depreciation provisions in TAS 16 Property, Plant and Equipment while depreciating the right of use assets. In the event that the supplier transfers the ownership of the underlying asset to the Group at the end of the lease term or if the cost of use rights indicates that the Group will use a purchase option, the Group depreciates the right of use asset from the effective date of the lease to the end of the useful life of the underlying asset. In other cases, the Group depreciates the right of use assets on the basis of the shorter of the useful life or the lease term of the asset, starting from the effective date of the lease.

The Group applies TAS 36 Impairment of Assets to determine whether the right of use of asset which is impaired and recognize any impairment loss.

Lease Liabilities

At the effective date of the lease, the Group measures the lease liabilities at the present value of the unpaid lease payments. Lease payments are discounted using the implied interest rate on the lease, if the rate can readily be determined. If this rate cannot be readily determined, the Group uses the Group's alternative borrowing interest rate.

Lease payments that are included in the measurement of the lease liabilities at the effective date of the lease comprise the following payments to be made for the right of use of the underlying asset during the lease period and which have not been paid at the actual lease date:

- The amount received by deducting all kinds of rental incentive receivables from fixed payments,
- Variable lease payments based on an index or rate using an index or rate on the date on which the initial measurement actually starts;
- The usage price of this option and, if the Group is reasonably precise that it will use the option and,
- Penalties for termination of the lease contract if the lease shows that the Group will use an option to terminate the lease contract.

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

- Increases the carrying book value to reflect the interest on the lease liabilities;
- Reduce the carrying book value to reflect the lease payments made;
- Remeasures the carrying book value to reflect revaluation and restructurings, or to reflect adjusted essence of fixed lease payments

The interest on the lease liabilities for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liabilities. The periodic interest rate, if easily determined, is the implied interest rate on the lease. If this rate cannot be easily determined, the Group uses the Group's alternative borrowing interest rate.

After the effective date of the lease, the Group remeasures the lease liabilities to reflect changes in lease payments. The Group reflects the remeasurement amount of the lease liabilities to the consolidated financial statements as an adjustment to the right of use.

The Group remeasures its lease liabilities by deducting the adjusted lease payments at a revised discount rate if either of the following conditions occurs:

- A change in the lease term. The Group determines adjusted lease payments based on the adjusted lease term.
- Changes in the assessment of the option to purchase the underlying asset. The Group determines adjusted lease payments to reflect the change in the amounts payable under the purchase option.

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The Group calculates the adjusted discount rate for the remainder of the lease term if the implicit interest rate in the lease can be easily determined; if it cannot be easily determined, the Group determines the alternative borrowing interest rate at the date of the revaluation.

The Group remeasures its lease liabilities by reducing the adjusted lease payments if either of the following conditions occurs:

- a. Changes in the amounts expected to be paid under a residual value commitment. The Group determines the adjusted lease payments to reflect the change in the amounts expected to be paid under the residual value commitment.
- b. A change in these payments as a result of an index or rate change used to determine future lease payments. The Group remeasures the lease liabilities to reflect the adjusted lease payments only when there is a change in cash flows.

The Group determines the adjusted lease payments for the remaining lease term based on the adjusted contractual payments. In this case, the Group uses an unchanged discount rate.

The Group recognizes the restructuring of the lease as a separate lease if both of the following conditions are met:

- a. The restructuring shall extend the scope of the lease by adding the right of use on one or more underlying assets; and
- b. The increase in the lease amount by the appropriate price adjustment to reflect the price of the increase alone and the terms of the relevant contract.

Group as Lessor

The Group classifies each of the leases as operational leases or financial leases.

A lease is classified as a financial lease when all risks and gains of ownership of the underlying asset are substantially transferred. A lease is classified as an operational lease if all risks and gains of ownership of the underlying asset are not substantially transferred.

For a contract that includes one or more additional leasing components or not carrying a component, the Group distributes the contractual value by applying TFRS 15, "Revenue from Customer Contracts" standard.

The Group as Lessor:

The operational leasing collections are recognised as an income over the lease term on a straight-line basis. The Group's rent income from investment property is recognized under revenue, other rent income is recognized under other operating income. The transactions between parent company and subsidiaries are eliminated reciprocally within the scope of consolidation. **(Note 31)**

2.09.07 Research and Development Expenses

Research expenses is recognized as an expense as incurred. Development expenses recorded as expense in the previous period cannot be capitalized in the following period. Development Expenses are considered as intangible assets if they meet the following criteria:

- The costs associated with the product can be clearly defined and measured reliably,
- The technical adequacy / feasibility of the product can be measured,
- The product will be sold or used in the Company,
- There is a potential market for the product, or if its internal use in the Company can be proved,
- Sufficient technical, financial and other necessary resources are available to complete the project.

The Group does not have capitalized development costs during the period.

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2.09.08 Borrowing Costs

In the case of assets that require considerable time to be ready for use and sale, the borrowing costs directly attributable to the acquisition, construction or production are included in the cost of the asset until the asset is ready for use or sale. Financial investment income, which is obtained by evaluating the unspent part of the investment loan temporarily in financial investments, is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recorded in the income statement in the period in which they are incurred. The Group does not have any borrowing costs as of the current and previous periods.

2.09.09 Financial Instruments1. Financial Assets**i. Classification and Measurement – Financial Assets and Liabilities**

A financial asset is recognized for the first time in its financial statements:

- Financial instruments measured at amortized cost
- Debt instruments whose fair value ["FV"] difference is reflected in other comprehensive income;
- Equity instruments measured by reflecting FV difference on other comprehensive income
- Financial instruments measured at a FV difference reflected to profit or loss

The classification of financial assets is generally based on the business model used by the entity for the management of financial assets and the contractual cash flows of the financial asset.

A financial asset is measured at amortized cost if both the two following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- Obtaining a business model for the purpose of collecting contractual cash flows of the financial asset and
- The contractual terms of the financial asset cause cash flows that include interest payments on principal and principal balance on certain dates.

A debt instrument is measured by reflecting the FV difference on other comprehensive income if both of the following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

All financial assets that are not measured by the above mentioned amortized cost or by reflecting the FV difference in other comprehensive income are measured by reflecting to FV difference profit or loss. These include all derivative financial assets. In the event that financial assets are recognized for the first time in their financial statements; an irreversible amount of a financial asset is measured at fair value through profit or loss provided that it eliminates or substantially reduces an accounting mismatch arising from the different measurement of financial assets and the gain or loss related to them in the financial statements.

In the first measurement of the financial assets other than the fair value changes that are reflected to the profit or loss [except for the trade receivables that are measured at the transaction cost and not having an important financing component at the time of the financial statements], the transaction costs directly attributable to the acquisition or issuance thereof are also added to the fair value.

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- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

All financial assets that are not measured by the above mentioned amortized cost or by reflecting the FV difference in other comprehensive income are measured by reflecting to FV difference profit or loss. These include all derivative financial assets.

In the event that financial assets are recognized for the first time in their financial statements; an irreversible amount of a financial asset is measured at fair value through profit or loss provided that it eliminates or substantially reduces an accounting mismatch arising from the different measurement of financial assets and the gain or loss related to them in the financial statements.

Financial assets other than those whose fair value changes are reflected to the profit or loss [except for the trade receivables that are measured at the transaction cost and have no significant financing component during the first time they are included in the financial statements]. In the first measurement, transaction costs directly attributable to the acquisition or issuance of these are also measured by adding to the fair value.

ii. Impairment of financial assets

In accordance with TFRS 9, "Expected Credit Loss" model is applied. The new impairment model applies to financial assets and contractual assets measured at amortized cost but is not applied to investments on equity instruments. Financial assets measured at amortized cost consist of trade receivables, other receivables and cash and cash equivalents.

The loss provisions for trade receivables, other receivables, other assets and contractual assets are always measured at an amount equal to the expected credit losses for life. When determining whether the credit risk in a financial asset has increased substantially since its adoption in the financial statements and the expected credit losses are estimated, reasonable and supportable information that can be obtained without incurring excessive costs or efforts is taken into consideration. These include qualitative and quantitative information and analyzes and forward-looking information based on the Group's past experience and informed credit evaluations.

Transition to TFRS 9

Business models and measurement requirements of financial assets in accordance with TFRS 9 "Financial Instruments" standard are as follows.

Financial Assets Represented in the Financial Statements**TFRS 9 Measurement**

Deposits	Measured at Amortized Cost
Notes/[Securities]	Measured at Amortized Cost
Trade Receivables	Measured at Amortized Cost
Derivative Instruments	Financial Assets at Fair Value Through Profit or Loss
Equity Instruments [Share Certificates]	Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets with credit-impairment

The Group assesses whether the financial assets measured at amortized cost are diminished in each reporting period. When one or more events occur that adversely affect the future cash flows of a financial asset, the financial asset is credit note impaired.

Observable data on the following events are evidence that the financial asset has been credit note impaired:

- The issuer or debtor has significant financial distress;
- The occurrence of a breach of contract due to reasons such as default or significant expiration of maturity;
- For the economic or contractual reasons, due to the financial hardship of the debtor, the creditor gives the debtor a privilege which he does not normally consider;
- It is likely that the borrower will enter into bankruptcy or another financial restructuring; or
- The elimination of the active market for this financial asset due to financial difficulties.

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Indication of impairment in financial statements

The loss provisions of financial assets measured at amortized cost are deducted from the gross values of these assets.

Write-off

If there is no reasonable expectation to recover a cash flow higher than the financial asset, the gross amount of the financial asset is deducted from the records. This is generally the case when the Group determines that the borrower does not have sufficient sources of income or assets that can repay the amounts subject to the reversal. However, the financial assets that are derecognized may still be subject to sanction activities applied by the Group for the recovery of past due receivables.

Financial assets are deducted from the records if there is no expectation of recovery [such as the debtor does not make any repayment plans with the Group]. The Group continues to exercise sanctions in order to recover the receivables of trade receivables, other receivables, other assets and contract assets. The recovery amounts are recognized in income statement.

2.09.10 Foreign Currency Translation

Foreign currency transactions are translated into Turkish Lira using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign currency gains or losses arising from the translation of foreign currency-based monetary assets and liabilities are reflected in the income statement.

Currency translation differences are recognized in profit or loss in the period in which they incurred except:

- Currency translation differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- Currency translation differences on transactions entered into in order to hedge certain foreign currency risks [see below for hedging accounting policies],
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

2.09.11 Earnings/Losses Per Share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ["bonus shares"] to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.09.12 Subsequent Events

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

The Group adjusts the consolidated financial statements accordingly when events after balance sheet date requires adjustments to be made.

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2.09.13 Provisions, Contingent Assets and Liabilities

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

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

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

2.09.14 Related Parties

For the purpose of these consolidated financial statements, shareholders, parents of Koç Holding A.Ş., key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, subsidiaries and joint ventures excluded from the scope of consolidation are considered and expressed as "related parties". Related party transactions have been carried out at prices that are suitable for market conditions within ordinary business activities. **[Note 37]**

2.09.15 Government Grants

Government grants along with investment, research and development grants are accounted on accrual basis with their fair values when the application of grants is approved.

2.09.16 Taxes on Income

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. Income tax expense [or income] is the sum of the current tax expense and the deferred tax expense [or income].

Current tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that cannot be taxed or deducted. The Group's liability for current tax is calculated using legal statutory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the consolidated financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit /loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Group is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to

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such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or that entire amount.

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date [tax regulations]. During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Group expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with the income tax collected by the same tax authority, or if the Group intends to pay off the current tax assets and liabilities.

Current and deferred tax for the period

The deferred tax, other than those directly attributable to debt or liability recognized in equity [in which case deferred tax is recognized directly in equity] or deferred tax, other than those arising from initial recognition of business combinations, is recognized as income or expense in the income statement. In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the purchaser that exceeds the acquisition cost of the share of the acquiree's identifiable assets, liabilities and contingent liabilities in the fair value.

The amount of corporate tax payable is netted because it is related to prepaid corporate tax amounts. Deferred tax assets and liabilities are also offset in the same way.

Offsetting in Tax Assets and Liabilities

The amount of corporate tax payable is netted because it is related to prepaid corporate tax amounts. Deferred tax assets and liabilities are also offset in the same way.

2.09.17 Provision for Employment Termination Benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections.

TAS 19 "Employee Benefits" requires actuarial assumptions [net discount rate, turnover rate to estimate the probability of retirement etc.] to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains / losses and recognised under other comprehensive income.

2.09.18 Statement of Cash Flow

Cash and cash equivalents are stated at their fair values in the statement of financial position. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments. In the statement of cash flows, cash flows are classified according to operating, investing and financing activities.

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Cash flows from business operating activities represent cash flows generated from the Group's main operations. Cash flows from investing activities (asset investment and financial investment) represent the cash flows that are used in or provided from the investing activities of the Group.

Cash flows related to financing activities represent the resources that the Group uses in financing activities and the repayments of these resources.

2.09.19 Investment Properties

Investment Properties, are real estates that held for the purpose of gaining rent or appreciation of its value are recognized at cost value less accumulated depreciation and accumulated impairment losses, if any. If it meets the accepted criteria, the amount included in the balance sheet includes the cost of changing any part of the existing Investment Property. This amount does not include daily maintenance for Investment Property.

In the event that Investment Properties are not used or sold, they are removed from the balance sheet. Gains or losses arising from the sale of these properties are recognized in the income statement. Properties within the operating lease have been classified as investment properties.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

Group's investment property is presented at their fair value in the consolidated financial statements. Therefore, investment property is not subject to depreciation. The fair values of the properties were determined according to the results of the appraisal reports signed by a licensed Real Estate Appraisal Company in line with the regulations of the CMB Communiqué Serial VIII No: 35 "Communiqué On Principles Regarding Appraisal Companies And Their Listings By The Board" **[Note 17]**

2.10 Capital and Dividend

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are incurred.

2.11 Foreign Currency Translation*Functional and Presentation Currency*

Items included in the consolidated financial statements of the Subsidiaries, Joint Ventures and Associates of the Group are measured using the currency of the primary economic environment in which the entity operates ["the functional currency"]. The consolidated financial statements are presented in TL, which is Sarkuysan A.Ş.'s functional and presentation currency

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group companies operating in the non-finance sectors, have been accounted for under "other operating income/expenses" whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under "financial income/expenses" in the consolidated income statement. Foreign exchange gains and losses resulting from monetary assets and liabilities denominated in foreign currencies of the Group companies operating in the finance sector, have been classified under "revenue/cost of finance sector operations" in the consolidated income statement.

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The consolidated financial statements of Group's subsidiaries operating in The United States of America, Bulgaria, Germany are translated from foreign currency into TL as of 31 December 2019 and 31 December 2018 the foreign currencies and TL equivalents are as follows:

As of 31 December 2019 and 31 December 2018, the foreign currencies (USD,EURO,LEV) are as follows:

Period-End	USD	EURO	LEVA
31 December 2019	5,9402	6,6506	3,3813
31 December 2018	5,2609	6,0280	3,0649

As of 31 December 2019 and 31 December 2018, the the average rate of foreign currencies and TL equivalents are as follows:

Period-End	USD	EURO	LEVA
01 January 2019-31 December 2019	5,6712	6,3481	3,2274
01 January 2018-31 December 2018	4,8134	5,6780	2,8868

2.12 Going Concern Principle

The consolidated financial statements of the Group are prepared in accordance with going concern principle.

2.13 New and Revised Turkey Financial Reporting Standards

New standards in force as of December 31, 2019 and amendments and interpretations to existing previous standards:

- TFRS 9, "Financial instruments"; Is effective for annual periods beginning on or after 1 January 2019. This amendment clarified two issues: it confirms the recognition of profit or loss that while taking into account whether a financial asset represents interest only for principal and principal, the earnings or loss arising directly when a financial liability, which is measured at amortized cost, is excluded as a result of the exclusion of the financial statement. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted from the original effective interest rate. This indicates that, unlike TAS 39, the difference is not possible to be recognized for by spreading over the remaining life of the instrument.
- TAS 28, Amendments in Investments in Associates and Joint Ventures"; Is effective for annual periods beginning on or after 1 January 2019. It has become clear that long term associates or joint ventures that companies do not use equity method will be recognized by using TFRS 9.
- TFRS Interpretation 23, "Uncertainties over Income Tax Treatments"; Is effective for annual periods beginning on or after 1 January 2019. This interpretation clarifies some uncertainties in the application of TAS 12 Income Taxes. The IFRS Interpretation Committee has clarified that if there was an uncertainty in tax applications before, this uncertainty should be applied in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" not IAS 12. TFRS Interpretation 23 provides an explanation of how to measure and recognize deferred tax in the event of uncertainties in income taxes.

TFRS Interpretation 23 provides an explanation on how to measure and recognition of deferred tax calculations when there are uncertainties in income taxes. Uncertainty of taxation occurs when it is not known whether a tax application by a Company is acceptable to the tax authority. For example, in particular, the recognition of an expense as a discount or the uncertainty of the tax law as to whether a particular item is included in the refundable tax calculation. TFRS Interpretation 23 is applicable that an item's tax practices are uncertain including; taxable income, expense, assets or liabilities are subject to taxable amounts, tax expense, receivables and tax rates.

- TAS 19 "Employee Benefits", Plan Amendment, Curtailment or Settlement"; It is effective for annual periods beginning on or after 1 January 2019. These improvements require the following amendments:

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For the period after the amendment, curtailment or settlement of the plan; using current assumptions to determine current service cost and net interest;

Recognition of profit or loss as part of previous period service cost, or any loss of surplus in the financial statements, even if not previously recognized in the financial statements due to the effect of the asset ceiling.

2015-2017 annual improvements; Is effective for annual periods beginning on or after 1 January 2019. These improvements include the following amendments:

- TFRS 3, "Business Combinations", remeasures the previously acquired share in the joint operation.
- TFRS 11, "Joint Arrangements", the entity that provides joint control does not remeasure the previous share in the joint operation.
- TAS 12, "Income Taxes", recognizes the income tax effects of dividends in the same manner.
- TAS 23, "Borrowing Costs" considers each borrowing to be made available for the intended use or sale of qualifying asset as part of the general borrowing

New standards and amendments issued and not entered into force as of 31 December 2019:

Amendments to the Definition of Material of TAS 1 and TAS 8; Is effective for annual periods beginning on or after 1 January 2020. The amendments to TAS 1, "Presentation of Financial Statements" and TAS 8 "Accounting Policies, Changes in Accounting Policies and Errors" and the amendments in other TFRS related to these amendments are as follows:

- Use of materiality definition consistent with TFRS and financial reporting framework
- Clarification of the definition of materiality, and
- Including some guidance in TAS 1 for non-material information

Amendments to TFRS 3 – Definition of a Business; Is effective for annual periods beginning on or after 1 January 2020. With this amendment, the definition of business was revised. Based on the feedback received by the IASB, it is generally considered that existing implementation guidance is too complex, resulting in too much action to meet the definition of business combinations.

TFRS 17, "Insurance Contracts"; Is effective for annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently allows a wide range of applications. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation.

Standards and amendments published by the International Accounting Standards Authority ("IASB") as of 31 December 2019 but not published by the POA:

TFRS 9, TAS 39 and TFRS 7 amendments- Interest Rate Benchmark Reform; Is effective for annual periods beginning on or after 1 January 2020. These amendments provide specific facilitating practices in relation to benchmark interest rate reform. These practices are related to hedge accounting, and the impact of the IBOR reform should generally not lead to the termination of hedge accounting. However, any hedging ineffectiveness should continue to be recognized in the income statement. Given the prevalence of hedge accounting on IBOR-based contracts, these facilitating practices will affect all companies in the industry.

It is expected that the new and revised accounting standards and interpretations announced will not have a significant impact on the Group's accounting policies.

NOTE 3 BUSINESS COMBINATIONS

Sark USA Inc and Sark Wire Corp, of which the Group has a 100% participation in the United States of America, merged under Sark Wire Corp and the related merger realized as of 15.05.2019 and was approved under the laws and legislation of the United States of America. The Group has been consolidating its subsidiaries since the date of participation, as it owns 100% of its subsidiaries in its consolidated financial statements.

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NOTE 4 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

None.

NOTE 5 SEGMENT REPORTING

The Group's Segment Reporting and summary of profit / loss as of 31 December 2019 and 31 December 2018 are as follows:

31 December 2019

	Copper	Enamelled Copper Wire	CTC Wire	Spools	Machinery	Other	Total	Consolidation and Elimination Adjustments	01.01.2019 31.12.2019
Revenue	6.186.149.662	407.020.999	65.594.670	6.115.603	7.894.805	27.588.460	6.700.364.199	(919.753.045)	5.780.611.154
Cost of Sales	(5.950.590.719)	(388.223.097)	(57.108.801)	(5.185.406)	(4.151.962)	(18.868.712)	(6.424.128.697)	900.362.405	(5.523.766.292)
Gross Profit/Loss	235.558.943	18.797.902	8.485.869	930.197	3.742.843	8.719.748	276.235.502	(19.390.640)	256.844.862

31 Aralık 2018

	Copper	Enamelled Copper Wire	CTC Wire	Spools	Machinery	Other	Total	Consolidation and Elimination Adjustments	01.01.2018 31.12.2018
Revenue	6.775.223.597	359.536.773	58.300.169	8.641.027	9.663.251	34.791.888	7.246.156.705	(1.600.520.990)	5.645.635.715
Cost of Sales	(6.308.209.198)	(331.309.327)	(48.282.865)	(6.081.592)	(4.787.045)	(23.464.665)	(6.722.134.692)	1.340.332.943	(5.381.801.749)
Gross Profit/Loss	467.014.399	28.227.446	10.017.304	2.559.435	4.876.206	11.327.223	524.022.013	(260.188.047)	263.833.966

NOTE 6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Group are as of period ends are as follows.

Account Name	31 December 2019	31 December 2018
Cash in hand	77.779	33.924
Bank	87.629.902	64.511.448
-Demand Deposit	20.158.665	34.586.326
-Time Deposit	67.471.237	29.925.122
Other Cash and Cash Equivalents	785	556
Total	87.708.466	64.545.928

As of 31 December 2019, the Group has no blocked deposits.

As of 31 December 2019, interest income accrual on time deposits calculated using the effective interest method is TL 90.040. (31 December 2018: TL 450.120)

As of 31 December 2019 and 31 December 2018, cash and cash equivalents presented in the consolidated statement of cash flows are as follows.

Account Name	31 December 2019	31 December 2018
Amount in Statement of Financial Position	87.708.466	64.545.928
Interest Income Accruals	(90.040)	(450.120)
Amount in Cash Flow Statement	87.618.426	64.095.808

The redemption schedule of bank deposits is as follows:

Account Name	31 December 2019	31 December 2018
Demand Deposits	20.158.666	34.586.326
1-30 days	51.041.071	29.925.122
30-90 days	16.430.165	-
Total	87.629.902	64.511.448

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Effective interest rates of time deposits denominated in currency are as follows:

Currency	31 December 2019		31 December 2018	
	TL Equivalent Amount	Interest Rate	TL Equivalent Amount	Interest Rate
TL	27.434.630	8%-12%	19.225.102	11%-24,75%
USD	33.363.976	0,1%-0,5%	2.870.175	0,15%-1,13%
EURO	5.520.037	0,01%-0,5%	6.252.863	0,08%-0,30%
GBP	1.152.594	0,1%	483.120	0,08%
BGN	-	-	1.093.862	1,04%-5,28%
Total	67.471.237		29.925.122	

NOTE 7 FINANCIAL INVESTMENTS

I) Short Term Financial Investments

As of 31 December 2019 and 31 December 2018, the Group does not have any Short Term Financial Investments.

II) Long Term Financial Investments

The Group's financial investments consist of investments classified as financial assets at fair value through profit or loss. The Group classifies its investments in common stocks as financial assets at fair value through profit or loss. As of 31 December 2019 and 31 December 2018, Long Term Financial Investments of the Group are as follows.

Reclassified Financial Investments within scope of TFRS 9

31 December 2019

Company Name	Shareholding Percentage	Value Increase/ Decrease	31 December 2019 Net Value in Financial Position Statement
Kamaş Kuyumcukent Alış Veriş Merkezi	-	-	531
Kiaş Kuyumcukent İşletme A.Ş.	-	1.345	9.824
Kuyaş Kuyumculuk Gayrimenkul Yatırım Ort.	-	39.838	126.410
Kocaeli Savunma Sanayi ve Ticaret A.Ş[*]	-	-	400.000
Total		41.183	536.765

[*]The Group became a shareholder in the Defense Industry Company, planned to be established by the Kocaeli Chamber of Industry, by acquiring 8 shares for a price of TL 400.000.

31 December 2018

Company Name	Shareholding Percentage	Value Increase/ Decrease	31 December 2018 Net Value in Financial Position Statement
Kamaş Kuyumcukent Alış Veriş Merkezi	-	-	531
Kiaş Kuyumcukent İşletme A.Ş.	-	-	8.479
Kuyaş Kuyumculuk Gayrimenkul Yatırım Ort.	-	(106.970)	86.572
Total		(106.970)	95.582

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Profit / loss from financial instruments are as follows:

	Share Ratio	1 January 2019 31 December 2019	1 January 2018 31 December 2018
Non-Current Assets			
<i>Non-Traded Publicly:</i>			
Kamaş Kuyumcukent Alış Veriş Merkezi [*]	< 1	531	531
Kiaş Kuyumcukent İşletme A.Ş.	< 1	9.824	8.479
Kocaeli Savunma Sanayi ve Ticaret A.Ş.	> 1	400.000	-
<i>Publicly Traded:</i>			
Kuyaş Kuyumculuk Gayrimenkul Yatırım Ort.	< 1	126.410	86.572
Total		536.765	95.582

[*] Since the fair value of Kamaş Kuyumcukent Alış Veriş Merkezi and Kocaeli Savunma Sanayi ve Ticaret A.Ş. cannot be measured, it is included in the consolidated financial statements with the cost value that was previously reported.

Movement of Long-Term Securities is as follows:

	1 January 2019 31 December 2019	1 January 2018 31 December 2018
Long-Term Securities		
Balance at the Beginning of the Period	95.582	164.245
Additions(Under scope of TFRS 9)	41.183	3.352
Additions	400.000	38.306
Disposals [-](Under scope of TFRS 9)	-	(110.321)
Balance at the End of the Period	536.765	95.582

NOTE 8 BORROWINGS

The Group's Short Term Borrowings for the period ends are as follows:

Account Name	31 December 2019	31 December 2018
Bank Loans	595.632.894	706.274.945
Short-Term Installments of Long Term Bank Loans	209.029.681	141.093.723
Leasing Payables	2.685.131	2.421.191
Deferred Leasing Borrowing Costs [-]	(59.782)	(53.091)
Other Financial Payables	57.045.169	24.481
Lease Liabilities	231.637	-
Total	864.564.730	849.761.249

Bank loans are reflected in accompanying consolidated financial statements at their amortized cost

The Group's Long Term Borrowings for the period ends are as follows:

Account Name	31 December 2019	31 December 2018
Bank Loans	276.792.798	178.172.373
Leasing Payables	4.694.920	6.548.778
Deferred Leasing Borrowing Costs [-]	(391.370)	(674.631)
Lease Liabilities	538.848	-
Total	281.635.196	184.046.520

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a) Redemption schedule of bank loans is as follows:

Maturities	31 December 2019	31 December 2018
0-3 months	441.503.030	289.493.212
4-12 months	354.143.840	557.875.456
13-36 months	206.812.999	150.810.694
37-60 months	78.995.504	27.361.679
TOTAL	1.081.455.373	1.025.541.041

Lease Payables	31 December 2019	31 December 2018
0-3 months	667.605	609.676
4-12 months	1.957.742	1.758.424
13-36 months	4.187.333	4.217.897
37-60 months	116.219	1.656.250
TOTAL	6.928.899	8.242.247

31 December 2019

Loans

Type	Currency Amount	TL Amount	Effective Interest Rate [%]
TL Loans	160.348.057	160.348.057	10% - 23,5%
USD Loans	37.280.288	221.452.372	2% - 3,55%
EURO Loans	23.413.211	155.711.902	1% - 2%
GBP Loans	7.473.872	58.120.563	1,37% - 1,52%
Total Loans (Short Term)		595.632.894	

Type	Currency Amount	TL Amount	Effective Interest Rate [%]
TL Loans	145.318.598	145.318.498	15,5% - 27,56%
USD Loans	4.208.253	24.997.863	3,65% - 3,67%
EURO Loans	5.821.027	38.713.320	2,0% - 4,2%
Total Loans (Short-Term Installments of Long Term Bank Loans)		209.029.681	

Type	Currency Amount	TL Amount	Effective Interest Rate [%]
TL Loans	113.725.237	113.725.237	10,9% - 18,61%
USD Loans	6.901.716	40.997.575	2,20% - 5,96%
EURO Loans	18.354.733	122.069.986	2,01% - 3,25%
Total Loans (Long Term)		276.792.798	

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Lease Payables

Short Term (1-12 months)	Currency Amount	TL Amount
Lease Payables USD	452.027	2.685.131
Total Lease Payables	452.027	2.685.131
Deferred Leasing Borrowing Costs [-] USD	(10.064)	(59.782)
Total Deferred Leasing Borrowing Costs	(10.064)	(59.782)
Total (Short-Term)		2.625.349
Long Term (1-5 years)	Currency Amount	TL Amount
Lease Payables USD	790.364	4.694.920
Total Lease Payables	790.364	4.694.920
Deferred Leasing Borrowing Costs [-] USD	(65.885)	(391.370)
Total Deferred Leasing Borrowing Costs	(65.885)	(391.370)
Total (Long-Term)		4.303.550
Total		6.928.899

31 December 2018

Loans

Type	Currency Amount	TL Amount	Effective Interest Rate [%]
TL Loans	225.171.098	225.171.098	%14,56 - %27,56
USD Loans	62.451.668	328.551.982	%3,06 - %7,19
EURO Loans	15.987.426	96.372.204	%1,33 - %4,8
GBP Loans	8.444.514	56.179.660	%1,61 - %1,73
Total Loans (Short Term)		706.274.944	

Type	Currency Amount	TL Amount	Effective Interest Rate [%]
TL Loans	6.713.927	6.713.927	%14,56 - %27,56
USD Loans	6.300.319	33.145.348	%2,55 - %7,19
EURO Loans	16.794.036	101.234.448	%1,33 - %4,8
Total Loans (Short-Term Installments of Long Term Bank Loans)		141.093.723	

Type	Currency Amount	TL Amount	Effective Interest Rate [%]
TL Loans	65.379.422	65.379.422	%14,56 - %27,56
USD Loans	5.433.151	28.583.264	%2,55 - %7,19
EURO Loans	13.969.756	84.209.687	%1,33 - %4,8
Total Loans (Long Term)		178.172.373	

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Lease Payables

Short Term (1-12 months)	Currency Amount	TL Amount
Lease Payables USD	460.224	2.421.191
Total Lease Payables		2.421.191
Deferred Leasing Borrowing Costs [-] USD	[10.092]	[53.091]
Total Deferred Leasing Borrowing Costs		[53.091]
Total (Short-Term)		2.368.100
Long Term (1-5 years)	Döviz Tutarı	TL Tutarı
Lease Payables USD	1.244.802	6.548.778
Total Lease Payables		6.548.778
Deferred Leasing Borrowing Costs [-] USD	[128.235]	[674.631]
Total Deferred Leasing Borrowing Costs		[674.631]
Total (Long-Term)		5.874.147
Total		8.242.247

Reconciliation of borrowings is as follows.

Account Name	31.12.2019	31.12.2018
Balance at the Beginning of the Period	1.033.807.769	866.357.646
Capital Additions During the Period	2.048.074.923	1.873.074.218
Capital Payments During the Period	[1.910.691.394]	[1.681.071.424]
Interest Payments	[60.475.041]	[67.247.260]
Interest Accrual at the End of the Period	[14.919.035]	[13.605.047]
Currency Translation Differences	50.402.704	56.299.636
Balance at the End of the Period	1.146.199.926	1.033.807.769

NOTE 9 OTHER FINANCIAL LIABILITIES

None.

NOTE 10 TRADE RECEIVABLES AND PAYABLES

The Group's Short Term Trade Receivables as of the end of the period are as follows:

Account Name	31 December 2019	31 December 2018
Trade Receivables	902.932.268	732.549.262
- Trade Receivables from Related Parties (Note:37)	1.691.193	1.364.750
- Trade Receivables from Non Related Parties	901.241.075	731.184.512
Notes Receivables	31.271.027	34.206.076
Notes Receivables Rediscount [-]	[2.900.415]	[2.290.681]
Provision for Doubtful Trade Receivables [-]	[72.124.871]	[57.202.294]
Total	859.178.009	707.262.363

The maturity of receivables is averagely 41 days. [31 December 2018: 37 days] Receivables from both domestic and foreign sales is guaranteed by Exim Bank.

In addition, letters of guarantee, guarantee notes and mortgages are available for domestic receivables and details are given in **Note 22**. Explanations on the level of risks in trade receivables are given in **Note 38**.

The Group allocates accordingly for all receivables which are objective evidence that there is no possibility of collection. In addition, TFRS 9 provides a provision for trade receivables that do not include a significant financing component. Provision for Doubtful Receivables as of 31 December 2019 is TL **72.124.871**. **(Note 31)** [31 December 2018: TL 57.202.294]

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Doubtful Receivables Provision movements:

Account Name	1 January 2019 31 December 2019	1 January 2018 31 December 2018
Balance at the Beginning of the Period	[57.202.294]	[36.793.207]
Provisions No Longer Required	9.826.129	4.274.573
TFRS 9 Adjustments [Note:2.06] [Previous Period]	[38.320]	[704.776]
Currency Translation Differences [*]	[3.497.856]	[11.955.959]
Period Expenses	[21.212.530]	[12.022.925]
Balance at the End of the Period	[72.124.871]	[57.202.294]

The Group does not have Long Term Trade Receivables as of the periods ended.

[**] Currency translation difference expense amounting to **TL 3.497.856** is offset with foreign exchange gain from doubtful receivables and has no effect on period profit.

The Group's Short Term Trade Payables as of the end of the period are as follows:

Account Name	31 December 2019	31 December 2018
Trade Payables	301.256.913	124.357.230
- Trade Payables to Related Parties	-	-
- Trade Payables to Non Related Parties	301.256.913	124.357.230
Notes Payable	193.357	192.594
Notes Payable Rediscount [-]	[242.122]	[239.330]
Total	301.208.148	124.310.494

As of 31 December 2019, the average maturity of the Group's purchases from its suppliers is 11 days. [31 December 2018: 8 days]

The Group does not have any Long Term Trade Payables as of the end of period.

NOTE 11 OTHER RECEIVABLES AND PAYABLES

The Group's Short Term Other Receivables as of the period ends are as follows:

Account Name	31 December 2019	31 December 2018
Deposits and Guarantees Given	617.032	339.108
Receivables from Tax Office [*]	69.950.329	34.615.988
Doubtful Other Receivables	-	3.600
Provision for Doubtful Other Receivables [-]	-	[3.600]
Receivables from Employees	201.050	490.193
Total	70.768.411	35.445.289

The Group's Long Term Other Receivables as of the period ends are as follows:

Account Name	31 December 2019	31 December 2018
Deposits and Guarantees Given	88.508	47.074
Total	88.508	47.074

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The Group's Short Term Other Payables as of the end of the period are as follows:

Account Name	31 December 2019	31 December 2018
Other Payables to Non Related Parties	10.730.081	6.674.648
Other Payables	9.519.746	6.123.631
<i>Deposits and Guarantees Received</i>	22.192	20.834
<i>Taxes Payables</i>	720.692	494.535
<i>SSI Premium Payables</i>	-	35.648
<i>Other Payables</i>	467.451	-
<i>Other Payables to Related Parties</i>	-	-
Total	10.730.081	6.674.648

The Group does not have any Long Term Other Payables as of the end of the period.

NOTE 12 EMPLOYEE BENEFITS PAYABLES

The Group's Employee Benefits Payables at the end of the period are as follows.

Account Name	31 December 2019	31 December 2018
Wage Payables	674.235	288.280
Taxes Payables	2.030.441	1.798.612
SSI Premium Payables	2.824.732	2.133.737
Total	5.529.408	4.220.629

NOTE 13 INVENTORIES

Inventories of the Group as of the end of the period are as follows.

Account Name	31 December 2019	31 December 2018
Raw Materials and Supplies	181.064.431	120.536.965
Semi-Finished Goods	135.188.998	116.030.009
Finished Goods	260.971.630	229.020.569
Merchandise	6.005.623	-
Provision for Inventory Impairment [-]	-	-
Other Inventories	6.636.693	2.658.807
Total	589.867.375	468.246.350

The raw materials acquired by the Group consist of assets which are used in operating cycle of production and sold afterwards. The insurance coverage of assets is disclosed in the **Note: 22**. There are no inventories which are pledged as collateral. In the current or previous periods there is not any financial expenses over inventories cost.

A significant portion of the Group's inventories are copper etc. inventories with metal content and prices are formed in international markets such as the London Metal Exchange [LME]. The Group Management has made an assessment based on the sales prices of the inventories at the London Metal Exchange [LME] and concluded that there is no provision for impairment of inventories.

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NOTE 14 DERIVATIVE INSTRUMENTS

31 December 2019

As of 31 December 2019, the Group has forward foreign exchange contracts for purchasing USD 2.117.460 equivalent to GBP 1.600.000. Group's assets arising from these contracts is TL 132.008.

In addition, the Group has purchase commitments of USD 10.862.514 and Euro 6.774.048 and to sell USD 11.169.034 and Euro 7.097.713 under the hedging transactions performed to provide protection against fluctuations in sale and purchase prices on an order basis, and since these commitments were actually delivered as of the date of the Financial Statement, the Group has an asset of TL 3.973.354

31 December 2018

As of 31 December 2018, the Group has forward foreign exchange contracts for purchasing USD 573.257 equivalent to TL 3.484.860. Group's liabilities arising from these contracts is TL 463.344.

In addition, the Group has purchase commitments of USD 10.132.409 and Euro 7.520.032 and to sell USD 9.932.236 and Euro 7.544.681 under the hedging transactions performed to provide protection against fluctuations in sale and purchase prices on an order basis, and since these commitments were actually delivered as of the date of the Financial Statement, the Group has a liability of TL 904.502.

Assets and Liabilities related to Derivative Instruments are as follows.

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Forward Contracts	132.008	-	-	(463.344)
Commodity Swaps as Hedge Instruments	3.973.354	-	148.585	(1.053.087)
Total	4.105.362	-	148.585	(1.516.431)

NOTE 15 ASSETS RELATED TO ONGOING CONSTRUCTION CONTRACTS

None.

NOTE 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

31 December 2019

Company Name	Shareholding Percentage	Provision for Impairment	31 December 2019 Net Value in Financial Position Statement
Demisaş	44,44	-	51.568.805
Total		-	51.568.805

31 December 2018

Company Name	Shareholding Percentage	Provision for Impairment	31 December 2018 Net Value in Financial Position Statement
Demisaş	44,44	-	49.118.548
Total		-	49.118.548

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Fair Value Movement Table of Investments Accounted for using the Equity Method is as follows:

	01 January 2019 31 December 2019	01 January 2018 31 December 2018
Balance as of 1 January	49.118.548	27.135.743
Share from Current Period Profit	7.214.081	15.818.752
Dividend Payments [-]	(4.900.092)	-
Capital Increase [Cash] [+]	-	7.777.000
Share from Other Comprehensive Income	136.268	(1.612.947)
Balance as of 31 December	51.568.805	49.118.548

The summaries of financial information's about Investments Accounted for using the Equity Method are as follows;

	31 December 2019	31 December 2018
Total Assets	305.627.669	310.381.321
Total Liabilities and Equity	125.630.872	120.117.247
Net Sales	378.799.455	368.232.557

The subsidiary of the Group, Demisaş Döküm Emaye Mam. San.AŞ accounted for using the equity method in its material disclosure statement dated on 9 May 2018, the issued capital of TL 35.000.000 was increased by 50% to TL 80.000.000 within the registered capital ceiling of TL 17.500.000 become TL 52.500.000 through capital increase. TL. The Company has participated in this capital issued by the Group management and was paid in cash on the date of 12.09.2018, which is the whole of the capital commitment of TL 7.777.000.

NOTE 17 INVESTMENT PROPERTIES

Group classified the assets which are held for rent income or capital appreciation or both, instead of being used in production of goods or rendering of services or administrative purposes or sold in the ordinary course of business, as investment properties.

The Group measures the investment properties at fair value in the consolidated financial statements. The Group has no capitalized borrowing costs allocated to investment properties in scope of TAS 23.

Investment property is presented at fair values in the consolidated financial statements as of 31 December 2019 and December 2018 is as follows.

31 December 2019

Asset Value	01 January 2019 Opening Balance	Fair Value Differences	Transfers [PPE]	Additions	Disposals [-]	31 December 2019 Closing Balance
Land	14.715.000	440.000	-	-	-	15.155.000
Land	14.715.000	440.000	-	-	-	15.155.000
Buildings	78.345.000	4.354.424	10.576	-	-	82.710.000
Gebze Warehouse	15.920.500	1.389.500	-	-	-	17.310.000
Gebze Building and Warehouse	26.399.500	2.174.924	10.576	-	-	28.585.000
Kuyumcukent Workshop and Store	2.275.000	135.000	-	-	-	2.410.000
Pendik Facilities	31.135.000	500.000	-	-	-	31.635.000
Perpa Head Office	2.615.000	155.000	-	-	-	2.770.000
TOTAL	93.060.000	4.794.424	10.576	-	-	97.865.000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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31 December 2018

Asset Value	01 January 2018 Opening Balance	Fair Value Differences	Transfers (PPE)	Additions	Disposals	31 December 2018 Closing Balance
Land	13.785.000	790.000	140.000	-	-	14.715.000
Land	13.785.000	790.000	140.000	-	-	14.715.000
Buildings	49.527.129	143.371	28.674.500	-	-	78.345.000
Gebze Warehouse	15.832.129	88.371	-	-	-	15.920.500
Gebze Building and Warehouse	-	-	26.399.500	-	-	26.399.500
Kuyumcukent Workshop and Store	-	-	2.275.000	-	-	2.275.000
Pendik Facilities	31.135.000	-	-	-	-	31.135.000
Perpa Head Office	2.560.000	55.000	-	-	-	2.615.000
TOTAL	63.312.129	933.371	28.814.500	-	-	93.060.000

Appraisal reports dated on February 2020 by TSKB Gayrimenkul Değerleme A.Ş based on the appraisal amounts of 31.12.2019 are taken into consideration in the determination of the fair value of the land and buildings followed by the Group in investment properties.

The detailed list of Investment Properties of the Group as of 31 December 2019 and December 2018 is as follows.

31 December 2019

Province	District	Town/Neighborhood	Deed of Real Estate (m2)	Date of Acquisition
Kocaeli [a]	Gebze	İstasyon	8.198	30.06.2000
Kocaeli [a]	Gebze	İstasyon	15.001	30.09.1991
İstanbul [b]	Pendik	Ortamahalle	5.833	10.06.1990
Kocaeli [c]	Darica	Darica 2	4.248	06.08.2004
Kocaeli [c]	Darica	Darica 2	1.515	31.08.2009
Kocaeli [d]	Dilovası	Tepecik Mahallesi	7.135	28.07.1998
Kocaeli [d]	Dilovası	Tepecik Mahallesi	14.707	28.07.1998
Kocaeli [e]	Gebze	Duraklı Köyü	23.901	09.07.1997
Kocaeli [e]	Gebze	Duraklı Köyü	7.348	09.07.1997
Kocaeli [e]	Gebze	Duraklı Köyü	8.510	09.07.1997
İstanbul [f]	Şişli	Kaptanpaşa	493	26.11.1997 ve 25.08.2000
İstanbul [g]	Bahçelievler	Yenibosna	179	24.06.2009
Sakarya [h]	Erenler	Ekinli Mahallesi	5.600	15.05.2000

31 December 2018

Province	District	Town/Neighborhood	Deed of Real Estate (m2)	Date of Acquisition
Kocaeli [a]	Gebze	İstasyon	8.198	30.06.2000
Kocaeli [a]	Gebze	İstasyon	15.001	30.09.1991
İstanbul [b]	Pendik	Ortamahalle	5.833	10.06.1990
Kocaeli [c]	Darica	Darica 2	4.248	06.08.2004
Kocaeli [c]	Darica	Darica 2	1.515	31.08.2009
Kocaeli [d]	Dilovası	Tepecik Mahallesi	7.135	28.07.1998
Kocaeli [d]	Dilovası	Tepecik Mahallesi	14.707	28.07.1998
Kocaeli [e]	Gebze	Duraklı Köyü	23.901	09.07.1997
Kocaeli [e]	Gebze	Duraklı Köyü	7.348	09.07.1997
Kocaeli [e]	Gebze	Duraklı Köyü	8.510	09.07.1997
İstanbul [f]	Şişli	Kaptanpaşa	493	26.11.1997 ve 25.08.2000
İstanbul [g]	Bahçelievler	Yenibosna	179	24.06.2009
Sakarya [h]	Erenler	Ekinli Mahallesi	5.600	15.05.2000

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Land:

Property rights and town planning information for 5739 block 14 parcel and 5741 block 16 parcels located in city of Kocaeli, Gebze district and İstasyon neighborhood, which are classified under the Investment Properties of the Group, are as follows;

- a. There are easement rights in favor of TEDAŞ on 1,980 square meters of land on the factory building and land of 8,198,54 m² in parcel No. 5741 Island 16 parcel consists of 5.000 m² gross closed area on the land of 15.001 m² and 726 m² part has easement rights in favor of TEK. While the parcels where the Investment Property subject to the appraisal were located were within the scope of the / Gebze District Implementation Development Plan dated 14.07.2015 and scale of 1/1.000, the Kocaeli 2nd Administrative Court canceled the execution decision dated 01.12.2017 with numbered 2016/1190. While the Investment Property is located in the "Trade and Road Area" within the scope of 1 / 5.000 scale district of E-5 2nd Region Master Plan" dated 12.10.2017, 1 / 1.000 scale "E-5 2nd Region Implementation Plan approved on 11.05.2018 and decided that partly in the "Road Area" and partly in the "Trade Area". The appraisal has been made in accordance with TSKB Gayrimenkul Değerleme A.Ş.'s report dated 7 February 2020 and numbered 2020REV3 and the value of the property is TL 45.895.000 according to the precedent comparison method.
- b. As of the report date, there is no mortgage, levy or annotation on the facilities placed in Ortamahalle District, Kavsak Street, No:8, Pendik - İstanbul. [10282 block, 3 parcels]. The area of the Facilities is 5.833,04 m² and the 811,50 m² of the facilities is owned by Pendik Municipality. During the investigation of the Pendik directorate of land registry information, there is not any change in property right for parcel of land at least 3 years. The appraisal report 2020REV4 and dated on 7 February 2020 has been prepared by TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method and the value of the property is TL 31.635.000.
- c. The Group has been classified as Investment Properties the land in city of Kocaeli, Darica district with the parcel No. 1333 with a surface area of 1.515 m² and parcel No. 1333 with a surface area of 4.248 m² have been converted into parcel no. 1333 with parcel no. 759 on 10 July 2012 by the Council of Darica Municipality. There are no mortgages, foreclosures and restrictive annotations on the parcel as of the reporting date. As a result of the examinations carried out at the Directorate of Zoning of Darica Municipality on 11.02.2019, it was found that the parcel subject to the report was in the 1/1000 scale "D-100 Edge Renewal Areas Implementation Plan" dated 13.09.2018 and the location was correct. The Investment Properties subject to the appraisal are empty as of the report date. The appraisal has been made in accordance with TSKB Gayrimenkul Değerleme A.Ş.'s report dated on 7 February 2020 and numbered 2020REV5 and the value of the property is TL 10.085.000 according to the precedent comparison method.
- d. The Group received Block no. 108, parcel no. 11 and 12 instead of parcel no. 17 and 18 the city of Kocaeli, Dilovası district and Tepecik village which is classified under Investment Property. Before the parcel study, parcel no 17 was 7.050 m², after it becomes Investment Property, block no.108 parcel no. 11 becomes 7.135 m² and parcel no 18 was 14.800 m², after it becomes Investment Property, block no.108 parcel no. 12 becomes 14.707 m². As of the report date, block no.108 parcel no 11 and 12 are located within the forest limitation [enclosurement] 533,211 m² and 117,61 m² respectively. In addition, there is no mortgage, annotation and foreclosure existed on Investment Property. The property subject to appraisal are empty as of the report date. In the researches carried out by Dilovası Municipality Directorate of Town Zoning, it was stated that Immovable Properties were located in "Other Agricultural Areas" on the 1/25.000 scale revision master planning plan approved by Parliamentary decision 669 dated 16 December 2008 and their location were correct. The appraisal has been made in accordance with TSKB Gayrimenkul Değerleme A.Ş.'s report dated on 7 February 2020 and numbered 2020REV7 and the value of the property is TL 2.875.000 according to the precedent comparison method.
- e. The Group has 7 parcels numbered 1128 with a surface area of 23.888 m² and 7 parcels numbered 1135 with a surface area of 7.360 m² 8 parcels numbered 1155 with a surface area of 8.620 m² while Group received 189 block parcel no.34, 198 block parcel no.2 and 199 block parcel no. 46 numbers were received and it is classified under Investment Properties in Kocaeli province, Gebze district, Duraklı Domdopınarı village. Before parcel no.1135 was 7.360 m² while 189 parcel no. 34 after become an Investment Property, it becomes 7.348 m² parcel no. 1155 was 8.620 m² before parcel no.198 number 2 after become an Investment Property, it becomes 8.510 m², before parcel no.1128 was 23.888 m² 199 number parcel no. 46 after become an Investment Property, it becomes 23.901 m². As of the report date, parcel no. 46 and its part of 3.585 m² belongs to Sarkuysan Elektolitik Bakir Sanayi ve Ticaret A.Ş. In addition, there is no mortgage, foreclosure and annotation existed on Investment Property. The immovable subject to appraisal are empty as of the report date. In the researches carried out by Gebze Municipality Directorate of Town Zoning, it was stated that Immovable Properties were located in "Other Agricultural Areas" on the 1/25.000 scale revision master planning plan approved by

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Parliamentary decision 669 dated 16 December 2008 and their location were correct. The appraisal has been made in accordance with TSKB Gayrimenkul Değerleme A.Ş.'s report dated 7 February 2020 and numbered 2020REV8 and the value of the property is TL 2.050.000 according to the precedent comparison method.

- f. Group's investment property is consist of independent section in Istanbul city, Şişli province, Halil Rifat Paşa Street, Perpa Trade Center A Block 111 with B Block 978 and no.980.In accordance with deed investigation, in İstanbul Büyükşehir Belediyesi's favour first degree mortgage TL 10.000 [December 03, 1986 and with entry no.392] and in T.E.K's favour rent restriction [dated September 25, 1987 with entry no 3035. During the investigation of the Şişli Municipality's Development directorate information, the properties are showed as "Wholesale Trade Area" in 1/1.000 scale Dolapdere/Piyalepaşa avenue and its environment regulatory revised plan is confirmed the place. It has been determined that there has not been any change in the ownership status of the immovables within the last 3 years.The appraisal has made numbered report 2020REV9 and dated 7 February 2020 2019 by TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of property is TL 2.770.000
- g. The Group is comprised of independent units classified as Investment Block No: 1412 and M Block 209 in the Kuyumcukent Business Center in the Yenibosna neighborhood of the city of Bahçelievler. In the title deed registry, there is a rent annotation in favor of TEDAŞ on the real estates subject to the appraisal, and this annotation is the routine application of the related institution and has no effect on the legal status of the immovable properties. In the zoning situation review, it was found that the parcels numbered 1542 Island 13, which contains the real estates subject to the appraisal, were in the 1 / 1.000 scale inde Bahçelievler Revision Implementation Plan ". The appraisal is based on TSKB Gayrimenkul Değerleme A.Ş report dated 7 February 2020 and numbered 2020REV12 and the value of the real estate is TL 2.410.000 according to the peer comparison method.
- h. The Group is the 5.600 m2 agricultural land in the Ekinli neighborhood of Sakarya province, Erenler district, which is classified as Investment Property. In the land registry review, the land subject to the appraisal is included in the large plain protection area declared by the Decree of the Council of Ministers in accordance with Article 14 of the Law no. 5403. In the zoning situation review, it was understood that the property subject to the appraisal as a result of the investigations carried out in Erenler Municipality Directorate of Reconstruction on 05.02.2019 remained within the Central Planning Sub-Region Development Plan with a scale of 1/25.000. The real estate subject to the appraisal does not have a construction condition. The appraisal is based on TSKB Gayrimenkul Değerleme A.Ş. Appraisal Report dated 7 February 2020 and numbered 2020A13 and the value of the property is 145.000 TL according to the peer comparison method.

The amount of pledges, mortgages and limitations on Investment Properties is disclosed in **Note. 22**

Insurance coverage amount of Investment Properties are disclosed in **Note. 22**

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NOTE 18 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment of the Group as of the end of the period are as follows.

31 December 2019

Cost	1 January 2019 Opening Balance	Currency Translation Differences	Transfers	Additions	Disposals	31 December 2019 Closing Balance
Land	51.072.788	920.005	-	8.999	-	52.001.792
Land Improvements	3.111.449	-	-	-	-	3.111.449
Buildings	88.566.995	2.758.304	28.218.964	922.918	-	120.467.181
Machinery, Plant and Equipment	459.834.548	15.640.183	16.865.641	12.449.743	[3.081.189]	501.708.926
Vehicles	6.981.505	104.187	-	3.443.918	[336.272]	10.193.338
Furniture and Fixtures	9.400.334	95.142	-	1.424.934	[751.073]	10.169.337
Other Property, Plant and Equipment	8.517.447	-	-	45.116	[134.649]	8.427.914
Ongoing Investments	47.752.867	-	[48.386.558]	19.171.736	[7.355.997]	11.182.048
Leasehold Improvements	3.300.865	284.035	-	558.594	-	4.143.494
Assets Acquired Through Financial Leasing	23.958.307	-	-	-	-	23.958.307
Provisions for Impairment of Land [-]	[550.536]	-	-	-	-	[550.536]
Provisions for Impairment of Buildings [-]	[432.564]	-	-	-	-	[432.564]
Total	701.514.005	19.801.856	[3.301.953]	38.025.958	[11.659.180]	744.380.686

Accumulated Depreciation	1 January 2019 Opening Balance	Currency Translation Differences	Transfers	Amortization Expense	Disposals	31 December 2019 Closing Balance
Land Improvements	[1.570.660]	-	-	[92.953]	-	[1.663.613]
Buildings	[24.437.915]	[444.544]	-	[2.342.166]	-	[27.224.625]
Machinery, Plant and Equipment	[338.121.781]	[7.054.338]	-	[16.528.509]	2.844.255	[358.860.373]
Vehicles	[4.440.938]	[133.519]	-	[887.084]	282.829	[5.178.712]
Furniture and Fixtures	[6.933.511]	[57.429]	-	[678.432]	703.564	[6.965.808]
Other Property, Plant and Equipment	[8.240.348]	-	-	[141.662]	133.316	[8.248.694]
Leasehold Improvements	[1.739.211]	[97.902]	-	[589.766]	-	[2.426.879]
Assets Acquired Through Financial Leasing	[10.355.928]	-	-	[556.735]	-	[10.912.663]
Total	[395.840.292]	[7.787.732]	-	[21.817.307]	3.963.964	[421.481.367]

Property, Plant and Equipment, Net **305.673.713** **322.899.319**

31 December 2018

Cost	1 January 2018 Opening Balance	Currency Translation Differences	Transfers	Additions	Disposals	31 December 2018 Closing Balance
Land	48.419.508	1.898.737	[506.817]	1.261.360	-	51.072.788
Land Improvements	3.349.006	-	[184.070]	-	[53.487]	3.111.449
Buildings	84.155.098	6.115.578	[2.067.996]	364.315	-	88.566.995
Machinery, Plant and Equipment	416.943.928	33.488.781	[1.148.081]	14.712.781	[4.162.861]	459.834.548
Vehicles	5.656.901	241.428	[18.461]	1.536.255	[434.618]	6.981.505
Furniture and Fixtures	9.652.315	162.680	46.418	456.043	[917.122]	9.400.334
Other Property, Plant and Equipment	10.936.117	-	3.488	107.690	[2.529.848]	8.517.447
Ongoing Investments	9.385.164	2.449.467	[459.971]	36.430.675	[52.469]	47.752.867
Leasehold Improvements	2.714.195	579.058	-	7.613	-	3.300.865
Assets Acquired Through Financial Leasing	23.958.307	-	-	-	-	23.958.307
Provisions for Impairment of Land [-]	[550.536]	-	-	-	-	[550.536]
Provisions for Impairment of Buildings [-]	[432.564]	-	-	-	-	[432.564]
Total	614.187.439	44.935.729	[4.335.490]	54.876.732	[8.150.405]	701.514.005

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	1 January 2018 Opening Balance	Currency Translation Differences	Transfers	Amortization Expense	Disposals	31 December 2018 Closing Balance
Accumulated Depreciation						
Land Improvements	[1.651.242]	-	150.631	[96.044]	25.995	[1.570.660]
Buildings	[22.135.224]	[770.694]	766.037	[2.298.033]	-	[24.437.915]
Machinery, Plant and Equipment	[308.414.920]	[14.099.093]	2.942.529	[21.969.381]	3.419.084	[338.121.781]
Vehicles	[4.363.340]	[140.510]	45.856	[401.398]	418.452	[4.440.938]
Furniture and Fixtures	[6.730.451]	[82.793]	8.356	[855.827]	727.204	[6.933.511]
Other Property, Plant and Equipment	[10.573.243]	-	-	[197.332]	2.530.227	[8.240.348]
Leasehold Improvements	[1.516.115]	[138.925]	-	[84.171]	-	[1.739.211]
Assets Acquired Through Financial Leasing	[9.799.193]	-	-	[556.734]	-	[10.355.928]
Total	[365.183.728]	[15.232.015]	3.913.409	[26.458.920]	7.120.962	[395.840.292]
Property, Plant and Equipment, Net	249.003.711					305.673.713

All of the assets acquired through financial leasing consist of plant, machinery and equipment.

The amounts of pledges, mortgages and limitations on Property Plant and Equipment are disclosed in **Note: 22**.

Insurance coverage amounts of Property, Plant and Equipment are disclosed in **Note 22**.

Since property, Plant and Equipment are not included in the scope of qualifying assets defined in TAS 23 "Borrowing Costs", financial expenses related to tangible assets are associated with the consolidated statement of profit or loss and are not capitalized. The Group has no Property, Plant and Equipment that are temporarily idle.

Right of Use Assets

31 December 2019

Account Name	1 January 2019	Additions	Disposals (-)	TFRS 16 Initial Recognition	31 December 2019
Properties	-	-	-	126.132	126.132
Machinery, Plant and Equipment	-	-	-	633.034	633.034
Vehicles	-	-	-	182.708	182.708
Total	-	-	-	941.874	941.874

Accumulated Depreciation

Account Name	1 January 2019	Amortization Expense	Disposals	TFRS 16 Initial Recognition	31 December 2019
Properties	-	[59.074]	-	-	[59.074]
Machinery, Plant and Equipment	-	[52.755]	-	-	[52.755]
Vehicles	-	[10.300]	-	-	[10.300]
Total	-	[122.129]	-	-	[122.129]

Net Book Value	-				819.745
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SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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NOTE 19 INTANGIBLE ASSETS

The Group's Intangible Assets as of the end of the period is as follows.

31 December 2019

Cost	1 January 2019 Balance	Currency Translation Differences	Transfers	Additions	Disposals	31 December 2019 Balance
Rights [*]	23.868.897	14.897	3.291.378	524.125	(91.415)	27.607.880
Research and Development Expenses	3.293.659	-	-	-	-	3.293.659
Other Intangible Assets	177.495	-	-	-	-	177.495
Total	27.340.051	14.897	3.291.378	524.125	(91.415)	31.079.034

Accumulated Depreciation	1 January 2019 Balance	Currency Translation Differences	Transfers	Amortization Expenses	Disposals	31 December 2019 Balance
Rights	(15.949.531)	(20.717)	-	(2.454.560)	56.016	(18.368.792)
Research and Development Expenses	(2.443.676)	-	-	(424.093)	-	(2.867.769)
Other Intangible Assets	(177.493)	-	-	-	-	(177.493)
Total	(18.570.700)	(20.717)	-	(2.878.653)	56.016	(21.414.054)

Intangible Assets, Net	8.769.351					9.664.980
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[*] SAP Software amount of TL 3.291.377 included in Ongoing Investments was transferred to Intangible Assets due to the completion of the investment.

31 December 2018

Cost	1 January 2018 Balance	Currency Translation Differences	Transfers	Additions	Disposals	31 December 2018 Balance
Rights	23.003.918	3.012	651.678	212.448	(2.157)	23.868.897
Research and Development Expenses	3.293.659	-	-	-	-	3.293.659
Other Intangible Assets	177.495	-	-	-	-	177.495
Total	26.475.072	3.012	651.678	212.448	(2.157)	27.340.051

Accumulated Depreciation	1 January 2018 Balance	Currency Translation Differences	Transfers	Amortization Expenses	Disposals	31 December 2018 Balance
Rights	(14.769.820)	(3.946)	-	(1.177.923)	2.158	(15.949.531)
Research and Development Expenses	(1.945.925)	-	-	(497.751)	-	(2.443.676)
Other Intangible Assets	(175.486)	-	-	(2.007)	-	(177.493)
Total	(16.891.231)	(3.946)	-	(1.677.681)	2.158	(18.570.700)

Intangible Assets, Net	9.583.839					8.769.351
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NOTE 20 GOODWILL

None.

NOTE 21 GOVERNMENT GRANTS

The Group benefits from incentives in scope of Marketing Research and Development (100 % Corporate Tax Exemption).

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

22.1 Provisions;

Account Name	31 December 2019	31 December 2018
Provisions for Employee Benefits	16.326.551	10.025.334
Premium Provisions	12.485.704	6.265.988
Unused Vacation Provisions	3.840.847	3.157.899
Severance Payment Provisions	-	601.447
Other Short Term Provisions	3.341.176	2.243.250
Litigation Provisions	1.900.000	726.133
Other Provisions	1.441.176	1.517.117
Total	19.667.727	12.268.584

31 December 2019

	Litigation Provisions	Premium Provisions	Unused Vacation Provisions	Severance Payment Provisions	Other	Total
Balance as of 1 January 2019	726.132	6.265.988	3.157.900	601.447	1.517.117	12.268.584
Additional Provisions	1.173.868	12.485.704	3.840.847	-	1.441.176	18.941.595
Payments	-	(6.265.988)	(3.157.900)	(601.447)	(1.517.117)	(11.542.452)
Balance as of 31 December 2019	1.900.000	12.485.704	3.840.847	-	1.441.176	19.667.727

31 December 2018

	Litigation Provisions	Premium Provisions	Unused Vacation Provisions	Severance Payment Provisions	Collective Agreement Wage Differences	Other	Total
Balance as of 1 January 2018	602.350	5.415.675	2.306.815	379.680	3.986.812	836.255	13.527.587
Additional Provisions	266.952	6.265.988	3.157.900	601.447	-	1.517.117	11.809.404
Payments	(143.170)	(5.415.675)	(2.306.815)	(379.680)	(3.986.812)	(836.255)	(13.068.407)
Balance as of 31 December 2018	726.132	6.265.988	3.157.900	601.447	-	1.517.117	12.268.584

Provisions of long-term payables of the Group as of the period-end, are comprise of indemnity pays and which are disclosed in **Note 24**.

22.2 Contingent Assets and Liabilities;

Contingent Liabilities Provisions;

31 December 2019

The Group allocates provision for doubtful receivables for the receivables that are not collected after the due date and / or transferred to the execution stage of the lawsuit. As of 31 December 2019, the Group has provided a provision for doubtful receivables amounting to TL 72.124.871. The Group has also provided provision for all of the lawsuits filed against the Group amounting to TL 1.900.000 in the accompanying consolidated financial statements.

31 December 2018

The Group allocates provision for doubtful receivables for the receivables that are not collected after the due date and / or transferred to the execution stage of the lawsuit. As of 31 December 2018, the Group has provided a provision for doubtful receivables amounting to TL 57.202.294. The Group has also provided provision for all of the lawsuits filed against the Group amounting to TL 726.132 in the accompanying consolidated financial statements.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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22.3 Commitments not included in the liability:

Type	Currency	31 December 2019	31 December 2019	31 December 2018	31 December 2018
		Currency Amount	TL Amount	Currency Amount	TL Amount
Sarkuysan Letter of Guarantees Given	TL	-	29.538.510	-	24.936.418
Sarkuysan Letter of Guarantees Given	USD	8.780.478	52.157.795	7.942.293	41.783.609
Sarkuysan Letter of Guarantees Given	EURO	11.847.996	78.796.282	15.052.379	90.735.741
Sarmakina Letter of Guarantees Given	TL	-	369.080	-	319.080
Sarmakina Letters of Guarantees Given	USD	17.495	103.924	117.495	618.129
Sarda Letter of Guarantees Given	TL	-	19.960.000	-	12.780.000
Ege Free Trade Zone Letter of Guarantees Given	TL	-	10.401	-	11.010
TOTAL GUARANTEE LETTER GIVEN			180.935.992		171.183.987
Sarkuysan Bill of Guarantees Given	TL	-	18.587.342	-	18.376.342
Sarkuysan Bill of Guarantees Given	EURO	500.000	3.325.300	500.000	3.014.000
Sarkuysan Bill of Guarantees Given	USD	27.679.000	164.418.796	27.679.000	145.616.451
TOTAL BILL OF GUARANTEES GIVEN			186.331.438		167.006.793
Sarda Letter of Guarantees Received	TL	-	9.655.000	-	10.190.000
Sarda Letter of Guarantees Received	EURO	500.000	3.325.300	-	-
Sar Makine Letter of Guarantees Received	TL	-	400.000	-	-
Sarkuysan Letter of Guarantees Received	TL	-	6.481.500	-	25.140.000
Sarkuysan Letter of Guarantees Received	USD	5.424.850	32.224.694	5.552.750	29.212.462
Sarkuysan Letter of Guarantees Received	EURO	15.875	105.578	2.458.117	14.817.528
TOTAL GUARANTEE LETTER RECEIVED			52.192.072		79.359.990
Sarkuysan Cheques of Guarantees Received	TL	-	67.700	-	67.700
Sarkuysan Cheques of Guarantees Received	USD	222.436	1.321.314	-	-
Sarkuysan Cheques of Guarantees Received	EURO	10.000	66.506	-	-
TOTAL GUARANTEE CHEQUES RECEIVED			1.455.520		67.700
Sarkuysan Notes of Guarantees Received	TL	-	29.229.386	-	28.829.386
Sarkuysan Notes of Guarantees Received	USD	19.150.000	113.754.830	20.150.000	106.007.135
Sarkuysan Notes of Guarantees Received	EURO	60.325	401.197	60.325	363.639
Sarda Notes of Guarantees Received	TL	-	150.000	-	150.000
TOTAL GUARANTEE NOTES RECEIVED			143.535.413		135.350.160
Sarkuysan Mortgages Received	TL	-	53.600.000	-	33.600.000
TOTAL MOTGAGES RECEIVED			53.600.000		33.600.000
Sarkuysan Notes of Guarantees and Bonds Given	USD	23.495.000	139.564.999	35.282.500	185.617.704
Sarkuysan Notes of Guarantees and Bonds Given	EURO	19.595.000	130.318.507	16.720.000	100.788.160
Sarkuysan Notes of Guarantees and Bonds Given	GBP	7.792.500	60.598.376	8.860.000	58.943.808
TOTAL GUARANTEE NOTES AND BONDS GIVEN			330.481.882		345.349.672
Sarkuysan Guarantees of Factoring[Guarantees Rec.]	USD	605.092	3.594.367	1.404.145	7.387.068
Sarkuysan Guarantees of Factoring[Guarantees Rec.]	EURO	29.187.866	194.116.822	24.874.802	149.945.305
Sarkuysan Guarantees of Factoring[Guarantees Rec.]	GBP	3.016.072	23.454.787	4.357.002	28.986.265
Sarkuysan Direct Debiting System Guarantee [Guarantees Rec.]	USD	-	-	600.000	3.156.540
Sarkuysan Direct Debiting System Guarantee [Guarantees Rec.]	TL	-	23.998.000	-	21.570.600
Sarkuysan Exim Guarantee [Guarantees Rec.]	EUR	46.850.000	311.580.610	41.850.000	252.271.800
Sarkuysan Exim Guarantee [Guarantees Rec.]	GBP	7.275.000	56.574.038	7.275.000	48.399.120
Sarkuysan Exim Guarantee [Guarantees Rec.]	TL	-	-	-	100.000
Sarkuysan Exim Guarantee [Guarantees Rec.]	USD	154.900.000	920.136.980	164.000.000	862.787.600
Sarda Exim Guarantee [Guarantees Rec.]	TL	-	71.450.000	-	64.005.000
Sarda Exim Guarantee [Guarantees Rec.]	EUR	5.100.000	33.918.060	7.100.000	42.798.800
Sarda Exim Guarantee [Guarantees Rec.]	USD	1.200.000	7.128.240	4.475.000	23.542.528
Sarda Exim Guarantee [Guarantees Rec.]	GBP	350.000	2.721.775	1.200.000	7.983.360
Sark Wire Atradius Guarantee [Guarantees Rec.]	USD	31.950.000	189.789.390	40.650.000	213.855.585
Sarda Contract of Guarantee [Received]	USD	-	-	5.000.000	26.304.500
TOTAL OTHER GUARANTEES RECEIVED			1.838.463.069		1.753.094.071

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

31 December 2019

The amount of guarantee checks received TL 67.000 is composed of suppliers for service procurements, while TL 1.387.820 consists of customers.

The amount of guarantee letters received TL 334.788 is composed of suppliers for service procurements, while TL 51.857.283 consists of customers.

The amount of guarantee notes received TL 138.976.356 were purchased from customers and the amount of guarantee notes received from suppliers was TL 4.559.056.

Letter of guarantees given with the amount of TL 1.164.826 to Large Taxpayers Office, TL 5.000.000 to Prime Ministry Undersecretariat Of Customs, TL 4.591.123 was given to Customs Office, TL 7.444.852 to İstanbul 34th Directorate of Execution, TL 125.744.957 to Eximbank and TL 3.575.000 to Gazport A.Ş. , TL 1.517.663 to Sakarya Elektrik Perakende Satış A.Ş., TL 1.075.520 to the Energy Market Regulatory Board, TL 2.869.400 to Ministry of Commerce, TL 415.200 to Turkish State Railways and TL 2.521.790 to other public institutions.

The entire amount of security bonds and bills that were provided, are comprise of guarantees given to Eximbank.

The bill of guarantees and guarantees were given include; Sarmakina TL 3.325.300 and Sarda TL 18.370.000 TL, which were consolidated according to full consolidation method.

31 December 2018

All of the guarantee checks received were made by the institutions that procured service.

The amount of guarantee letters received TL 10.000 is composed of suppliers for service procurements, while TL 79.349.990 consists of customers.

The amount of guarantee notes received TL 131.228.661 were purchased from customers and the amount of guarantee notes received from suppliers was TL 4.121.499.

Letter of guarantees given with the amount of TL 592.826 to Large Taxpayers Office, TL 5.000.000 to Prime Ministry Undersecretariat Of Customs, TL 4.591.123 was given to Customs Office, TL 7.498.853 to İstanbul 34th Directorate of Execution, TL 132.472.000 to Eximbank and TL 3.000.000 to Gazport A.Ş. , TL 1.376.091 to Sakarya Elektrik Perakende Satış A.Ş., TL 1.075.520 to the Energy Market Regulatory Board, TL 2.869.400 to Ministry of Commerce, TL 12.680.000 to Vatan İhtisas, TL 4.591.123 to Customs Office, TL 415.200 to Turkish State Railways and TL 2.897.574 to other public institutions.

The entire amount of security bonds and bills that were provided, are comprise of guarantees given to Eximbank.

The bill of guarantees and guarantees were given include; Bektaş TL 6.342, Sarmakina TL 3.014.000 [EURO 500.000], Sarda TL 18.370.000 TL, Sark Wire Corp. TL 145.616.451 [USD 27.679.000] which were consolidated according to full consolidation method.

22.4 Insurance Coverage of Assets**31 December 2019**

Assets Insured	Company Name	Insurer Company	Period of Insurance	Currency	Insurance Amount	
					TL	Currency Amount
Fire - Earthquake	Group Company	Ak Sigorta A.Ş.	31 December 2018-31 December 2019	USD		233.943.244
Motor Vehicles	Group Company	Ak Sigorta A.Ş.	31 December 2018-31 December 2019	TL	6.768.034	
Machinery-Furniture and Fixture	Group Company	Ak Sigorta A.Ş.	31 December 2018-31 December 2019	USD		138.025.250
Theft	Group Company	Ak Sigorta A.Ş.	31 December 2018-31 December 2019	USD		6.120.855
Total USD						378.089.349
Total TL						6.768.034

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts are expressed in "Turkish Lira" unless otherwise indicated)

31 December 2018

Assets Insured	Company Name	Insurer Company	Period of Insurance	Currency	Insurance Amount	
					TL	Currency Amount
Fire - Earthquake	Group Company	Ak Sigorta A.Ş.	31 December 2018-31 December 2019	USD		287.488.198
Motor Vehicles	Group Company	Ak Sigorta A.Ş.	31 December 2018-31 December 2019	TL	3.745.896	
Machinery-Furniture and Fixture	Group Company	Ak Sigorta A.Ş.	31 December 2018-31 December 2019	USD		138.025.250
Theft	Group Company	Ak Sigorta A.Ş.	31 December 2018-31 December 2019	USD		6.816.855
Total USD						432.330.303
Total TL						3.745.896

22.5 Ratio of guarantees and mortgages to equity:

As of 31 December 2019 and 31 December 2018, the Group's collateral / pledge / mortgage ["G&P&M"] position is as follows.

Collateral, Pledge, Mortgages Given by the Group	31 December 2019	31 December 2019	31 December 2018	31 December 2018
	Currency Amount	TL Equivalent	Currency Amount	TL Equivalent
A. Total amount of CPM given in the name of its own legal personality	-	511.417.872	-	516.533.659
Guarantee Letter [TL]	-	49.877.991	-	38.046.508
Guarantee Letter [EURO]	11.847.996	78.796.280	15.052.379	90.735.741
Guarantee Letter [USD]	8.797.973	52.261.719	8.059.788	42.401.739
Mortgage [TL]	-	-	-	-
Mortgage [EURO]	-	-	-	-
Guarantee Cheques [TL]	-	-	-	-
Guarantee Cheques [USD]	-	-	-	-
Guarantee Notes and Bond [TL]	-	-	-	-
Guarantee Notes and Bond [USD]	23.495.000	139.564.999	35.282.500	185.617.704
Guarantee Notes and Bond [EURO]	19.595.000	130.318.507	16.720.000	100.788.160
Guarantee Notes and Bond [GBP]	7.792.500	60.598.376	8.860.000	58.943.808
Pledge [TL]	-	-	-	-
B. Total amount of CPM's given on behalf of the fully consolidated subsidiaries	-	186.331.438	-	167.006.793
Bill of Guarantees [TL]	-	18.587.342	-	18.376.342
Bill of Guarantees [EURO]	500.000	3.325.300	500.000	3.014.000
Bill of Guarantees [USD]	27.679.000	164.418.796	27.679.000	145.616.451
Mortgage [TL]	-	-	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
Total		697.749.310		683.540.452

The ratio of other CPMs given by the Group to the Group's equity ratio is 0% as of 31 December 2019 [31 December 2018: 0%].

NOTE 23 COMMITMENTS

None.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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NOTE 24 PROVISIONS FOR EMPLOYEE BENEFITS

Short and Long Term Provisions for Employee Benefits of the Group are as follows

Account Name	31 December 2019	31 December 2018
Severance Payment Provision	54.062.164	39.921.451
- Short Term Severance Payment Provision (Note 22)	-	601.447
- Long Term Severance Payment Provision	54.062.164	39.320.004
Premium Provision	12.485.704	6.265.988
Unused Vacation Provision	3.840.847	3.157.899
Total	70.388.715	49.345.338

Pursuant to the provisions of the current Labor Law, the employees are obliged to pay the legal severance payment that they have been entitled to for termination of employment. In addition, in accordance with the legislation in force, those who are entitled to severance payment are also entitled to have liability to pay their legal severance payment. The severance payment liability as of 31 December 2019 is subject to the ceiling of TL 6.730,15- [31 December 2018: TL 6.017,60]. The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ["Employee Benefits"] requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities:

The principal assumption is that the maximum liability for each year of service increases in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects. As of 31 December 2019, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. As of 31 December 2019, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 8.50% and an interest rate of 11.50%, resulting in a real discount rate of 2.76%. [31 December 2018: %3.91 real discount rate]. The retirement probability estimate for severance payment benefits is calculated as 97.90% for 31 December 2019. [31 December 2018: 94.28%] In 2019, the Group management revised its estimates.

The severance payment movement is as follows:

	01 January 2019 31 December 2019	01 January 2018 31 December 2018
Balance as of 1 January 2019	39.921.451	33.012.968
Current Period Service Cost	4.028.079	2.939.884
Interest Cost	4.235.105	3.491.637
Actuarial Gains and Losses	8.975.725	2.003.435
Loss on Payment	[333.346]	327.183
Payment	[2.764.850]	[1.853.656]
Balance at the End of the Period	54.062.164	39.921.451

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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The provision for severance payment expense in the current period amounts to TL 7.929.838 [31 December 2018 TL 6.758.704TL]

	01 January 2019 31 December 2019	01 January 2018 31 December 2018
Manufacturing Cost	(5.626.351)	(5.450.480)
Marketing, Sales and Distribution Expenses	(486.220)	(422.412)
General Administrative Expenses	(1.542.208)	(1.038.469)
Research and Development Expenses	(275.059)	(36.393)
Severance Payment Provision [Provision No Longer Required]	-	189.050
Amount Recognized in Income Statement	(7.929.838)	(6.758.704)

	01 January 2019 31 December 2019	01 January 2018 31 December 2018
Actuarial (Gains) /Loss Recognized in Other Comprehensive Income Statement (Taxable)	8.975.725	2.003.435
Tax Effect %20	(1.776.670)	(399.510)
Net Actuarial (Gains)/ Losses	7.199.055	1.603.925

NOTE 25 RETIREMENT PLAN

None.

NOTE 26 OTHER ASSETS AND LIABILITIES

Short and Long Term Prepaid Expenses are as follows.

Account Name	31 December 2019	31 December 2018
Short Term Prepaid Expenses	3.513.455	3.833.708
Advances Given to Suppliers	26.586.307	39.204.781
Work Advances	46.575	98.735
Total Prepaid Expenses (Current Assets)	30.146.337	43.137.224
Advances Given for Purchases	381.742	2.884.707
Total Prepaid Expenses (Non Current Assets)	381.742	2.884.707

Other Current Assets of the Group as of 31 December 2019 and 31 December 2018 are as follows

Account Name	31 December 2019	31 December 2018
Deferred VAT	25.796.811	-
Advance to Employee	58.309	-
Other	1.372.521	1.199.496
Total	27.227.641	1.199.496

The Group does not have any Other Non Current Assets at the end of the periods.

Deferred Income of the Group at the end of the periods are as follows.

Account Name	31 December 2019	31 December 2018
Deferred Income from Non-Related Parties	33.741.952	16.298.862
- Advances Received	33.741.952	16.298.862
Total	33.741.952	16.298.862

Short Term Other Liabilities of the Group at the end of the periods are as follows.

Account Name	31 December 2019	31 December 2018
Taxes Payables	-	333.656
Other	-	19.013
Total	-	352.669

The Group does not have any Long Term Other Liabilities at the end of the periods.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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NOTE 27 CAPITAL, CAPITAL RESERVES AND OTHER EQUITY ITEMS

27.1 Non Controlling Interests

Account Name	31 December 2019	31 December 2018
Non Controlling Interests	543.349	511.242
Total	543.349	511.242

Non Controlling Interests movements are as follows.

	01 January 2019 31 December 2019	01 January 2018 31 December 2018
Opening Balance	511.242	527.543
Share from Current Period Profit	102.802	118.299
Profit Distribution	[80.701]	[133.618]
Currency Translation Differences	445	678
Severance Payment Actuarial Gains/Losses	[1.046]	[1.603]
Adjustments under scope of TFRS 9	-	[57]
Other	10.607	-
Closing Balance	543.349	511.242

27.2 Capital / Capital Adjustments Due to Cross Ownership

The Group's capital consists of 20.000.000 shares each with a nominal value of TL 1. The capital of the Group consists of A and B group shares, and the information regarding the distribution of shares by these groups and the privileges are as follows.

31.12.2019

	Nominal Price	Number of Shares
A Group Shares	10	1000
B Group Shares	199.999.990	19.999.999.000
Total	200.000.000	20.000.000.000

31.12.2018

	Nominal Price	Number of Shares
A Group Shares	10	1000
B Group Shares	199.999.990	19.999.999.000
Total	200.000.000	20.000.000.000

All of the A group shares consist of registered shares, and 5 members of the 11-person board of directors are selected from among the candidates nominated by the A group shareholders, and 4 members of the Board of Directors are selected from among the candidates nominated by the B group shareholders. 2 members of the Board of Directors are elected as independent board members in accordance with the regulations of the Capital Markets Board on corporate governance.

Type B shares are publicly traded and there is no shareholder who is holding voting rights more than %10 in TL 200.000.000 nominal price equity.

Capital Increase During the Period:

None.

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27.3 Accumulated Other Comprehensive Income or Expenses not to be Reclassified in Profit or Loss

The analysis of other comprehensive income [expenses] not to be reclassified in profit or loss is as follows.

Account Name	31 December 2019	31 December 2018
Actuarial Gains/Losses [Note:24]	(17.240.401)	(8.242.890)
Tax Effect [-][Note:24, Note:35]	3.448.080	1.648.578
Actuarial Gains/Losses [Net]	(13.792.321)	(6.594.312)
Investment Properties Revaluation Surplus	23.800.684	23.800.684
Property, Plant and Equipment Revaluation Surplus	-	-
Revaluation and Measurement Gains and Losses	10.008.363	17.206.372
Shares from Other Comprehensive Income Investments Accounted by the Equity Method [Note 16]	(1.729.941)	(1.866.209)
Other Gains/Losses	(1.729.941)	(1.866.209)
Accumulated Other Comprehensive Income or Expenses not to be Reclassified in Profit or Loss	8.278.422	15.340.163

The movement of other comprehensive income [expenses] not be reclassified in profit or loss is as follows.

31 December 2019

	Actuarial Gains/ Losses [***]	Investment Properties Revaluation Surplus [*]	Other Gains/ Losses [**]	Total
Opening Balance, 1 January	(6.594.312)	23.800.684	(1.866.209)	15.340.163
Additions	-	-	136.268	136.268
Transfer to Previous Years Profits/Losses	-	-	-	-
Severance Payment Actuarial Gains/Losses	(8.975.725)	-	-	(8.975.725)
Deferred Tax Offset [-]	1.776.670	-	-	1.776.670
Effect of Non-Controlling Interest	1.046	-	-	1.046
Balance at the End of the Period	(13.792.321)	23.800.684	(1.729.941)	8.278.422

31 December 2018

	Actuarial Gains/ Losses [***]	Investment Properties Revaluation Surplus [*]	Other Gains/ Losses [**]	Total
Opening Balance, 1 January	(4.991.991)	-	(253.262)	(5.245.253)
Additions	-	23.800.684	(1.612.947)	22.187.737
Severance Payment Actuarial Gains/Losses	(2.003.435)	-	-	(2.003.435)
Deferred Tax Offset [-]	399.510	-	-	399.510
Effect of Non-Controlling Interest	1.603	-	-	1.603
Balance at the End of the Period	(6.594.312)	23.800.684	(1.866.209)	15.340.163

[*]The group's investment property is recognized at fair value. Investment property took into consideration for the intended purpose of initial classification related to capital appreciation which was recognized under equity. Capital Appreciation related to evaluated investment property which was recognized understatement of profit or loss in subsequent periods. Revaluation surplus [Capital Appreciation] is recognized also under equity. The deferred tax asset related to capital appreciation is offsetted from evaluation differences fund.CMB determines that series: VIII, No:35" Communiqué on principles regarding appraisal companies and their listing by the board" with this communiqué the evaluation made by real estate appraisal companies which listed by the Board, when determine the fair value of investment property.

[**]Explanations on Actuarial Gain / Loss are disclosed in **Note. 24**.

[***]Group's participations are recognized as investments evaluated by equity method under proportion of other comprehensive income.

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27.4 Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss

As at 31 December 2019 and 31 December 2018, the detailed table of other comprehensive income or expenses to be reclassified in profit or loss recognized in equity is as follows:

Account Name	31 December 2019	31 December 2018
Currency Translation Differences	61.439.335	51.022.125
Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss	61.439.335	51.022.125

27.5 Restricted Reserves from Retained Earnings

Legal reserves consist of first and second reserves as stipulated in the Turkish Commercial Code.

According to Article 519 of the Turkish Commercial Code ["TCC"], the general legal reserve is allocated as 5% of the annual profit until it reaches 20% of the company's paid-in capital. After reaching this limit, 10% of the total amount will be added to the general legal reserves after the dividend payment is paid to the shareholders. According to the Turkish Commercial Code, if the general legal reserve does not exceed 50% of the share capital or the issued capital, it can be used only to close the losses, to continue the business when business is not going well or to take measures to mitigate the results.

27.6 Previous Years Profits/Losses

Previous Years' Profits consist of extraordinary reserves and other years profits. As of 31 December 2019 and 31 December 2018, the Group's Other Years' Profits/Losses according to CMB regulations are as follows.

Account Name	31 December 2019	31 December 2018
Extraordinary Reserves	120.079.043	25.978.202
Other Previous Year's Profits/([Losses])	18.147.748	77.234.938
Total	138.226.791	103.213.140

Publicly held companies have to distribute dividends according to Article 19 of the Capital Market Law 6362 and Dividend Communiqué I19.1 of the Capital Markets Board which came into force on 1 February 2014. According to this Communiqué, enterprises whose shares are traded on the stock exchange are not required to distribute profit, and companies may distribute their profits according to profit distribution policies to be determined by their general meeting of shareholders, and with the decision of the general meeting of shareholders under applicable legislation.

27.7 Diğer

Account Name	31 Aralık 2019	31 Aralık 2018
Capital	200.000.000	200.000.000
Capital Adjustment Differences	1.020.551	1.020.551
Accumulated Other Comprehensive Income Or Expenses not to Be Reclassified In Profit Or Loss	8.278.422	15.340.163
<i>Defined Benefit Plans</i>		
<i>Remeasurement Gains/Losses</i>	[13.792.321]	[6.594.312]
<i>Investment Properties Revaluation Surplus</i>	23.800.684	23.800.684
<i>Other Gains and Losses</i>	[1.729.941]	[1.866.209]
Accumulated Other Comprehensive Income Or Expenses to Be Reclassified In Profit Or Loss	61.439.335	51.022.125
Currency Translation Differences	61.439.335	51.022.125
Restricted Reserves from Retained Earnings	88.622.550	88.862.693
Previous Years Profits/([Losses])	138.226.791	103.213.140
Net Profit for the Period	88.834.444	91.098.734
Total Equity Holders of the Parent	586.422.093	550.557.406
Non Controlling Interests	543.349	511.242
Total Equity	586.965.442	551.068.648

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NOTE 28 REVENUE AND COST OF SALES

Revenues and Cost of Sales of the Group the end of the period are as follows.

Account Name	01 January 31 December 2019	1 January 2018 31 December 2018
Domestic Sales [*]	2.829.636.812	2.378.567.629
Foreign Sales	3.033.570.868	3.339.953.375
Other Sales	38.457	1.748.992
Sales Returns [-]	[36.748.312]	[34.963.200]
Sales Discounts [-]	[45.886.671]	[39.671.081]
Revenue	5.780.611.154	5.645.635.715
Cost of Sales [-]	[5.523.766.292]	[5.381.801.749]
Gross Profit/(Loss)	256.844.862	263.833.966

[*] As a result of the hedging transactions carried out in order to provide protection against sales and purchasing price movements on an order basis in sales, the Group generated revenues of TL 2.226.720 in 2019 in which amount classified as revenue.

The details of Cost of Sales are as follows.

Account Name	01 January 31 December 2019	1 January 2018 31 December 2018
Cost of Goods Sold [-]	[5.371.251.469]	[4.554.380.290]
Cost of Merchandise Sold[-]	[101.358.115]	[777.512.868]
Cost of Services Sold [-]	[31.835.935]	[27.621.747]
Depreciation [-]	[19.320.773]	[22.286.844]
Cost of Sales [-]	[5.523.766.292]	[5.381.801.749]

Products	Unit of Measurement	01 January 31 December 2019	1 January 2018 31 December 2018
Copper Wire	Tonnage	159.583	165.407
Copper Pipe, Bars, Bronze, etc.	Tonnage	15.983	17.164
Copper Bar, Plate	Tonnage	235	262
Spools	Piece	8.721	6.109
Machinery Manufacturing	Piece	21	61
CTC Wire	Tonnage	2.095	2.036
Enamelled Copper Wire	Tonnage	8.805	8.875

Sales Amounts	Unit of Measurement	01 January 31 December 2019	1 January 2018 31 December 2018
Copper Wire	Tonnage	158.021	166.710
Copper Pipe, Bars, Bronze, etc.	Tonnage	15.809	17.156
Copper Bar, Plate	Tonnage	235	262
Spools	Piece	8.721	6.109
Machinery Manufacturing	Piece	21	61
CTC Wire	Tonnage	2.067	2.071
Enamelled Copper Wire	Tonnage	8.925	8.610

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NOTE 29 RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

Operating Expenses of the Group as of the end of the period are as follows:

Account Name	01 January 31 December 2019	1 January 2018 31 December 2018
Marketing, Sales and Distribution Expenses [-]	(26.299.470)	(22.868.646)
General Administrative Expenses [-]	(55.570.931)	(55.574.012)
Research and Development Expenses [-]	(3.245.701)	(2.161.892)
Total Operating Expenses	(85.116.102)	(80.604.550)

NOTE 30 EXPENSES BY NATURE

The Group's Expenses by Nature at the end of the period are as follows:

Account Name	01 January 31 December 2019	1 January 2018 31 December 2018
Personnel Expenses	(9.330.047)	(8.021.687)
Severance Payment Expenses	(486.220)	(422.412)
Communication and IT Expenses	(190.694)	(185.644)
Transportation Expenses	(11.241.443)	(9.313.591)
Advertisement and Promotion Expenses	(1.377.121)	(1.151.784)
Insurance Expenses	(720.829)	(622.739)
Taxes and Other Legal Dues Expenses	(437.890)	(59.577)
Depreciation Expenses	(71.131)	(58.787)
Representation and Hospitality Expenses	(37.301)	(29.468)
Vehicle Expenses	(283.330)	(220.728)
Rent Expenses	(106.899)	(150.553)
Other	(2.016.565)	(2.631.676)
Total	(26.299.470)	(22.868.646)

General Administrative Expenses	01 January 31 December 2019	1 January 2018 31 December 2018
Personnel Expenses	(30.581.756)	(30.505.283)
Communication and IT Expenses	(469.049)	(460.045)
Representation and Hospitality Expenses	(282.430)	(172.044)
Insurance Expenses	(4.426.206)	(4.566.021)
Consultancy and Audit Expenses	(2.324.750)	(1.365.225)
Maintenance and Repair Expenses	(668.136)	(1.144.712)
Severance Payment Expenses	(1.542.208)	(1.038.469)
Taxes and Other Legal Dues Expenses	(1.136.731)	(1.933.427)
Depreciation Expenses	(5.415.608)	(5.738.422)
Travel Expenses	(409.918)	(106.844)
Vehicle Expenses	(394.873)	(323.085)
Rent Expenses	(159.699)	(580.868)
Other	(7.759.567)	(7.639.567)
Total	(55.570.931)	(55.574.012)

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	01 January 31 December 2019	1 January 2018 31 December 2018
Research and Development Expenses		
Personnel Expenses	(2.405.270)	(1.814.794)
Depreciation Expenses	(10.577)	(8.260)
Outsourced Benefits and Services	(166.731)	(45.859)
Severance Payment Expenses	(275.059)	(36.393)
Other	(388.064)	(256.586)
Total	(3.245.701)	(2.161.892)

Research and development expenses incurred in the current period are TL 3.245.701. 1 January 2018- 31 December 2018: TL 2.161.892], The Group does not have capitalized research and development expenses in the current period. (1 January 2018- 31 December 2018: None.)

The distribution of depreciation expenses that are recognized in the statement of profit or loss are as follows;

	01 January 31 December 2019	1 January 2018 31 December 2018
Cost of Sales	(19.320.773)	(22.286.844)
Marketing, Sales and Distribution Expenses	(71.132)	(58.787)
General Administrative Expenses	(5.415.607)	(5.738.422)
Research and Development Expenses	(10.577)	(8.260)
Inventories	-	(44.288)
Total	(24.818.089)	(28.136.601)

NOTE 31 OTHER OPERATING INCOME / (EXPENSES)

The Group's Other Operating Income/ (Expenses) for the periods are as follows:

Account Name	01 January 31 December 2019	1 January 2018 31 December 2018
Other Operating Income	229.057.084	446.160.170
Income from Previous Period	623.534	-
Provisions No Longer Required (Doubtful Receivables Expenses)	10.084.965	4.274.573
Rent Income	2.240.206	1.115.730
Provisions No Longer Required (Litigation Income)	-	143.171
Provisions No Longer Required (Severance Payment)	-	189.050
Interest and Rediscount Income	11.311.771	21.401.111
Currency Translation Differences Income	201.793.028	412.153.800
Other	3.003.580	6.882.735
Other Operating Expenses (-)	(188.704.784)	(382.767.216)
Doubtful Receivables Provision Expenses	(24.748.707)	(12.022.925)
Litigation Provision Expenses	(1.173.867)	(266.954)
Non Operating Expenses	(749.678)	(540.088)
Interest and Rediscount Expenses	(7.492.328)	(11.892.384)
Currency Translation Differences Expenses	(152.143.435)	(357.675.972)
Other	(2.396.769)	(368.893)
Other Income / Expense (Net)	40.352.300	63.392.954

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NOTE 32 INCOME/ [EXPENSES] FROM INVESTMENT ACTIVITIES

The Group's Income from Investment Activities and Expenses from Investment Activities as of the end of the period are as follows.

Account Name	01 January 31 December 2019	1 January 2018 31 December 2018
Income from Investment Activities	5.525.483	1.152.105
Profit on Disposal of Securities	689.876	218.734
Financial Investments Gains from Appreciation	41.183	
Investment Properties Gains from Appreciation	4.794.424	933.371
Expenses from Investment Activities [-]	[312.057]	[106.970]
Loss on Disposal of Securities	[312.057]	[106.970]
Financial Investments Impairment Losses	-	-
Profit/[Loss] Shares of Investments Accounted by the Equity Method	7.214.081	15.818.752
Income / [Expenses] from Investment Activities [Net]	12.427.507	16.863.887

NOTE 33 FINANCIAL INCOME / EXPENSE

Financial Income of the Group as of the end of the period is as follows.

Financial Income	01 January 31 December 2019	1 January 2018 31 December 2018
Income from Derivative Transactions	595.352	-
Interest Income	14.585.674	7.557.216
Currency Translation Difference Income	96.812.164	181.588.415
Total	111.993.190	189.145.631

Financial Expenses of the Group as of the end of the period is as follows.

Financial Expenses	01 January 31 December 2019	1 January 2018 31 December 2018
Interest Expenses	[75.394.076]	[80.852.307]
Currency Translation Difference Expenses	[132.370.232]	[237.888.051]
Guarantee Letter and Commission Expenses	[13.383.950]	[12.866.670]
Total	[221.148.258]	[331.607.028]

NOTE 34 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

NOTE 35 TAX ASSETS AND LIABILITIES

The Group's tax expense [or income] consists of current period corporate tax expense and deferred tax expense [or income].

Account Name	01 January 31 December 2019	1 January 2018 31 December 2018
Current Period Statutory Tax Provision [-]	[24.132.161]	[35.125.109]
Deferred Tax Income / [Expense]	[2.284.092]	5.317.282
Total Tax Income/[Expense]	[26.416.253]	[29.807.827]

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR
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35.1 Corporate Tax

The Group and its subsidiaries operated in Turkey is subject to corporate tax valid in Turkey. Provision is made in the accompanying consolidated financial statements for estimated tax liabilities related to the Group's current period results.

Account Name	31 December 2019	31 December 2018
Tax Provision	24.132.161	35.125.109
Prepaid Taxes	(21.530.349)	(34.346.775)
Total Tax Liabilities	2.601.812	778.334

[*]Tax refunds/ prepaid tax to be offset amounting to TL 2.603.868 which is recognized as Assets related to Current Period Tax under Current Assets for period ended. [31 December 2018: TL 4.292.471]

Advance tax in Turkey is calculated and accrued on a quarterly basis. Accordingly, during the taxation of the Group's earnings in 2019, the advance tax rate of 22% is calculated over corporate income.

Under Turkish tax law, losses can be carried forward to offset future taxable income for up to 5 years. However, losses cannot be deducted retrospectively from the profits of previous years.

Pursuant to Article 20 of the Corporate Tax Law, corporate tax is levied on the declaration of the taxpayer. There is no clear and definitive agreement on tax assessment procedures in Turkey. Companies file their tax returns until 25 April following the close of the accounting year to which they relate. These declarations and the accounting records which are the basis of these declarations can be examined and changed by the Tax Office within 5 years.

Effective Corporate Tax Rate:

Corporate Tax rate applied in Turkey is 20%. However, with the Article 10 of the Law Amending Some Tax Laws No. 7061 and Some Other Laws published in the Official Gazette dated 5 December 2018 and numbered 30261 and the Provisional Article 10 added to the Corporate Tax Law no. , 2019 and 2020 taxation period [for the institutions designated for special accounting period for the accounting period starting in the relevant year] corporate tax rate of 22% will be applied for corporate earnings. The amendment is effective for taxation for periods beginning on 1 January 2018.

Losses can be carried forward for offsetting against future taxable income for up to 5 years. However, losses cannot be deducted retrospectively from the profits of previous years.

Income Withholding Tax:

In addition to the corporate tax, it is required to calculate income tax withholding on any dividends, except for those distributed to all taxpayer entities and Turkish branches of foreign companies gaining dividend for such distribution and declaring these dividends within the corporate profit. The rate of income withholding tax implemented as 10% between 24 April 2003 and 22 July 2006. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

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35.2 Deferred Tax

The Group's tax basis with the statutory financial statements published by POA prepared in accordance with Turkey Financial Reporting Standards arising from differences between the consolidated financial statements for temporary differences and deferred tax assets and liabilities are accounted for. These differences usually result in the recognition of revenue and expenses in different reporting periods for tax purposes and for the purposes of the Turkish Accounting Standards and disclosed below.

The timing differences arise from the differences between the income and expenses recorded for accounting and tax purposes. Timing differences, property, plant and equipment (excluding land), intangible assets, revaluation of inventories and prepaid expenses, rediscount of receivables and payables, provision for severance payment, previous year losses etc. It is calculated over. In each statement of financial position, the Group reviews its deferred tax assets and withdraws deferred tax assets which cannot be deducted from taxable income in the following years. The deferred tax is calculated based on the corporate tax rate in the related countries.

Account Name	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Accumulated Temporary Differences	Accumulated Temporary Differences	Deferred Tax Receivables / (Payables)	Deferred Tax Receivables / (Payables)
Property, Plant and Equipment	27.442.839	29.286.854	[3.409.049]	[3.777.852]
Investment Properties Revaluation Surplus	97.863.468	93.058.468	[9.786.347]	[9.305.847]
Foreign Subsidiaries Deferred Tax Assets	19.149.424	19.149.424	6.197.464	6.702.299
Rediscount Expenses	2.676.187	2.049.713	588.761	450.936
Severance Payment Provision	53.683.701	39.695.995	10.736.740	7.939.199
Doubtful Receivables Provision	5.557.657	11.955.959	1.184.365	2.630.311
Litigation Provision	1.900.000	726.133	418.000	159.749
Effective Interest Expense Provision	1.244.635	2.870.971	273.820	631.614
Derivative Transactions Income / Expense (Net)	132.008	1.516.431	[29.042]	333.615
Unused Vacation Provision	3.758.229	3.104.379	826.810	682.964
Ongoing Investments Deferred Tax Effect	180.758	-	[39.767]	-
Other	121.921	862.351	[15.452]	109.432
TFRS 9 Effect	-	-	38.324	133.971
Deferred Tax Assets / (Liabilities), Net			6.984.627	6.690.391

[*] The Group has been presented the net effect of deferred tax assets and liabilities in the consolidated balance sheets.

	01 January 31 December 2019	1 January 2018 31 December 2018
Deferred Tax Asset/(Liabilities) at Beginning of the Period (Net)	6.690.391	2.533.189
TFRS 9	-	133.971
Severance Payment Actuarial Gains/Losses Offset in Equity	1.776.670	399.510
Currency Translation Differences	801.658	950.959
Investment Properties Difference in Equity	-	[2.644.520]
Deferred Tax Income / (Expense)	[2.284.092]	5.317.282
Deferred Tax Assets/(Liabilities) at the End of the Period	6.984.627	6.690.391

Deferred Tax Movement Table	01 January 31 December 2019	1 January 2018 31 December 2018
Deferred Tax Assets	8.353.112	8.082.207
Deferred Tax Liabilities	[1.368.485]	[1.391.816]
Deferred Tax at the End of the Period, Net	6.984.627	6.690.391

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The Turkish Tax Legislation does not allow the parent company to file a tax return on its consolidated financial statements. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis. On the consolidated financial statements, deferred tax assets and liabilities of different companies are shown separately and are not netted off.

Deferred tax assets and liabilities shown in the table above are calculated on the basis of gross values and represent the net deferred tax position.

Vergi Karşılığının Mutabakatı:	01 January 31 December 2019	1 January 2018 31 December 2018
Profit from Ongoing Operations	126.929.407	121.024.860
Income Tax Rate	[29.404.512]	[29.353.145]
Tax Effect:		
- Tax Free Income	4.390.971	7.378.834
- Properties Tax Rate Exemption	-	2.737.858
- Non Tax Deductible Expenses	[1.402.712]	[10.571.374]
Tax Provision Expense in Income Statement	[26.416.253]	[29.807.827]

NOTE 36 EARNINGS/(LOSSES) PER SHARE

Earnings per share in the statement of profit or loss are calculated by dividing net income by the weighted average number of common shares outstanding for the period. The calculation of the Earnings Per Share of the Group are as follows.

Account Name	01 January 31 December 2019	1 January 2018 31 December 2018
Period Profit/(Losses)	88.834.444	91.098.734
Weighted Average Number of Shares	20.000.000.000	20.000.000.000
Earnings /(Losses) Per Share	0,0044	0,00455

NOTE 37 RELATED PARTY DISCLOSURES

Group's related parties balances are as follows:

31 December 2019

	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
Demisaş	1.691.193	-	-	-
Total	1.691.193	-	-	-

31 December 2018

	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
Demisaş	1.364.750	-	-	-
Total	1.364.750	-	-	-

There is not any guarantee received from Group companies.

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*Details of the Purchases and Sales of Related Parties:***31 December 2019**

Related Parties	Good and Service Sales	Rent Income	Currency –Late Interest Income	Other Sales	Total
Demisaş	11.158.443	205.920	239.405	157.103	11.760.871
Total	11.158.443	205.920	239.405	157.103	11.760.871

Related Parties	Goods and Services Purchases	Vehicle Rent Expenses	Currency –Late Interest Expenses	Other Purchases	Total
Demisaş	-	-	161.148	450	161.598
Total	-	-	161.148	450	161.598

31 December 2018

Related Parties	Good and Service Sales	Rent Income	Currency –Late Interest Income	Other Sales	Toplam
Demisaş	10.577.831	110.545	624.223	177.000	11.489.599
Total	10.577.831	110.545	624.223	177.000	11.489.599

Related Parties	Goods and Services Purchases	Vehicle Rent Expenses	Currency –Late Interest Expenses	Other Purchases	Total
Demisaş	-	-	289.813	4.047	293.860
Total	-	-	289.813	4.047	293.860

As of 31 December 2019, the total key management compensation incurred by the Group is TL 16.410.420. (31 December 2018: TL 12.030.735)

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NOTE 38 THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS*Capital Risk Management*

The Group, while trying to maintain the continuity of its activities in capital management on one hand, aims to increase its profitability by using the balance between debts and resources on the other hand.

The Group's capital structure consists of payables, including loans as explained in Note 8, cash and cash equivalents disclosed in note 6 and equity items, including issued capital, capital reserves, profit reserves and retained earnings, respectively, as explained in Note 27.

Risks, associated with each capital class, and the senior management evaluates the capital cost. With senior management assessment, it is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.

The Group monitors capital on the net debt/total capital ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (including loans, financial leasing and trade payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity and net debt as shown in the statement of financial position. The Group's general strategy based on equity does not differ from the previous period. The Group's risk management policy focuses mainly on the unpredictability and volatility of financial markets and aims to minimize potential adverse effects with the policies implemented.

Significant Accounting Policies

The Group's significant accounting policies relating to financial instruments are disclosed in the Note 2.

Risks

Market risks encountered at the Group level are measured on the basis of sensitivity analysis.

Market risks faced by the Group in current period or the process of undertaking the faced risks or the process of the measure of faced risks were not changed according to previous year.

Foreign Exchange Risk Management

As a result of the Group doing business in a wide geography, operations are carried out in different currencies. Therefore, exchange rate risk is one of the most significant financial risks. The main principle in the management of this risk is to maintain the level of foreign exchange position close to zero by balancing the foreign exchange assets and foreign exchange liabilities on the basis of exchange rates in such a way that they are least affected by exchange rate fluctuations. Generally, on-balance sheet methods are preferred for the management of exchange rate risk. Meanwhile, derivative instruments are also used for hedging transactions.

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31 December 2019

Exchange Rate Sensitivity Analysis Table

	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
USD against TL by 10% value change;				
1- USD Net Asset / Liability	(7.191.655)	7.191.655	(7.191.655)	7.191.655
2- Hedged portion of USD Risk [-]	-	-	-	-
3- USD Net Effect (1+2)	(7.191.655)	7.191.655	(7.191.655)	7.191.655
EURO against TL by 10% value change;				
4- EURO Net Asset / Liability	(4.934.369)	4.934.369	(4.934.369)	4.934.369
5- Hedged portion of Euro Risk [-]	-	-	-	-
6- EURO Net Effect (4+5)	(4.934.369)	4.934.369	(4.934.369)	4.934.369
GBP against TL by 10% value change;				
7- GBP Net Asset / Liability	(214.243)	214.243	(214.243)	214.243
8- Hedged portion of GBP Risk [-]	-	-	-	-
9- GBP Net Effect (7+8)	(214.243)	214.243	(214.243)	214.243
Other Currencies against TL by 10% value change;				
10- Other Currencies Net Asset / Liability	-	-	-	-
11- Hedged portion of Other Currencies Risk [-]	-	-	-	-
12- Other Currencies Net Effect (10+11)	-	-	-	-
TOTAL	(12.340.267)	12.340.267	(12.340.267)	12.340.267

31 December 2018

Exchange Rate Sensitivity Analysis Table

	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
USD against TL by 10% value change;				
1- USD Net Asset / Liability	(4.824.117)	4.824.117	(4.824.117)	4.824.117
2- Hedged portion of USD Risk [-]	-	-	-	-
3- USD Net Effect (1+2)	(4.824.117)	4.824.117	(4.824.117)	4.824.117
EURO against TL by 10% value change;				
4- EURO Net Asset / Liability	(537.335)	537.335	(537.335)	537.335
5- Hedged portion of Euro Risk [-]	-	-	-	-
6- EURO Net Effect (4+5)	(537.335)	537.335	(537.335)	537.335
GBP'nin TL Karşısında % 10 değer değişimi halinde;				
7- GBP Net Asset / Liability	(172.005)	172.005	(172.005)	172.005
8- Hedged portion of GBP Risk [-]	-	-	-	-
9- GBP Net Effect (7+8)	(172.005)	172.005	(172.005)	172.005
Other Currencies against TL by 10% value change;				
10- Other Currencies Net Asset / Liability	-	-	-	-
11- Hedged portion of Other Currencies Risk [-]	-	-	-	-
12- Other Currencies Net Effect (10+11)	-	-	-	-
TOTAL	(5.533.457)	5.533.457	(5.533.457)	5.533.457

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Foreign Exchange Position Table

	31 December 2019		
	TL Equivalent	USD	Avro
1. Trade Receivables	653.275.230	53.720.174	41.980.704
2a. Monetary Financial Assets	51.601.883	6.950.033	1.362.518
2b. Non-monetary financial assets	-	-	-
3. Other	652.545	109.661	-
4. Total Current Assets (1+2+3)	705.529.658	60.779.868	43.343.222
5. Trade Receivables	19.952	-	3.000
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Total Non Current Assets(5+6+7)	19.952	-	3.000
9. Total Assets (4+8)	705.549.610	60.779.868	43.346.222
10. Trade Payables	266.824.667	36.086.084	7.860.619
11. Financial Liabilities	446.193.286	32.664.424	29.176.241
12a. Other Monetary Liabilities	823.141	4.129	120.081
12b. Other Non- Monetary Liabilities	6.916.416	465.069	615.520
13. Total Short-Term Liabilities (10+11+12)	720.757.510	69.219.706	37.772.461
14. Trade Payables	-	-	-
15. Financial Liabilities	112.300.129	3.995.660	13.316.860
16a. Other Monetary Liabilities	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-
17. Total Long-Term Liabilities (14+15+16)	112.300.129	3.995.660	13.316.860
18. Total Liabilities (13+17)	833.057.639	73.215.366	51.089.321
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	4.105.363	328.742	323.665
19a. Total Asset Amount of Hedged	125.955.244	13.257.329	7.097.714
19b. Total Liabilities Amount of Hedged	121.849.881	12.928.587	6.774.049
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(123.402.666)	(12.106.756)	(7.419.434)
21. Parasal Kalemler Net Yabancı Para Varlık / (yükümlülük) pozisyonu	(127.508.029)	(12.435.498)	(7.743.099)
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	-	-	-
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-	-
23. Foreign Exchange Hedged Portion Amount of Assets	-	-	-
24. Export	3.184.789.931	222.136.092	270.515.025
25. Import	3.871.880.629	638.386.010	39.742.322

31 December 2018						
GBP	Other	TL Equivalent	USD	Avro	GBP	Other
7.068.705	-	535.380.437	45.502.726	40.110.688	8.148.136	-
161.477	-	22.983.230	2.431.520	1.594.140	87.448	-
-	-	-	-	-	-	-
146	-	-	-	-	-	-
7.230.328	-	558.363.667	47.934.246	41.704.828	8.235.584	-
-	-	18.084	-	3.000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	18.084	-	3.000	-	-
7.230.328	-	558.381.751	47.934.246	41.707.828	8.235.584	-
24.211	-	73.099.451	12.014.094	1.597.126	40.138	-
7.473.872	-	466.366.413	40.548.174	32.658.736	8.444.514	-
-	-	542.711	4.129	86.428	-	-
7.746	-	3.571.546	449.485	189.747	9.477	-
7.505.829	-	543.580.121	53.015.882	34.532.037	8.494.129	-
-	-	-	-	-	-	-
-	-	68.768.358	3.799.873	8.091.839	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	68.768.358	3.799.873	8.091.839	-	-
7.505.829	-	612.348.479	56.815.755	42.623.876	8.494.129	-
-	-	(1.367.846)	(288.246)	24.649	-	-
-	-	100.706.334	10.497.633	7.544.681	-	-
-	-	102.074.180	10.785.879	7.520.032	-	-
(275.501)	-	(55.334.574)	(9.169.755)	(891.399)	(258.545)	-
(275.501)	-	(53.966.728)	(8.881.509)	(916.048)	(258.545)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28.989.012	-	3.352.853.441	317.234.110	281.864.994	41.783.434	-
9.404	7.189.295	4.414.139.797	919.973.321	16.342.524	18.280	6.947

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Interest Risk

Changes in interest rates pose a significant risk in terms of financial results due to their impact on interest sensitive assets and liabilities. This risk is managed by balancing the amount and maturity of interest sensitive items.

In this context, the importance is given to the coherency of not only maturities of receivables and payables, but also of interest exchange periods and the short / long term balances of debts.

Fixed Interest Rate Financial Instruments	31 December 2019	31 December 2018
Financial Assets	27.434.630	29.925.122
Financial Liabilities	[419.391.792]	[299.657.028]
Floating Interest Rate Financial Instruments		
Financial Assets	40.036.607	-
Financial Liabilities	[662.063.581]	[734.150.740]

The Group's financial liabilities mainly consist of loans with maturities up to 1 year. The Group also considers part of the bank deposits as time deposits. Although time deposits and loans have short fixed interest rates, they are sensitive to interest rate changes due to their short term structure. Any increase in interest rates will affect the net interest income-expense of the Group. This effect is measured by sensitivity analysis. When the consolidated financial statements as of 31 December 2019 are taken into consideration and all variables are considered constant for the whole year, 1% bps increase in interest rates. The Group's profit before tax and non-parent shares is TL 10.139.841 [31 December 2018: TL 10.038.826] will have a reducing effect.

At 31 December 2019, if the TL denominated interest rate was 1 bps point higher and all other variables remained constant, the profit before tax would be TL 3.919.571 [31 December 2018: TL 2.697.319] lower.

Credit Risk Management

Holding financial instruments has the risk of other party's in execution of liabilities resulting from agreement. Group's payment collection risk mostly arises from trade receivables. Trade receivables must be assessed in accordance with corporate policies and procedures for making net value of trade receivables after provision of doubtful receivables are classified. **[Note: 10]**

Group's credit risk is determined in the scope of determination of customer limits and is reported by limit determination committee which is composed of Group's key management. In determined procedure respect, is confirmed by controlling and analyzing.

Related to Receivables risk, domestic and foreign receivable insurance policies are available to compensate the risk losses which is substantiate.

In addition, global policies, other guarantee methods [Mortgages, Letter of Guarantee, DDS etc.] are applied for minimizing the receivable risk.

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CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

31 December 2019

	Receivables				Notes	Bank Deposits	Notes
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	1.691.193	857.486.816	-	70.856.919		87.629.902	
- Maximum risk secured with guarantees etc.		- 541.943.008	-	-	22	-	22
A. Net book value of neither past due nor impaired financial assets	1.691.193	857.486.816	-	70.856.919	10-11	87.629.902	6
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	-	-	-	-		-	6
- Maximum risk secured with guarantees etc.	-	-	-	-	10-11	-	6
C. Net book value of overdue but not impaired financial assets	-	-	-	-		-	6
- Past due [gross book value]	-	72.124.871	-	-	10-11	-	6
- Impairment [-]	-	[72.124.871]	-	-	10-11	-	6
- Maximum risk secured with guarantees etc.	-	-	-	-	10-11	-	6
- Undue [gross book value]	-	-	-	-	10-11	-	6
- Impairment [-]	-	-	-	-	10-11	-	6
- Maximum risk secured with guarantees etc.	-	-	-	-	10-11	-	6
D. Off balance sheet credit bear items	-	-	-	-	10-11	-	6

CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

31 December 2018

	Receivables				Notes	Bank Deposits	Notes
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	1.364.750	705.897.613	-	35.492.363		64.511.448	
- Maximum risk secured with guarantees etc.		- 451.454.729	-	-	22	-	22
A. Net book value of neither past due nor impaired financial assets	1.364.750	705.897.613	-	35.492.363	10-11	64.511.448	6
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	-	-	-	-		-	6
- Maximum risk secured with guarantees etc.	-	-	-	-	10-11	-	6
C. Net book value of overdue but not impaired financial assets	-	-	-	-		-	6
- Past due [gross book value]	-	57.202.294	-	3.600	10-11	-	6
- Impairment [-]	-	[57.202.294]	-	[3.600]	10-11	-	6
- Maximum risk secured with guarantees etc.	-	-	-	-	10-11	-	6
- Undue [gross book value]	-	-	-	-	10-11	-	6
- Impairment [-]	-	-	-	-	10-11	-	6
- Maximum risk secured with guarantees etc.	-	-	-	-	10-11	-	6
D. Off balance sheet credit bear items	-	-	-	-	10-11	-	6

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Liquidity Risk Management

The Group tries to manage its liquidity risk by monitoring the cash flows regularly and matching the maturity of financial assets and liabilities by maintaining sufficient funds and borrowing reserves.

Liquidity risk statements

Prudent liquidity risk management signifies maintaining sufficient cash, the utility of fund sources by sufficient credit transactions and the ability to close out market positions.

In order to manage liquidity risk, the Group's management makes certain that the maturity of receivables and payables are matched. In order to maintain short-term liquidity, the Group manages liquidity ratios [such as current ratio and acid-test ratio] through net working capital management and trying to keep through effective cash flow planning.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate and high quality lenders.

The maturity analysis of the derivative and non-derivative financial liabilities of the Group as of 31 December 2019 and 31 December 2018 are as follows:

31 December 2019

Contractual Maturities	Book Value	Total Contractual				5 years and over	
		Cash Outflows	Up to 3 Months	3-12 Months	1-5 Years	over	
Non Derivative Financial Liabilities	1.400.322.501	1.451.702.414	835.754.548	369.949.084	245.864.116	134.666	
Bank Loans	1.081.455.373	1.132.142.009	522.902.914	367.935.235	241.303.860	-	
Lease Liabilities	6.928.899	7.380.054	671.283	2.013.849	4.560.256	134.666	
Trade Payables	301.208.148	301.450.270	301.450.270	-	-	-	
Other Payables	10.730.081	10.730.081	10.730.081	-	-	-	

Derivative Instruments	Book Value	Total Contractual				5 years and over	
		Cash Outflows	Up to 3 Months	3-12 Months	1-5 Years	over	
Derivative Cash Inflows	125.955.244	125.955.244	118.190.906	7.764.338	-	-	
Derivative Cash Outflows	(121.849.881)	(121.849.881)	(114.203.134)	(7.646.747)	-	-	
Derivative Instruments, Net	4.105.363	4.105.363	3.987.772	117.591	-	-	

Derivative Instruments

Contractual Maturities	Book Value	Total Contractual				5 years and over	
		Cash Outflows	Up to 3 Months	3-12 Months	1-5 Years	over	
Non Derivative Financial Liabilities	1.185.287.921	1.234.407.368	481.477.845	540.045.520	212.884.003	-	
Bank Loans	1.025.541.041	1.073.693.431	329.120.882	538.237.325	206.335.224	-	
Lease Liabilities	8.242.247	8.969.974	613.000	1.808.195	6.548.779	-	
Trade Payables	124.310.494	124.549.824	124.549.824	-	-	-	
Other Payables	27.194.139	27.194.139	27.194.139	-	-	-	
Other	27.194.139	27.194.139	27.194.139	-	-	-	

Derivative Instruments	Book Value	Total Contractual				5 years and over	
		Cash Outflows	Up to 3 Months	3-12 Months	1-5 Years	over	
Derivative Cash Inflows	100.706.334	100.706.334	100.706.334	-	-	-	
Derivative Cash Outflows	(102.074.180)	(102.074.180)	(102.074.180)	-	-	-	
Derivative Instruments, Net	(1.367.847)	(1.367.847)	(1.367.847)	-	-	-	

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Other Risks

Raw Materials Price Change Risk

A significant portion of Group's cost is copper price, its price is variable and determined by world's markets. Group's aim to balance to price and maturity models to harmony for the goods which are purchased and sold in order to hedging price change risks. Long term customers price fixing demands apart from these models are managed by hedging transactions.

Not only copper hedging transactions but also stannum, nickel and aluminium and other metals which are faced to price change risk in costs hedging transactions are made.

Share certificates etc. Risks Related to Financial Instruments

There are no shares and similar financial assets that are sensitive to changes in fair value in the Group's assets

Operational Risks

Starting from raw material supplies, production, sales and after-sales are evaluated in a comprehensive manner. All strategic, operational, financial and other elements that are considered to constitute a risk for the Group to achieve its short and long term targets are evaluated at all levels of the organization, starting from the level of the Board of Directors.

In this context, Early Detection of Risk Committee is maintain its operations to determine, evaluate, manage and report strategic, financial, operational risks etc., which are affect the group taking into consediration the decision mechanism in order to advising and making suggestion to board.

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NOTE 39 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON FINANCIAL HEDGING ACCOUNTING)

31.12.2019	Notes	Other Financial Assets at Amortized Value	Loans and Receivables
Financial Assets		91.813.828	859.178.009
Cash and Cash Equivalents	6	87.708.466	-
Trade Receivables	10	-	859.178.009
Financial Investments	7	-	-
Derivative Instruments	14	4.105.362	-
Financial Liabilities		1.146.199.926	301.208.148
Financial Payables	8	1.146.199.926	-
Trade Payables	10	-	301.208.148
Other Financial Liabilities	9	-	-
Derivative Instruments	14	-	-
31.12.2018			
Financial Assets		64.694.513	707.262.363
Cash and Cash Equivalents	6	64.545.928	-
Trade Receivables	10	-	707.262.363
Financial Investments	7	-	-
Derivative Instruments	14	148.585	-
Financial Liabilities		1.035.324.200	124.310.494
Financial Payables	8	1.033.807.769	-
Trade Payables	10	-	124.310.494
Other Financial Liabilities	9	-	-
Derivative Instruments	14	1.516.431	-

Financial Assets Available for Sale	Financial Assets Whose Fair Value Difference Reflected To Income Statement	Other Financial Liabilities at Amortized Values	Book Value	Fair Value
-	536.765	-	951.528.602	951.528.602
-	-	-	87.708.466	87.708.466
-	-	-	859.178.009	859.178.009
-	536.765	-	536.765	536.765
-	-	-	4.105.362	4.105.362
-	-	-	1.447.408.074	1.447.408.074
-	-	-	1.146.199.926	1.146.199.926
-	-	-	301.208.148	301.208.148
-	-	-	-	-
-	-	-	-	-
-	95.582	-	772.052.458	772.052.458
-	-	-	64.545.928	64.545.928
-	-	-	707.262.363	707.262.363
-	95.582	-	95.582	95.582
-	-	-	148.585	148.585
-	-	-	1.159.634.694	1.159.634.694
-	-	-	1.033.807.769	1.033.807.769
-	-	-	124.310.494	124.310.494
-	-	-	-	-
-	-	-	1.516.431	1.516.431

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

[Amounts are expressed in "Turkish Lira" unless otherwise indicated]

The Group believes that the carrying values of financial instruments reflect their fair values.

Financial Risk Management Objectives

The Group's Financial Affairs department is responsible for ensuring access to financial markets on a regular basis and for monitoring and managing the exposures to the Group's operations. These risks are; market risk (including exchange rate risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

In order to mitigate the effects of these risks and to hedge against financial risks, the Group uses forward foreign exchange contracts as derivative instruments.

31.12.2019	Level 1	Level 2	Level 3	Total
Financial Assets	126.410	-	410.355	536.765
<i>Financial Assets Measured at Fair Value Through Profit or Loss</i>	126.410	-	410.355	536.765
<i>Financial Assets Available for Sale</i>				-
Derivative Instruments	-	4.105.363	-	4.105.363
<i>Other Financial Assets/Liabilities at Amortized Value (Net)</i>	-	4.105.363	-	4.105.363

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

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data.

NOTE 40 SUBSEQUENT EVENTS

None.

NOTE 41 THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

Contact Info

HEADQUARTERS

Emek Mahallesi Aşıroğlu Caddesi No:
147 41700 Darıca / KOCAELİ
T [0262] 676 66 00 [20 Hat]
F [0262] 676 66 80
[0262] 676 66 81
[0262] 676 66 83
E info@sarkuysan.com
W www.sarkuysan.com

MAIN FACILITY

Beylikbaşı Mah. Çelikoğlu Caddesi No:
155 41401 Gebze / KOCAELİ
T [0262] 653 26 04 [3 Hat]
[0262] 653 27 52 [7 Hat]
[0262] 653 45 07 [4 Hat]
F [0 262] 653 55 12
[0 262] 653 27 59
E plant@sarkuysan.com

Tuzla Facility

Birlik Organize Sanayi Bölgesi Batı Cad.
No: 4 34953 Tuzla / İSTANBUL
T [0 216] 593 27 27 [pbx]
F [0 216] 593 27 33
E info@bemkawire.com.tr
W www.bemkawire.com.tr

Gebze Facility

Beylikbaşı Mah. 343 Sokak No: 6
41401 Gebze / KOCAELİ
T [0 262] 653 20 20 [pbx]
F [0 262] 654 29 85

STORE

Perpa İş Merkezi, A Blok 7. ve 8. Kat, No:
733-735 34350 Şişli / İSTANBUL
T [0 212] 222 45 96 [2 Hat]
F [0 212] 221 98 77
E sksper@sarkuysan.com

BRANCH OFFICE

Ege Serbest Bölge Şubesi
Ege Serbest Bölgesi Nilüfer Sok. No: 19
Gaziemir / İZMİR
T [0 232] 251 57 51
[0 232] 258 00 26
F [0 232] 251 72 78
E sksege@sarkuysan.com

AGENCY

Sarkuysan S.P.A.
Via Caracciolo 30 20155 Milano / İTALYA
T [0039] 0234592237
F [0039] 0234592189
E italia@sarkuysan.com

SUBSIDIARIES AND AFFILIATES

Demisaş Döküm Emaye Mamulleri San. A.Ş.

Headquarters
Emek Mah. Aşıroğlu Cad. No:147
41700 Darıca / KOCAELİ
T [0 262] 677 46 00 [pbx]
F [0 262] 677 46 99
W www.demisas.com.tr

Factory

Vezerhan Beldesi, [11130] / BİLEÇİK
T [0 228] 233 10 14
F [0 228] 233 12 46
E info@demisas.com.tr

Sarmakina San. ve Tic. A.Ş.

Headquarters and Factory
Osmangazi Mah. Kanuni Sok. No: 12
41700 Darıca / KOCAELİ
T [0 262] 653 90 82 [pbx]
F [0 262] 653 90 89
E info@sarmakina.com.tr
W www.sarmakina.com.tr

Sarda Dağıtım ve Tic. A.Ş.

Bankalar Cad. İletim Şark Han No: 16 Kat:
5-6 34420 Karaköy Beyoğlu / İSTANBUL
T [0 212] 252 88 34 [pbx]
F [0 212] 251 25 24
E sarda@sarkuysan.com

Bektaş Bakır Emaye Kablo San. ve Tic. A.Ş.

Emek Mah. Aşıroğlu Cad. No: 147
41700 Darıca / KOCAELİ
T [0 262] 676 66 95
F [0 262] 676 66 85
E bektasemaye@sarkuysan.com

Germany Office

Eschenweg 10 D-30855 Langenhagen
Hannover / ALMANYA
T +49 [0] 511 978117-90
F +49 [0] 511 978117-97

Italy Office

Via Caracciolo, 30 20155 Milano / İTALYA
T +39 [02] 34592237
F +39 [02] 34592189
E bemka@bemka.it

Sark Wire Corp.

120 Industrial Park Road Albany, NY
12206 USA
T 001 518 453 4199
F 001 518 453 4166
E marketing@sark-usa.com
W www.sarkwire.com

Sark Bulgaria AD.

Shumen 9700 Second Industrial Zone
No: 1
T 00 359 89 540 3003
F 001 518 453 4166
E project@sarkuysan.com

