NURØL İNŞAAT
VE TİCARET A.Ş.
01 JANUARY - 31 DECEMBER 2021
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH THE
INDEPENDENT AUDITORS' REPORT

REF: 2021-090322-SPK-014

NUROL İNŞAAT VE TİCARET A.Ş.
Consolidated Financial Statements and Independent Audit Report
As of January 01, 2021 and December 31, 2020

To the General Assembly of Nurol İnşaat ve Ticaret A.Ş.;

A. Independent Auditor's Report for Consolidated Financial Statements

1) Opinion

We have audited the accompanying consolidated financial statements of Nurol İnşaat ve Ticaret A.Ş. ("the Company") and its subsidiaries, branches and joint ventures listed under note 1 (together "the Group"), which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021 and of its financial performance and its cash flows for the years then ended in accordance with Turkish Financial Reporting Standards issued by Public Oversight Accounting and Auditing Standards Authority.

2) Basis for Opinion

We conducted our audit in accordance with Capital Market Board Independent Audit legislation and Turkey Independent Audit Standards which is issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Turkish Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Turkish Ethics Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Turkish Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matters

In the accompanying consolidated financial statements, the Group has consolidated its foreign construction companies and foreign branches fully and its joint ventures with proportional consolidation method. However, the Company has not presented consolidated financial statements to account for its subsidiaries owned more than 50% and has not applied equity accounting for those investments in which it has a shareholding between 20% - 50%. In the accompanying consolidated financial statements, the investments are carried at cost. Additionally, a separate audit report of the consolidated financial statements for Nurol Holding A.Ş., the parent company of Nurol İnşaat, has been consolidated. (Note:1)

4) Other Matter

Consolidated subsidiaries of the Group, financial statements of Nurol L.L.C., Nurol Georgia L.L.C., Nurol Georgia Branch, Nurol İnşaat Morocco Branch, Nurol - Özaltın - Makyol - Astaldi - Göçay Joint Venture (NÖMAYG) ve Otoyol Yatırım ve İşletme A.Ş. for the accounting period of 01 January - 31 December 2021 were audited by other audit firms. "Unqualified Opinion" was given in the independent audit reports prepared by the aforementioned audit firms.

The Group has restated its consolidated financial statements for the years ended 31 December 2020 in accordance with the "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8) standard, and Details on the restatement of financial statements are included in the section on Accounting Policies, Changes in Estimates and Errors in Note 2 Basis Of Presentation of Financial Statements.

5) Key Audit Issues

Key audit issues are the most important issues in the independent audit of the financial statements of the current account in accordance with our professional judgment. The key audit issues are discussed in the framework of the independent audit of the financial statements as a whole and we do not give a separate opinion on these matters. By us; the following topics have been identified as key auditing issues and have been reported in our report.

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Recognition of Revenue (Note 24- Note 13) A significant portion of the Group's revenue consists of project contracts and construction works (real estate development, construction contracts, armoured vehicle production, etc.). The consolidated revenue of the Group for the year ending on December 31, 2021 is thousand TRY 4.111.047 (December 31, 2020: thousand TRY 3.167.455), and a significant portion of the consolidated revenue consists of contract revenues related to the projects. Within the scope of revenue recognition, determining the results of construction projects that include project-specific conditions, especially the estimation of the cost to be incurred for the completion of the projects, the impact of the contract revenue on the uncertainties related to the results of future events and the accounting of the amounts related to the project amendments are based on the estimates and judgments of the management. Revenue recognition from construction and project contracts (together with the recognition of receivables from ongoing construction contracts and debts from ongoing construction contracts) has been identified as a key audit matter as it relies heavily on management's estimates and judgments.	<u>During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied:</u> - We have reviewed the terms and conditions of construction contracts which have significance in the determination of whether revenue is recognized for the related period and evaluation of estimates used by the management. - We evaluated and tested the operating effectiveness of controls over the relevant processes regarding the accuracy and timing of revenue recognized in the consolidated financial statements. - Samples have been selected regarding the costs incurred for ongoing construction projects by the Group and have been tested using supporting documents. - The contract revenue associated with construction contracts have been recalculated using the input method. - The cost budgets of construction contracts and their forecasts have been compared with the results of the previous year to examine whether it is reasonable. Based on our audit, the disclosures in the notes to the consolidated financial statements related to the realization of the Group's revenue are reviewed and the adequacy of the information included in the notes have been deemed appropriate with regards to TFRS 15 and other related standards.

5) Key Audit Issues (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
Financial Liabilities (Note: 8) In the consolidated financial statements of the Group, short-term and long-term financial liabilities amount to thousand TRY 7.546.725 (31.12.2020: Thousand TRY 4.996.330), constituting 38.82% of the Group's total liabilities. Financial liabilities have been identified as a key audit matter due to the complexity of the audit and the calculation technique, which have a significant impact on the consolidated financial statements.	<u>During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied:</u> -Our audit procedures are designed to question the accuracy of bank loans, and confirmatory documents such as important bank loans were provided during the audit process. - Confirmations regarding the Group's bank loan balances have been obtained. - Calculations related to current period loan interest provisions have been recalculated and checked. - Period-end exchange rate valuation transactions for foreign currency loans have been recalculated. - The explanations in the notes to the financial statements regarding bank loans were examined and the adequacy of the information included in these notes was evaluated.

Key Audit Matters	How our audit addressed the Key Audit Matter
Investments accounted for using the equity method (Note 16) Otoyol Yatırım ve İşletme A.Ş., which is valued by the Group's equity method and owns 25.95% (31.12.2020: 25.95 %), has a share of thousand TRY 10.397.717 (31.12.2020: thousand TRY 4.884.424) in Nurol İnşaat. For the accounting periods ending on 31 December 2021 and 2020, the share of the Group's investment in the profits, which is valued using the equity method is thousand TRY 5.514.162 and thousand TRY 1.390.722, respectively. Otoyol Yatırım ve İşletme A.Ş. has been accounted for using the equity method in its consolidated financial statements as of 31 December 2021 and 2020.	<u>During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied:</u> -The total equity value of Otoyol Yatırım ve İşletme A.Ş., subject to investments valued by the equity method, as of 31 December 2021 is 40.068.272 thousand TRY (31 December 2020: 18.822.444 thousand TRY) and it is confirmed that the equity method is in line with the increase in the related valued investments. Investments valued by the recalculation method and the equity method, and the amount sent to the Profit and Loss statement have been made. - Financial statements, attendance sheets, general assembly minutes, trade registry gazettes, etc. for the investment valued by the equity method. The accuracy of the information in the records was checked. - An external confirmation letter has been received for investments valued using the equity method.

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

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

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

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

7) Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. Our audit 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 Company's internal control.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company 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.

7) Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

B) Reports On Independent Auditor's Responsibilities Arising From Other Regulatory Requirements

In accordance with Article 378 of the Turkish Commercial Code ("TCC") numbered 6102, for Nurol İnşaat A.Ş. ("Company"), it is not mandatory to establish an expert committee to manage the risk since the company's shares are not traded on the stock exchange. Our audit does not include evaluating the operational efficiency and adequacy of the activities carried out by the Company Management in order to manage these risks. As a result of the independent audit, no important issue was encountered regarding the necessity of the said committee.

According to paragraph four of article numbered as 402 of TCC (6102) at the accounting period of the Company as of January 1 – December 31, 2021, there is not any important matter encountered regarding the system of bookkeeping and financial statements.

According to paragraph four of article numbered as 402 of TCC, Board of Directors made the required disclosures and provided the requested documentation within the framework of the audit.

Osman Tuğrul Özsüt is the chief auditor who conducts and finalizes this independent audit.

As Bağımsız Denetim ve YMM A.Ş.
(Member of **NEXIA INTERNATIONAL**)

Osman Tuğrul ÖZSÜT
Engaged Auditor

İstanbul, March 09, 2021

Nurol İnşaat ve Ticaret A.Ş. and Its Foreign Subsidiaries, Branches and Joint Ventures

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NUROL İNŞAAT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020
(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

ASSETS	Notes	Audited Current Period 31 December 2021 TRY	Audited Current Period 31 December 2021 USD	Restated Prior Period 31 December 2020 TRY	Restated Prior Period 31 December 2020 USD
Current Assets					
Cash and cash equivalents	5	841.687	64.857	478.741	65.219
Financial assets	7	706	54	1.069	146
Trade receivables					
- Due from related parties	4	8.873	684	36.466	4.968
- Other trade receivables	6	842.885	64.950	592.699	80.744
Other receivables					
- Due from related parties	4	18.736	1.444	47.973	6.535
- Other receivables	9	113.419	8.740	27.664	3.769
Inventories	10	836.861	64.486	576.894	78.591
Unbilled contract costs	13	1.039.793	80.123	863.412	117.623
Prepaid expenses	11	51.282	3.952	16.173	2.203
Current income tax asset	28	168.143	12.957	183.236	24.962
Other current assets	22	243.335	18.751	106.745	14.542
Available for sale financial assets	12	1.275.139	98.258	982.933	133.905
Total Current Assets		**5.440.859**	**419.256**	**3.914.005**	**533.207**
Non-Current Assets					
Trade receivables					
- Due from related parties	4	--	--	--	--
- Other trade receivables	6	--	--	3.706	505
Other receivables					
- Due from related parties	4	889.638	68.552	25.864	3.523
- Other receivables	9	4.857	374	3.473	473
Investments	14	197.392	15.210	185.614	25.286
Investments recognized using the equity method	16	10.397.717	801.211	4.884.424	665.408
Investment properties	18	1.649.466	127.102	1.609.003	219.195
Property, plant and equipment	15	481.168	37.077	331.590	45.173
Intangible assets					
- Goodwill	17	23.333	1.798	23.333	3.179
- Other intangible assets	19	1.042	80	868	118
Prepaid taxes and funds	28	87.550	6.746	29.939	4.079
Prepaid expenses	11	6	--	7	1
Deferred tax assets	28	268.603	20.698	5.011	683
Total non-current assets prior to discontinued operations		**14.000.772**	**1.078.848**	**7.102.832**	**967.623**
Discontinued operations		--	--	--	--
Total Non-Current Assets		**14.000.772**	**1.078.848**	**7.102.832**	**967.623**
TOTAL ASSETS		**19.441.631**	**1.498.104**	**11.016.837**	**1.500.830**

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

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

LIABILITIES	Notes	Audited Current Period 31 December 2021 TRY	Audited Current Period 31 December 2021 USD	Restated Prior Period 31 December 2020 TRY	Restated Prior Period 31 December 2020 USD
Current Liabilities					
Financial liabilities	8	565.336	43.563	456.149	62.141
Trade payables					
- Due to related parties	4	3.638	280	36.034	4.909
- Other trade payables	6	1.262.971	97.320	655.177	89.255
Liabilities for employee benefits	21	28.792	2.219	13.880	1.891
Other payables					
- Due to related parties	4	73.728	5.681	88.571	12.066
- Other payables	9	35.227	2.714	29.853	4.067
Deferred income	11	86.721	6.682	32.871	4.478
Deferred contract revenue	13	312.328	24.067	126.376	17.216
Short term provisions					--
- Short term provisions for employee benefits	21	3.216	248	1.943	265
- Other short-term provisions	20	14.504	1.118	4.775	651
Other current liabilities	22	53.779	4.144	32.185	4.385
Total Current Liabilities		**2.440.240**	**188.036**	**1.477.814**	**201.324**
Non-Current Liabilities					
Financial liabilities	8	6.981.389	537.961	4.540.181	618.511
Trade payables					--
- Due to related parties	4	--	--	--	--
- Other payables	6	1.030.632	79.417	804.771	109.634
Other payables					--
- Due to related parties	4	1.861.543	143.444	346.846	47.251
- Other payables	9	1.788	138	25	3
Advances received	11	287.022	22.117	135.178	18.415
Long term provisions					--
- Long term provisions for employee benefits	21	10.163	783	5.886	802
Other non-current liabilities	22	62.569	4.821	46.422	6.324
Deferred tax liabilities	28	52.918	4.078	60.137	8.192
Total non-current liabilities prior to discontinued operations		**10.288.024**	**792.759**	**5.939.446**	**809.132**
Discontinued operations		--	--	--	--
Total Non-Current Liabilities		**10.288.024**	**792.759**	**5.939.446**	**809.132**
EQUITY					
Equity Attributable to Owners of the Parent					
Share capital	23	445.471	34.326	445.471	60.687
Other comprehensive income/expense not to be reclassified to profit					
- Actuarial *gains / (loss)*	*23*	(7.378)	(569)	(4.519)	(616)
- Revaluation of property, plant and equipment	*23*	856.131	65.970	831.280	113.246
Other comprehensive income/expense to be reclassified to profit					
- Currency translation differences	*23*	877.687	67.631	456.731	62.221
- Revaluation and reclassification gains / (loss)	*23*	1.076.629	82.961	638.747	87.017
Restricted reserves	23	367.203	28.295	340.276	46.356
Prior years' income		875.088	67.431	603.602	82.229
Net profit / (loss) for the period		2.222.536	250.972	287.989	41.120
Non-Controlling Interests		--	--	--	--
Total non-current liabilities prior to discontinued operations		**6.713.367**	**597.017**	**3.599.577**	**492.260**
Translation Difference		--	(79.708)	--	(1.886)
Total Equity		**6.713.367**	**517.309**	**3.599.577**	**490.374**
Commitments and Contingencies		--	--	--	--
TOTAL LIABILITIES AND EQUITY		**19.441.631**	**1.498.104**	**11.016.837**	**1.500.830**

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

NUROL İNŞAAT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020
(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

	Notes	Audited Current Period 1 January - 31 December 2021 TRY	Audited Current Period 1 January - 31 December 2021 USD	Restated Prior Period 1 January - 31 December 2020 TRY	Restated Prior Period 1 January - 31 December 2020 USD
Revenue	24	4.111.047	464.226	3.167.455	452.274
Cost of sales (-)	24	(3.701.622)	(417.993)	(3.005.709)	(429.179)
Gross profit from trading activity		**409.425**	**46.233**	**161.746**	**23.095**
General administrative expenses (-)		(177.069)	(19.995)	(92.269)	(13.175)
Research and development expenses (-)		(4.183)	(472)	(3.058)	(437)
Other operating income	25	12.339	1.393	19.351	2.763
Other operating expenses (-)	25	(106.789)	(12.059)	(53.464)	(7.634)
Operating profit		**133.723**	**15.100**	**32.306**	**4.612**
Shares from profit / (loss) of investments revalued with the equity method	16	5.514.162	622.668	1.390.722	198.578
Income from investment activities	26	31.189	3.522	39.999	5.711
Expenses from investment activities (-)	26	(34.391)	(3.883)	(7)	(1)
Operating profit before financial income and (expenses)		**5.644.683**	**637.407**	**1.463.020**	**208.900**
Financial income	27	715.633	80.810	911.587	130.163
Financial expenses (-)	27	(4.406.806)	(497.624)	(2.157.666)	(308.088)
Profit / (loss) before tax		**1.953.510**	**220.593**	**216.941**	**30.975**
Tax income / (expenses) from continued operations					
Tax	28	--	--	--	--
Deferred tax charge	28	269.026	30.379	71.048	10.145
Profit / (loss) from continued operations		**2.222.536**	**250.972**	**287.989**	**41.120**
Loss from discontinued operations		--	--	--	--
PROFIT / (LOSS) FOR THE PERIOD		**2.222.536**	**250.972**	**287.989**	**41.120**
Distribution of profit / (loss)					
Non-controlling interest		--	--	--	--
Equity holders of the parent		2.222.536	250.972	287.989	41.121
Earnings per share		**0,00501**	**--**	**0,00065**	**--**
EBITDA		**291.517**	**32.919**	**152.394**	**21.760**

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

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

	Audited Current Period 1 January - 31 December 2021	Restated Prior Period 1 January - 31 December 2020
	TRY	TRY
Profit for the Period	**2.222.536**	**287.989**
Other Comprehensive Income / (Expense):		
Items not to be reclassified to profit or loss	**32.416**	**29.482**
Revaluation of property, plant and equipment (Nurol LLC)	24.851	3.446
Resructuring Law No: 7144 revaluation of property, plant and equipment (İnşaat)	--	--
Revaluation of Sheraton Hotel (Georgia)	--	--
Tax effect on revaluation of Sheraton Hotel (Georgia)	--	--
Revaluation of investment properties	--	--
Tax effect on revaluation of investment properties	--	--
Actuarial gains / loss on defined benefit plans	(4.644)	894
Deferred tax effect of actuarial gains / loss on defined benefit plans	1.785	(1.793)
Correction of prior year losses	10.424	(150)
Nurol Arabia and Irak Branches exclusion from consolidation	--	27.085
Revaluation of financial assets held for sale	--	--
Sell and leaseback (Nurol Plaza)	--	--
Items to be reclassified to profit or loss	**858.838**	**595.826**
Currency translation differences	420.956	(42.921)
Revaluation of financial assets held for sale	437.882	638.747
Change in shares of investments revalued by equity method	--	--
Other Comprehensive Income / (Expense)	**891.254**	**625.308**
Total Comprehensive Income	**3.113.790**	**913.297**
Attributable to	**3.113.790**	**913.297**
- Non controlling interest	--	--
- Equity holders of the parent	3.113.790	913.297

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

NUROL İNŞAAT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020
(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

	Share capital	Actuarial gain / (loss)	Revaluation and classification acquisition / (losses)	Foreign currency translation differences	Restricted reserves	Revaluation of financial assets held for sale	Prior years' income	Net profit for the period	Total
Balance at 31 December 2019	**445.471**	**(3.620)**	**827.834**	**488.968**	**--**	**453.774**	**299.388**	**174.465**	**2.686.280**
Transfer to general reserves	--	--	--	--	--	(113.498)	287.963	(174.465)	--
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	(899)	--	--	--	--	--	--	(899)
Revaluation of property, plant and equipment (Nurol LLC)	--	--	3.446	--	--	--	--	--	3.446
Foreign currency translation differences	--	--	--	(42.921)	--	--	--	--	(42.921)
Nurol Arabia ve Irak Branches exclusion from consolidation	--	--	--	10.684	--	--	16.401	--	27.085
Revaluation of financial assets held for sale	--	--	--	--	638.747	--	--	--	638.747
Correction of prior years losses	--	--	--	--	--	--	(150)	--	(150)
Net profit for the period	--	--	--	--	--	--	--	287.989	287.989
Balance at 31 December 2020	**445.471**	**(4.519)**	**831.280**	**456.731**	**638.747**	**340.276**	**603.602**	**287.989**	**3.599.577**
Transfer to general reserves	--	--	--	--	--	26.927	261.062	(287.989)	--
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	(2.859)	--	--	--	--	--	--	(2.859)
Revaluation of property, plant and equipment (Nurol LLC)	--	--	24.851	--	--	--	--	--	24.851
Foreign currency translation differences	--	--	--	420.956	--	--	--	--	420.956
Revaluation of financial assets held for sale	--	--	--	--	437.882	--	--	--	437.882
Correction of prior years losses	--	--	--	--	--	--	10.424	--	10.424
Net profit for the period	--	--	--	--	--	--	--	2.222.536	2.222.536
Balance at 31 December 2020	**445.471**	**(7.378)**	**856.131**	**877.687**	**1.076.629**	**367.203**	**875.088**	**2.222.536**	**6.713.367**

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

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

	Audited Current Period 1 January - 31 December 2021	**Restated Prior Period 1 January - 31 December 2020**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) for the period	2.222.536	287.989
Adjustments to reconcile net cash generated		
Depreciation and amortization charge	157.794	120.088
Changes in doubtful debt provision	4.251	(502)
Provision for employee termination benefits	5.550	1.948
Changes in provision for lawsuits	9.956	1.207
Adjustments related to interest (income) / expense	898.403	687.023
Revaluation of property, plant and equipment (Nurol LLC)	24.851	3.446
Period profit from investments recognised using the equity method	(5.514.162)	(1.390.722)
Foreign currency translation differences	420.956	(42.921)
Deferred tax asset / (liability), net	(269.026)	(71.048)
Tax effect of actuarial loss / gain	(1.785)	1.793
Changes in net working capital		
Increases/decreases in inventories	(259.967)	(374.843)
Increases/decreases in trade receivables	(223.138)	334.613
Increases/decreases in other receivables	(921.676)	(46.412)
Changes in receivables from costs on ongoing construction contracts	(176.381)	(153.258)
Increases / decreases in prepaid expenses	(35.108)	(2.111)
Increases / decreases in other current non-current assets	(136.590)	18.162
Increases/decreases in trade payables	801.259	365.356
Increases/decreases in other payables	1.613.494	409.295
Changes in receivables from costs on uncompleted construction contracts	185.952	11.046
Increase/decreases related to other liabilities in relation with advances received	151.844	58.557
Actuarial loss/gain	(2.859)	(899)
Tax paid/returned	(42.518)	168.778
Other short-term provisions	(227)	(744)
Net Cash Flows Generated from Operating Activities	(1.086.591)	385.841
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash flows generated from/used in financial liabilities	109.187	(61.578)
Cash flows generated from/used in non-current financial liabilities	2.441.208	399.998
Correction of prior years losses	10.424	(150)
Interest expense paid	(898.403)	(687.023)
Change in fair value of available-for-sale financial assets	(292.206)	(982.933)
Net Cash Flows Generated from Financing Activities	1.370.210	(1.331.686)
C. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Proceeds from investments recognized using the equity method	869	--
Financial investments	(11.415)	345.622
Changes in property, plant and equipment	(297.710)	(58.639)
Changes in intangible assets	(829)	(640)
Changes in investment properties	(49.470)	19.952
Nurol Arabia ve Irak Branches exclusion from consolidation	--	27.085
Revaluation of held for sale financial assets	437.882	638.747
Net Cash Flows Used in Investment Activities	79.327	972.127
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**362.946**	**26.282**
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**478.741**	**452.459**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**841.687**	**478.741**

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

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

1. Organization and Nature of Activities of the Group

Nurol İnşaat ve Ticaret A.Ş. ("the Company" or "Nurol İnşaat") was established in 1966 to operate mainly in the construction sector. The Group is engaged in the construction of infrastructure and superstructure projects, dams, hydroelectric power plants, hotels, housing estates, turnkey production and industrial facilities and wastewater treatment facilities.

The Group is a member of Nurol Holding Group. The Group's parent is "Nurol Holding A.Ş." and is ultimately controlled by the "Çarmıklı" family members.

The registered office address of the Group is Büyükdere Street Nurol Plaza No: 255 Kat:19 Maslak, Sarıyer, Istanbul, Turkey. As of 31 December 2021, 9.368 personnel were employed within the Group on average (31 December 2020: 9.226 personnel).

As of 31 December 2021, and 31 December 2020, the shareholding structure is as follows:

	31.12.2021	Share ratio (%)	31.12.2020	Share ratio (%)
Nurol Holding A.Ş.	443.533	99,9	443.533	99,9
Nurettin Çarmıklı	137	0,03	137	0,03
Erol Çarmıklı (*)	--	--	137	0,03
Mehmet Oğuz Çarmıklı	137	0,03	137	0,03
Aynur Türkan Çarmıklı	28	0,01	28	0,01
Müjgan Sevgi Kayaalp	28	0,01	28	0,01
Figen Çarmıklı	137	0,03	--	--
	444.000	**100**	**444.000**	**100**
Positive distinction from share capital adjustment	1.471		1.471	
Total	**445.471**		**445.471**	

(*) Due to the passing of Mr. Erol Çarmıklı, one of the shareholders of the Company, the shares amounting to thousand TRY 137 for a share rate of 0,03% were transferred to Figen Çarmıklı with the court decision dated 7 September 2021.

The projects undertaken by the Group as of 31 December 2021 are summarized below (Note 13):

Turkey Projects
- Eyiste Viaduct Project (Nurol İnşaat)
- Silifke - Mut Road Construction Works (Nurol İnşaat)
- İzmir Çiğli Tramway Line Project (Nurol İnşaat)
- Ilısu Dam and Hydroelectric Power Plant Project (Nurol Cengiz Joint Venture)
- Ordu Highway Completion Project (Nurol - Yüksel - YDA - Özka Joint Venture),
- Yeşilyaka Project (Mesa - Nurol Joint Venture)
- Ümraniye – Ataşehir - Göztepe Metro Project (Gülermak - Nurol - Makyol Joint Venture)
- Yusufeli Group Dam Bridges Project (Nurol - Gülsan Joint Venture)

Algeria Projects
- Boukhroufa Dam (Algeria)
- Souk Tlata Dam (Algeria)
- East-West-Highway – Tzi Ouzu City Connecting Highway (Algeria)

Romania Projects
- Nusfalau – Suplacu de Barcau 3B5 (km 66 + 500 – km 80 + 054.044) Motorway Design and Construction Works

United Arab Emirates Projects
- Riyadh City South Phase-4 (Abu Dhabi)

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

1. Organization and Nature of Activities of the Group (Continued)

Nurol L.L.C., Nurol Georgia L.L.C, Nurol İnşaat Georgia Branch, Nurol İnşaat Algeria Branch Nurol İnşaat Morocco Branch and Nurol İnşaat Romania Branch have been included in the accompanying consolidated financial statements fully and joint ventures have been included in the accompanying financial statements using the proportional consolidation method.

Otoyol Yatırım ve İşletme A.Ş. was established on 20 September 2010, in Ankara to construct, operate and transfer the Gebze-Orhangazi-Izmir Highway (including transition and connection roads of Izmir Bay) at the end of the period. The project is designed with the build - operate - transfer model. Nurol İnşaat owns 25.95% of the shares of Otoyol Yatırım ve İşletme A.Ş. (2020: 25.95%) and is listed in the accompanying consolidated financial statements under investments recognized using the equity method (Note 16).

	Branches and Joint Ventures (%)	
	31.12.2021	**31.12.2020**
Overseas		
Nurol L.L.C.	100	100
Nurol Georgia L.L.C.	100	100
Nurol Georgia Branch	100	100
Nurol İnşaat Algeria Branch	100	100
Nurol İnşaat Morocco Branch	100	100
Nurol İnşaat Romania Branch	100	100
Nurol Saudi Arabia LLC (*)	--	--
Nurol İnşaat Erbil Branch (*)	--	--
Nurol İnşaat Baghdad Branch (*)	--	--
Domestic		
Nurol - Cengiz Joint Venture	50	50
Nurol - Cengiz Hasankeyf Joint Venture	50	50
Özgün - Nurol Joint Venture	50	50
Nurol - Yüksel - YDA - Özka Joint Venture	40	40
Nurol - Mesa Joint Venture	50	50
Nurol - Gülermak Joint Venture	50	50
Nurol - Gülsan Joint Venture	50	50
Gama - Nurol Joint Venture	50	50
Nurol - Gülermak - Makyol Joint Venture	33,33	33,33
Nurol - Özaltın - Makyol - Astaldi - Göçay Joint Venture (NÖMAYG)	25,17	25,17
Nurol - Yüksel - Özka - YDA Joint Venture	25	25

(*)Nurol Saudi Arabia Branch, with the decision of the shareholders has been liquidated as of 03 March 2020 and Nurol İnşaat Iraq Branches (Erbil and Baghdad) have been liquidated as of 31 December 2020 and both branches have not been consolidated in the accompanying financial statements as of31 December 2021 and 2020.

The Group has been affected by the internal turmoil in Iraq since July 2014. Especially with the developments in this country and the increase in geopolitical risks in the Middle East, the risk perception towards Turkey has deteriorated. The Group had to partially stop its activities due to force majeure in Iraq.

Nurol Erbil and Baghdad projects have been completed as of the end of 2018, and most of their collections have been made.

1. Organization and Nature of Activities of the Group (Continued)

In the accompanying financial statements, the Company has consolidated its foreign construction companies and foreign branches fully and its joint ventures with proportional consolidation method. However, the Company has not presented consolidated financial statements to account for its subsidiaries owned more than 50% and has not applied equity accounting for those investments in which it has a shareholding between 20% - 50%. In the accompanying consolidated financial statements, the investments are carried at cost. Additionally, a separate audit report of the consolidated financial statements for Nurol Holding A.Ş., the parent company of Nurol İnşaat, is prepared.

The ongoing projects of Nurol İnşaat, its foreign branches and subsidiaries as of 31 December 2021 are as follows:

Nurol İnşaat ve Ticaret A.Ş.

Eyiste Viaduct Project:

The Eyiste Viaduct project started at the end of 2016 and includes the construction of a viaduct which will be constructed by a balanced console method consisting of 2 sides and 8 middle distances to be built on the Belören-Hadim state road in Konya province. The length of Viaduct is 1,372 meters is 155 m. The project is planned to be completed in October 2022.

Silifke-Mut Road Project:

Silifke – Mut Road Project at Nurol İnşaat's responsibility, 16.7 km long 2x2 lane highway will be constructed together with tunnels and art works. According to project, a double tube highway tunnel with a total length of 6,850 m and an elevator with a length of 410 m, will be constructed by inclined hanging and balanced console method where II. Kılıç Arslan Bridge is located. The project is planned to be completed in December 2023.

İzmir Çiğli Tram Line Construction Works

The Tram Line to be constructed in the Çiğili District of İzmir includes the 500-metre-long tram bridge, electromechanical works and the extension of the platforms of the stops of the Konak Tram Line. The project is expected to be completed in December 2022.

Nurol L.L.C.

Nurol L.L.C. was established in April 2003 in Abu Dhabi, the capital city of the United Arab Emirates as a local company. Dubai branch was opened in 2004. The main purpose of the company is to evaluate the potential in the construction sector in the region and operate in voluminous projects.

Ongoing projects of Nurol L.L.C. in Abu Dhabi and Dubai as of year end 2021 are as follows:

Riyadh City South Phase-4

Within the scope of the project established on a land of 960 hectares, the construction and completion of infrastructure works including roads, pavements and landscaping works, street lighting, drinking water network, energy network and transformer center, rainwater and sewage systems, irrigation networks, telecommunication, monitoring and controlling center along with 3,199 villas and residential units are to be completed.

Nurol Georgia L.L.C.

Nurol Georgia was established in Batumi, Georgia in April 2007 to operate in the construction sector. Nurol Georgia has completed the construction of the Ministry of Internal Affairs building in Tbilisi, Sheraton Hotel in Batumi and headquarters of Nurol Georgia in Salibauri. Nurol Georgia has completed the Paravani HEPP Project under supervision of Nurol Makina Çelik in 2015.

1. Organization and Nature of Activities of the Group (Continued)

Nurol İnşaat Georgia Branch

Nurol İnşaat Georgia Branch continues its activities in cooperation with Nurol Georgia L.L.C. The Batumi Sheraton Hotel, which was built by Nurol Georgia LLC and operated by Nurol Georgia Branch, was completed in the spring of 2010.

Nurol İnşaat Algeria Branch

Nurol İnşaat Algeria Branch was established in 2003 and the ongoing projects as of year-end 2021 are as follows:

Boukhroufa Dam Project

The project is assumed by Nurol-Özaltın joint venture. Project scope is the construction of the dam for 125 million m^3 of irrigation water supply for the agricultural field of Bouteldja city in El Tarf province. The project is scheduled for completion in August 2023.

Souk Tleta Dam Project:

Project scope is the construction of Tizi Ouzou province, Draa Ben Khedda Dam construction on the 8 km Bougdoura level for Tizi Ouzou and Boumdes region for 98 million m^3 irrigation and drinking water supply. The project is scheduled for completion in March 2024.

Algeria Tizi-Ouzou Road, Tunnel and Access Roads Project

The project is assumed by Özgün-Nurol-Engoa joint venture. The scope of the project is construction and landscaping works of the main roads, superstructure and infrastructure works, drainage systems of the Access Road of the east-west highway at the Tizi Ouzou and Bouira provinces the project is scheduled for completion in December 2026.

Nurol Romania Branch

Design and Execution of subsection 3B; Nusfalau – Suplacu de Barcau 3B5 (km 66 + 500 – km 80 + 054.044) *Motorway*

The project is comprised of the construction of 5 bridges and 7 overpasses along with a 13.5 km long 2x2 lane motorway along with the design, earthworks, infrastructure relocation, sub-base, base and bituminous pavement works, bridges and overpass work. The project is planned to be completed in 24 months; 6 months design; 18 months construction. The project is planned to be complete on February 2023.

Nurol - Cengiz Joint Venture

Ilısu Dam and Hydroelectric Power Plant Project

The body volume of the dam is 23.76 million m3, the annual energy production of the power plant with an installed power of 1,200 mWh in the project, which is a rock-fill dam with a concrete section and concrete front, located on the Tigris River in Mardin. The height of the dam from the foundation is 131 m and the maximum water level is 528.87 m. The provisional acceptance of the project was made on 7 October 2020.

Nurol - Özgün Joint Venture

The Incorporation undertook the construction of the Connection Motorway between the East-West Highway and the City of Tzi Ouzu in Algeria with the contract signed in March 2014. Within the scope of the project, 48 km long highway connection including 3 double tube tunnels (2x2.7 km) and 25 viaducts / bridge crossings (2x10 km) will be realized.

1. Organization and Nature of Activities of the Group (Continued)

Nurol - Yüksel - YDA - Özka Joint Venture

Ordu Highway Completion Construction Project

The joint venture was established for the Ordu Highway Completion Construction Project's Contract, within the scope of the remaining from the main project, a motorway in the standards of a highway in the length of 21.4 km will be constructed. According to the agreement, the project is planned to be completed in February 2023.

Mesa-Nurol Joint Venture

Yeşilyaka Project

The partnership has been established for the construction of Yeşilyaka Project. Yeşilyaka, Büyükçekmece, is located on the land in size of 1,000,000 m2 in Sırtköy area is including planned villa, social facility, sale office and trade area. The project is planned to be completed in August 2024.

Nurol-Gülsan Joint Venture

Yusufeli Dam Bridge Construction Project

The partnership was established for the construction of Yusufeli Dam Bridges, and a total of 2,209 m length balanced 4 console bridges will be constructed. The project is planned to be completed July 2022.

Gülermak-Nurol-Makyol Joint Venture

Ümraniye-Ataşehir-Göztepe Metro Project

The partnership was established for the construction of Ümraniye-Ataşehir-Göztepe Metro Project. The project is comprised of a total of 11 stations with 13 km length of single-line TBM tunnels, 2 railway tunnels (to be excavated with NATM method) and one Dudullu-Bostancı metro line with one-line connection tunnel (with NATM method) construction, architecture works and electromechanical installations. The project is planned to be completed in April 2024.

2. Basis of Presentation of the Financial Statements

Basis of Presentation

The Group keeps and prepares its statutory books and statutory financial statements in accordance with the accounting principles set by the Turkish Commercial Code ("TCC") and tax legislation.

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the "Communiqué on Principles of Financial Reporting in the Capital Markets" ("Communiqué") numbered II-14.1 published in the Official Gazette dated 13 June 2013 and numbered 28676 of the Capital Markets Board ("CMB").

Companies that make financial reporting in accordance with the CMB legislation are obliged to implement the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, Accounting Standards and Auditing Authority of Turkey ("POA"), according to Article 5 of the Communiqué. It consists of Turkish Financial Reporting Standards, Turkish Accounting Standards ("TAS") / TFRS and related annexes and comments.

Consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the POA on April 15, 2019 and the "Financial Statement Examples and User Guide" published by the CMB.

2. Basis of Presentation of the Financial Statements (Continued)

Basis of Presentation (Continued)

The accompanying consolidated financial statements are based on the Group's legal records and have been prepared by making the necessary adjustments and classifications in order to present the Company's financial position adequately and to make a correct presentation in accordance with TFRS.

Functional and reporting presentation currency

The currency and functional currency of the country of residence of the Company is Turkish Lira (“TRY”). The Company uses the measurement items in its financial reports and the functional currency as Turkish Lira.

The financial statements of each business of the Group are presented in the currency of the primary economic environment in which they operate (“functional currency”).

In the consolidated financial statements of subsidiaries, joint ventures and associates operating in foreign countries, which are prepared in accordance with the Group's accounting policies; Assets and liabilities are translated into TRY using the foreign exchange rate on the balance sheet date, and income and expenses are converted into TRY using the average exchange rates. Currency differences resulting from the use of closing and average exchange rates are followed under the “foreign currency translation differences” item in shareholders' equity.

Going Concern

The company has prepared its financial statements in accordance with the going concern principle.

The COVID-19 epidemic, which was declared a pandemic by the World Health Organization on March 11, 2020, continues to cause disruptions in activities around the world and adversely affect economic conditions. As a result, the effects of the pandemic continue in many areas such as asset prices, liquidity, exchange rates and interest rates, and uncertainties regarding the future continue. It is considered that the impact of the pandemic may create negative effects on economic activities in the world and in Turkey in 2021 as well as in 2020. This situation does not have a significant impact on the Group.

Measurement Fundamentals

Consolidated financial statements are prepared on the historical cost basis of TAS 29 “Financial Reporting in Hyperinflationary Economies” applied until 31 December 2004.

Approval of consolidated financial statements

The consolidated financial statements of the Group as of 31 December 2021 were approved by the Board of Directors on 09 March 2022 and authorized for publication. The General Assembly has the authority to change the consolidated financial statements.

Restatement and Errors in the Accounting Policies Estimates

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period if the change is made, if it relates to only one period, and both in the period when the change is made and prospectively if it is related to future periods. The significant estimates used in the preparation of the consolidated financial statements for the year ended 31 December 2021 are consistent with the estimates applied in the preparation of the consolidated financial statements for the years ended 31 December 2020. Consolidated financial statements as of 31 December 2020 have been restated. (Note 33).

2. Basis of Presentation of the Financial Statements (Continued)

Principles of Consolidation

Consolidated financial statements, parent company Nurol İnşaat ve Sanayi A.Ş. and its subsidiaries, affiliates, joint ventures and financial investments accounts prepared according to the principles set forth in the following articles. During the preparation of the financial statements of the companies included in the consolidation, necessary adjustments and classifications were made in terms of compliance with the TAS/TFRS, which was put into effect by the POA in accordance with the provisions of the Communiqué Serial II, No. 14.1, and compliance with the accounting policies and presentation styles applied by the Group.

Subsidiaries

Subsidiaries refer to companies in which the Company is exposed to or has rights to variable returns from its involvement with the investee, and over which it has control because it has the ability to affect these returns through its power over the investee.

Subsidiaries are included in the scope of consolidation from the date on which control over their activities is transferred to the Group and are excluded from the scope of consolidation on the date that control ceases.

Consolidated financial statements include the financial statements of the companies controlled by the Company and its subsidiaries. Control is provided by the Company's fulfilment of the following conditions:

(i) has power over the investee/asset, (ii) is open to or entitled to variable returns from the investee/asset, and (iii) can use its power to have an impact on returns.

In the event of a situation or event that may cause any change in at least one of the criteria listed above, the Company re-evaluates whether it has control over its investment.

The financial position statements and profit or loss statements of the subsidiaries are consolidated using the full consolidation method, and the book values of the subsidiaries owned by the Company and their equity are mutually offset. Intra-group transactions and balances between the Company and its subsidiaries are deducted during consolidation. The book values of the shares owned by the Company and the dividends arising from them have been netted off from the related equity and profit or loss statement accounts.

Branches

The branch may not have a different main contract than the parent company; As a result, the branch can act as a parent company in the parent company's fields of activity. Each branch should use the name of the parent company by stating that it is a branch.

Although a branch may act independently from the parent company in its commercial relations with third parties and companies, the rights and obligations arising from its transactions belong to the parent company. Legal cases that may arise as a result of the transactions of the branch can be heard in the relevant court in the headquarters of the parent company or in the relevant courts in the center where the branch is located. The financial statement items of the Branch were combined one by one and mutually lowered from each other.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2. Basis of Presentation of the Financial Statements (Continued)

Principles of Consolidation (Continued)

Investments

The Group's shares in associates valued using the equity method consist of shares in associates. Associates are assets over which the Group has significant influence, but not control or joint control, over its financial and operating policies.

Associates are accounted for using the equity method. Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them. Unrealized gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Non-controlling interests

Non-controlling interests are measured in their proportional share of the acquirer's net assets at the acquisition date. Changes in the shares of subsidiaries without losing the Group's control power are accounted for as equity transactions. Accordingly, in additional share purchase transactions from non-controlling interests, the difference between the acquisition cost and the book value of the company's net assets in proportion to the purchased shares is accounted for under equity. In the sale of shares to non-controlling interests, losses or gains resulting from the difference between the sales price and the book value of the company's net assets in proportion to the sold share are also accounted for under equity.

Transactions eliminated on consolidation

Intra-group balances and transactions and unrealized income and expenses arising from intra-group transactions are eliminated. Unrealized gains from transactions with equity are eliminated in proportion to the Group's interest in the investee. In the absence of any impairment, unrealized losses are eliminated in the same way as unrealized gains.

Comparative Information and Adjustment of Financial Statements of Previous Period

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

New and Revised International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/TFRS and IFRIC interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

2. Basis of Presentation of the Financial Statements (Continued)

New and Revised International Financial Reporting Standards (Continued)

Standards, amendments and interpretations applicable as at 31 December 2021:

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021.As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

IFRS 17, ‘Insurance contracts’; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

o **Amendments to IFRS 3**, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

o **Amendments to IAS 16**, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

o **Amendments to IAS 37**, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

2. Basis of Presentation of the Financial Statements (Continued)

New and Revised International Financial Reporting Standards (Continued)

Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 5). Bank deposits with original maturities of more than three months are classified under short-term financial investments.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity;
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies (continued):

(i) The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Transaction with related party is a transfer of resources, services or liabilities between the reporting entity and the related party, disregarding it is with or without a value.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Revenue
Revenue is recognized in the consolidated financial statements within the scope of the five-step model described below.

- Definition of contracts with customers,
- Definition of liabilities in contracts,
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group evaluates the goods or services it undertakes in each contract with the customers and determines each commitment to transfer the said goods or services as a separate performance obligation. For each performance obligation, it is determined at the beginning of the contract that the performance obligation will be fulfilled over time or at a certain time. If the Group transfers the control of a good or service over time and thus fulfils the performance obligations related to the related sales over time, it measures the progress of the fulfilment of the performance obligations and recognizes the revenue in the financial statements.

The revenue recognition of the Group's different activities is explained below:

Income from construction contracts
Cost of contracts is recognized when incurred. These costs include the costs that relate directly to the specific contract and the costs that are attributable to contract activity in general and can be allocated to the contract and the other costs that are specifically chargeable to the customer under the terms of the contract. A major part of the costs includes the development expenses of the projects.

Where the outcome of a construction contract cannot be estimated reliably, revenue is recognized to the extent of contract costs incurred that it is probable that it will be recoverable. Where the outcome of a construction contract can be estimated reliably, revenue is recognized over the terms of the contract term. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, revenue is recognized to the extent of contract costs incurred that it is probable that it will be recoverable.

Revenue is measured at the fair value of the collected or uncollected receivables. Estimated returns, discounts, and allowances are deducted from afore mentioned value in the contract term. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Each project contract is evaluated by the technical teams regarding the expected change in the upcoming costs and the profitability of the contracts that is determined as of the balance sheet dates.

Besides the amounts of the contracts subjected to escalation as of the reporting date, are estimated based on the contract details.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Income from construction contracts (continued)

Government grants, if any, are also taken into consideration while calculating the profitability of the contract. The grants are recognized by offsetting from the costs in accordance with TAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

The Group presents the amount as an asset if the gross amounts due from customers for customer work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "Trade Receivables".

The Group presents the amount as a liability if the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses). Contract costs are recognized as profit or loss in the period they occur as long as they do not create an asset related to future contractual activities. Expected contractual losses are immediately recognized as profit or loss.

Ongoing project works refer to the gross amounts received from clients for the project works related to the project contracts. Ongoing project works are measured by adding to incurred losses the profits received and deducting progress invoices and losses recognized. The gain recognized on the costs and losses recorded over the progress invoice for all project contracts, ongoing project works are recognized under trade and other receivables in the statements of financial position. The difference of contract invoices and recorded loss total that exceeds the cost of earnings recognized is accounted for as deferred revenue in the statement of financial position. Advances received from clients are shown as deferred income / revenue in the financial statements.

Rendering of services

Revenue acquired from rendering of services is recognized according to the stage of completion.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labour and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. The cost of inventories is determined on the weighted average basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories comprise of construction costs of housing units (completed and in-progress) and the cost of land used for to these housing projects. Land held for future development of housing projects are also classified as inventory. Cost elements included in inventory are purchase costs, conversion costs and other costs necessary to prepare the asset for its intended use. Unit costs of the inventories are valued at the lower of cost or net realizable value. Housing units which are completed and ready for delivery to customers together with work-in progress costs for housing units which will be completed within a year, are classified as short-term inventories in the financial statements.

Available for Sale Investments

Available-for-sale investments, in which the Group has controlling interests equal to or above 20%, or over which are either immaterial or where a significant influence is not exercised by the Group, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any provision for impairment.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Gain or losses on disposal of property, plant and equipment are included in the related operating income or expense line item and are determined as the difference between the carrying value and amounts received.

Leased assets are subject to similar amortization procedures, as with the other tangible assets on the shorter of the related leasing period and economic life of the asset.

Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives.

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

Useful Life	
Buildings	10-50 years
Land improvements	5-25 years
Machinery and equipment	3-17 years
Motor vehicles	5 years
Furniture, fixtures and office equipment	4-50 years
Leased fixed assets	5-10 years

Intangible Assets and Amortization

Intangible assets which are mainly software licenses are measured initially at cost. An intangible asset is recognized if it meets the identifiability criterion of intangibles, control exists over the asset; it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably.

Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method over their estimated useful economic lives (3-5 years). The carrying values of intangible assets are reviewed for impairment when there is any event or changes in circumstances indicate that the carrying value may not be recoverable.

- Software licenses

Software licenses are measured initially at cost. Software licenses are allocated on a pro-rata basis using the straight-line method over their estimated useful lives and are carried at cost less accumulated amortization and impairment. The estimated useful lives of software licenses are 3-22 years.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Intangible Assets and Amortization (Continued)

-Intangible assets acquired

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in accounting estimates for on a prospective basis. The useful lives of the intangible assets are as follows:

Useful Life

Rights	2-6 years
Computer software	2-3 years

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Other intangible assets are measured by deducting accumulated amortization and accumulated depreciation, if any, from other intangible assets that have been purchased by the Company and have a certain useful life.

- Derecognition of intangible assets

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

Investment Properties

Investment properties are properties held for the purpose of earning rent and/or value increase, and they are presented at cost less any accumulated impairment losses, if any.

Investment properties are derecognized if they are sold or become unusable and it is determined that no future economic benefits will be obtained from the sale. Gains and losses arising from the expiration of the investment property or its sale are included in the consolidated statement of profit and loss in the period they occur under income (expenses) from investment activities.

Transfers are made when there is a change in the use of investment property. For a transfer from an investment property followed on a fair value basis to an owner-occupied property, the estimated cost in post-transfer recognition is the fair value of the property at the date of the change in use. If an owner-occupied property converts to an investment property to be presented on a fair value basis, the entity applies the accounting policy applied to "Tangible Fixed Assets" until the change in use occurs.

Leases

Group - as a lessee

The Group evaluates whether a contract is a lease or contains lease terms at the inception of the contract. The Group recognizes the right-of-use asset and the related lease liability for all leases of which it is a lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low value assets.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Group - as a lessee (Continued)

For these leases, the Group recognizes the lease payments as operating expense on a straight-line basis over the lease term, unless there is another systematic basis that better reflects the timing structure in which the economic benefits from the leased assets are used.

In the initial recognition, lease obligations are accounted for at the present value of the lease payments that were not paid at the contract inception date, discounted at the lease rate. If this rate is not specified beforehand, the Group uses the alternative borrowing rate to be determined by itself.

The lease payments included in the measurement of the lease liability consist of:

- fixed lease payments (substantially fixed payments) less any lease incentives;
- variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;
- the enforcement price of the payment options where the lessee will reasonably implement the payment options; and
- penalty payment for the cancellation of the rental if there is a right to cancel the rental during the rental period.

The lease liability is presented as a separate item in the consolidated statements of financial position.

Lease liabilities are measured by increasing the net carrying amount (using the effective interest method) to reflect the interest on the subsequent lease liability and decreasing the carrying amount to reflect the lease payment made. The Group remeasures the lease liability (and makes appropriate changes to the related right-of-use asset) if:

- When the lease liability is remeasured by discounting the revised lease payments using the revised discount rate when a change occurs in the assessment of the lease term or exercise of a purchase option.
- When the lease payments change due to changes in the index, rate, or expected payment change in the promised residual value, the restated lease payments are discounted using the initial discount rate and the lease liability is remeasured (the revised discount rate is used if the change in lease payments is due to a change in the variable interest rate).
- When a lease is changed and the lease modification is not accounted for as a separate lease, the revised lease payments are discounted using the revised discount rate and the lease liability is restated.

The Group has not made such changes during the periods presented in the consolidated financial statements.

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the lease commencement date, and other direct initial costs. These assets are measured at cost less accumulated depreciation and impairment losses.

A provision is recognized in accordance with IAS 36 when the group incurs costs to disassemble and dispose of a lease asset, restore the area on which the asset is located, or restore the main asset in accordance with the terms and conditions of the lease. These costs are included in the relevant right-of-use asset unless they are incurred to produce inventory.

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the main asset. When ownership of the main asset is transferred in a lease or when the Group plans to exercise a purchase option based on the cost of the right-of-use asset, the associated right-of-use asset is depreciated over the useful life of the main asset. Depreciation begins on the date the lease actually begins.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Group - as a lessor

The Group, as a lessor, signs lease agreements for some of its investment properties.

Leases in which the Group is the lessor are classified as finance leases or operating leases. The contract is classified as a finance lease if, according to the terms of the lease, all the ownership risks and rewards are transferred to the lessee to a significant extent. All other leases are classified as operating leases.

If the Group is the lessor of the vehicle, it accounts for the main lease and the sublease as two separate contracts. A sublease is classified as a finance lease or an operating lease with respect to the right-of-use asset arising from the main lease.

Rental income from operating leases is accounted for using the straight-line method over the relevant lease period. The direct initial costs incurred in realizing and negotiating the operating lease are included in the cost of the leased asset and amortized on a straight-line basis over the lease term.

Finance lease receivables from lessees are accounted for as receivables for the Group's net investment in leases.

Borrowing Costs

In the case of assets that take significant time to get ready for use or sale, borrowing costs directly attributable to their acquisition, construction or production are included in the cost of the asset until it is ready for use or sale. Financial investment income obtained by temporarily investing the unspent portion of the investment loan in financial investments is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Financial Instruments

Financial assets and liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (excluding financial assets and liabilities at fair value through profit or loss) are added to or subtracted from the fair value of those financial assets and liabilities at initial recognition, as appropriate. Transaction costs directly related to the acquisition or issuance of financial assets and liabilities are recognized directly in profit or loss.

Financial assets

Financial assets bought and sold in the normal way are recorded or removed at the transaction date.

The Group manages its financial assets (a) the business model used by the entity to manage financial assets, (b) the amortized cost at subsequent recognition based on the characteristics of the contractual cash flows of the financial asset, through fair value through other comprehensive income or at fair value through profit or loss. classifies as measured through loss. Only when an entity changes its business model for the management of financial assets, it reclassifies all affected financial assets. The reclassification of financial assets is applied prospectively from the date of reclassification. In such cases, no adjustments are made for gains, losses (including impairment gains or losses) or interest previously recognized.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Classification of financial assets

Financial assets that meet the following conditions are measured at amortized cost:

- holding the financial asset under a business model aimed at collecting contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows on certain dates that include only payments of principal and interest on the principal balance.

Financial assets that meet the following conditions are recognized at fair value through other comprehensive income. measured by reflection:

- holding the financial asset under a business model aimed at collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the financial asset give rise to cash flows on certain dates that include only payments of principal and interest on the principal balance.

Unless a financial asset is measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss.

At initial recognition, the Group may irrevocably choose to present any subsequent changes in fair value of its investment in a non-trading equity instrument in other comprehensive income.

(i) Amortized cost and effective interest method

Interest income on financial assets shown at amortized cost is calculated using the effective interest method. The effective interest method is the method of calculating the amortized cost of a debt instrument and allocating the interest income to the relevant period.

This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except:

a) Financial assets that are credit-impaired when purchased or created. For such financial assets, an entity applies a credit-adjusted effective interest rate to the amortized cost of the financial asset since initial recognition.

b) Financial assets that were not credit-impaired financial assets at the time of purchase or origination but subsequently become credit-impaired financial assets. For such financial assets, the entity applies the effective interest rate to the amortized cost of the asset in subsequent reporting periods.

Interest income is accounted for using the effective interest method for debt instruments with amortized costs at subsequent recognition and at fair value through other comprehensive income.

Interest income is recognized in the consolidated statement of profit or loss and presented in the “financial income – interest income” item.

(ii) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Equity instruments at fair value through other comprehensive income

At initial recognition, the Group may make an irrevocable choice to present any subsequent changes in fair value of its investment in each non-trading equity instrument in other comprehensive income.

A financial asset is considered to be held for trading if:

• recently acquired for sale; or
• is part of a portfolio of certain financial instruments that the Group manages together at the time of initial recognition and there is recent evidence that the Group has a tendency to make short-term profits; or
• is a derivative (except for a financial guarantee contract or derivatives that are defined and effective hedging instruments).

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Gains and losses resulting from changes in fair value are subsequently recognized in other comprehensive income and accumulated in the revaluation reserve. In case of disposal of equity investments, the total accumulated gain or loss is transferred to retained earnings.

Foreign exchange gains and losses

The carrying amount of financial assets denominated in foreign currency is determined in the relevant foreign currency and translated at the prevailing exchange rate at the end of each reporting period. Especially,

• exchange differences are recognized in profit or loss for financial assets that are shown at amortized cost and are not part of a defined hedge;
• Exchange differences calculated over the amortized cost of debt instruments that are measured at fair value through other comprehensive income and that are not part of a defined hedging transaction are recognized in profit or loss for the period. All other exchange differences that occur are recognized in other comprehensive income;
• exchange differences on financial assets that are measured at fair value through profit or loss and that are not part of a defined hedging transaction are recognized in profit or loss for the period; and
• Exchange differences on equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

Impairment of financial assets

The Group makes an impairment provision in its financial statements for debt instruments, lease receivables, trade receivables, assets arising from contracts with customers, as well as expected credit losses on investments in financial guarantee contracts, which are carried at amortized cost or measured at fair value through other comprehensive income. The expected credit loss amount is updated each reporting period to reflect changes in credit risk since the financial asset was first recognized.

The Group uses the simplified approach for trade receivables, assets arising from contracts with customers and lease receivables that are not significant financing elements and calculates the provision for impairment at an amount equal to the expected credit loss over the life of the related financial assets.

For all other financial instruments, the Group recognizes lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes a 12-month expected credit loss provision for that financial instrument.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Measuring and accounting for expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss-on-default (e.g., magnitude of loss if defaulted), and the amount at risk given default. The assessment of the probability of default and loss-on-default is based on historical data adjusted with forward-looking information. In the event of default, the amount of financial assets subject to risk is reflected over the gross book value of the related assets at the reporting date.

The expected credit loss of financial assets is the initial effective interest rate (or credit-impairment when purchased or created) of the difference between all of the Group's contractually realized cash flows and all of the cash flows that the Group expects to collect (all cash deficits). It is the present value calculated over the loan-adjusted effective interest rate for financial assets

<u>Financial liabilities</u>

An entity measures the financial liability at fair value on initial recognition. In the initial measurement of liabilities other than those at fair value through profit or loss, transaction costs directly attributable to their acquisition or issuance are added to the fair value.

An entity classifies all financial liabilities as measured at amortized cost at subsequent recognition, except for:

a) Financial liabilities at fair value through profit or loss: These liabilities, including derivatives, are measured at fair value at subsequent recognition.

b) Financial liabilities arising when the transfer of the financial asset does not meet the conditions for derecognition or if the continuing relationship approach is applied: If the Group continues to present an asset in the financial statements to the extent of its continuing relationship, it also reflects a related liability in the financial statements. The transferred asset and the associated liability are measured to reflect the rights and obligations that the entity continues to hold. The liability attached to the transferred asset is measured in the same manner as the net book value of the transferred asset.

c) Contingent consideration recognized by the acquirer in a business combination to which TFRS 3 is applied: After initial recognition, the fair value changes in such contingent consideration are measured through profit or loss.

The entity does not reclassify any financial liabilities.

Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the Group's liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the amount paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

<u>Derivative financial instruments</u>

In order to keep the risks associated with foreign exchange and interest rates under control, the Group uses various derivative financial instruments, including foreign exchange forward contracts, options and interest rate swap contracts.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Derivative financial instruments (Continued)

Derivative instruments are accounted for at their fair value as of the date of the related derivative contract and are remeasured at their fair values in each reporting period on the following dates. The resulting gain or loss is recognized in profit or loss if the derivative has not been designated as a hedging instrument and its effectiveness has not been demonstrated.

A derivative with a positive fair value is accounted for as a financial asset, while a derivative with a negative fair value is accounted for as a financial liability. Derivative instruments are not shown net, except that the Group has the legal right and intent to offset these instruments. In cases where the time to maturity of the derivative instrument is longer than 12 months and it is not expected to be realized or finalized within 12 months, it is shown in the financial statements as a non-current asset or a long-term liability. The remaining derivatives are presented as current assets or current liabilities.

Business Combinations and Goodwill

Nurol İnşaat owned 21.6% shares of Otoyol Yatırım İşletme A.Ş in 2012. Otoyol Yatırım İşletme A.Ş. has decided to increase its share capital from TRY 250 million to TRY 1 billion on 16 July 2013. In addition, Nurol İnşaat has increased its shares to 26.98% by purchasing shares of Yüksel İnşaat A.Ş. and Göçay İnşaat Taahhüt ve Ticaret A.Ş. with this purchase, for the 5% share, goodwill in the amount of TRY 23,333 thousand has been paid (Note 17). As of 31 December 2019, part of the shares was sold back to Göçay İnşaat Taahhüt ve Ticaret A.Ş. and therefore Nurol İnşaat holds 25.95% of the shared as of 31 December 2020 and 31 December 2019.

Provisions, Contingent Assets and Liabilities

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

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.

Contingent Assets and Liabilities

Liabilities and assets that can be confirmed by the realization of one or more uncertain future events, arising from past events and the existence of which is not fully under the Group's control, are considered contingent liabilities and assets and are not included in the financial statements.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Foreign Currency Transactions

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions using the Turkish Central Bank buying exchange rates. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement.

	31 December 2021	31 December 2020
USD	12,9775	7,3405
EUR	14,6823	9,0079
GBP	17,453	9,9438
DZD (Algerian Dinar)	0,0934	0,0556
GEL (Georgian Lari)	4,1968	2,2434
AED (United Arab Emirates Dirham)	3,5134	2,0002
MAD (Moroccan Dirham)	1,4043	0,824
RON (Romania Leusu)	2,9498	1,8373

Employee Benefits

In accordance with the current social legislation, the Group is obliged to pay accumulated compensation for each employee who completes one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation and misconduct.

In accordance with Turkish laws and union agreements, lump-sum payments are made to employees who retire or leave the Group unintentionally. Such payments are considered to be a part of the defined retirement benefit plan in accordance with "Turkish Accounting Standard (revised) Employee Benefits ("TAS 19") No. 19.

The severance pay liability in the accompanying consolidated financial statements has been calculated in accordance with the recognition and valuation principles specified in TAS 19 "Employee Benefits". Since the severance pay obligations are identical with the 'Specific Post-employment Benefit Plans' defined in this standard in terms of their characteristics, these liabilities have been calculated and included in the financial statements using some of the assumptions explained below. The main assumptions used as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Interest rate%	%21,00	13,00
Inflation rate%	%16,40	9,00

TAS 19 ("Employee Benefits") has been revised to be valid for accounting periods beginning after January 1, 2013. In accordance with the revised standard, actuarial gains/losses on employee benefits are recognized in the statement of comprehensive income.

Earnings Per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Government Grants and Incentives

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions.

Taxes Calculated on Corporate Income and Deferred Tax

As Turkish Tax Legislation does not allow the parent company and its subsidiary to prepare consolidated tax returns, tax provisions have been calculated on a separate-entity basis, as reflected in the consolidated financial statements.

Income tax expense is the sum of current tax and deferred tax expense.

Current tax

Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit differs from profit reported in the statement of profit or loss in that it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Group's current tax liability has been calculated using the tax rate that has been enacted or substantially enacted as of the reporting period.

Deferred Tax

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates.

While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by generating taxable profit in the future. The mentioned assets and liabilities are not recognized if they arise from the initial recognition of the temporary difference, goodwill or other assets and liabilities (other than business combinations) related to the transaction that does not affect the commercial or financial profit/loss.

Deferred tax liabilities are calculated for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, unless the Group is able to control the disappearance of temporary differences and it is unlikely that the difference will disappear in the near future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are calculated on the condition that it is highly probable that the said differences will be benefited from by earning sufficient taxable profit in the near future and it is probable that the related differences will disappear in the future.

Carrying amount of deferred tax asset is reviewed at each reporting period. The carrying amount of the deferred tax asset is reduced to the extent that it is not likely to generate a financial profit sufficient to allow some or all of the benefits to be obtained.

Deferred tax assets and liabilities are calculated over tax rates (tax regulations) that are expected to be valid in the period when the assets will be realized or the liabilities will be fulfilled and which have been enacted or substantially enacted as of the reporting date.

During the calculation of deferred tax assets and liabilities, the tax results of the methods estimated by the Group to recover the book value of its assets or fulfil its liabilities as of the reporting period are taken into account.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Taxes Calculated on Corporate Income and Deferred Tax (Continued)

Deferred Tax (Continued)

Deferred tax assets and liabilities, when there is a legal right to set off current tax assets and current tax liabilities, or if such assets and liabilities are associated with income tax collected by the same tax authority, or if the Group intends to settle its current tax assets and liabilities on a net basis. is deducted.

Current and Deferred Income Tax

Current tax and deferred tax for the period are expense or income in the statement of profit or loss, excluding those associated with items receivable or payable directly in equity (in which case deferred tax is also recognized directly in equity) or arising from the initial recognition of business combinations. accounted for. In business combinations, tax effects are taken into account when calculating goodwill or determining the portion of the purchaser's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary exceeding the acquisition cost.

Statement of Cash Flows

In the consolidated statement of cash flows, cash flows for the period are classified and reported on the basis of operating, investing and financing activities.

Cash flows from operating activities represent cash flows from the Group's sales activities of steel products and minerals.

Cash flows from investing activities represent the cash flows that the Group uses and receives from its investing activities (fixed and financial investments).

Cash flows from financing activities show the resources used by the Group in financing activities and the repayments of these resources.

Cash and cash equivalents are cash, demand deposits and other highly liquid short-term investments that have maturities of three months or less from the date of purchase, are immediately convertible into cash, and do not carry the risk of significant changes in value.

Differences arising from the translation of the cash flow statement from the functional currency to the presentation currency are shown as translation differences in the cash flow statement.

EBITDA

This financial data is an indicator of the measured income of a business without taking into account financing, tax, depreciation and amortization expenses. This financial data is separately stated in the financial statements because it is used by some investors to measure the ability of the enterprise to repay its loans and/or to borrow additional money. EBITDA should not be taken into account independently of other financial data, it is derived from financial indicators such as net profit (loss), net cash flow from operating, investment and financing activities, financial data obtained from investment and financial activities or prepared in accordance with BOBI FRS, or the operating performance of the business. It should not be considered as an alternative to other data obtained. This financial information should be evaluated together with other financial data in the cash flow statement.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Events After the Reporting Date

Events after the reporting date; It covers all events between the reporting date and the date the statement of financial position is authorized for issue, even if they occur after any announcement or other selected financial information that affects profit or loss has been made public.

In the event that events requiring adjustment occur after the reporting date, the Group adjusts the amounts recognized in the financial statements in accordance with this new situation. Matters arising after the reporting date that do not require adjustment are disclosed in the notes according to their materiality.

Use of Estimates

In the preparation of the consolidated financial statements, the Group management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, determine the probable liabilities and commitments as of the date of the consolidated financial statements, and the income and expense amounts as of the reporting period. Actual results may differ from estimates. Estimates are reviewed regularly; necessary corrections are made and reflected in the comprehensive income statement in the period they are realized. However, actual results may differ from these results.

The assumptions made by considering the interpretations that may have a material effect on the amounts reflected in the consolidated financial statements and the main sources of the existing or future estimates at the date of the financial statements are as follows:

a) It uses the percentage completion rate method in the accounting of construction contracts, and since the ratio of the contract expense realized until a certain date to the estimated total cost of the contract is calculated, within the scope of TFRS 15, the total estimated costs and project profitability of the projects are determined and the loss provision calculation for the projects that are expected to end with a loss

b) Severance pay liability is determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates).

c) Provisions for litigation are determined by the management in each period by taking the opinions of the Company's legal advisors on the possible consequences of ongoing lawsuits as of the date of preparation of the financial statement, which may lead to cash outflows.

d) The Group management has made important assumptions in the determination of the useful economic lives of the tangible assets in line with the experience of the technical team.

e) The Group reviews its assets in order to set aside a provision for impairment when it is revealed that the assets may not be sold at their book value, in line with the developing events or changing conditions. If there is such an indication and the carrying value of the assets exceeds the estimated recoverable value, the assets and cash-generating units are presented at their estimated recoverable value. The recoverable value of the assets is the higher of the net selling price or value in use.

f) The impairment loss in trade receivables and other receivables is based on the Company management's assessment of the volume of trade receivables, past experiences and general economic conditions.

g) The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. These differences are generally due to the fact that the tax base amounts of some income and expense items take place in different periods in the legal financial statements and the financial statements prepared in accordance with TFRS.

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

3. Geographical Segment Reporting

Information of total assets and total equity and liabilities of the Group per geographical segments as of 31 December 2021 and 2020 are as follows:

31.12.2021	**Turkey**	**United Arab Emirates**	**Georgia**	**Algeria**	**Morocco**	**Romania**	**Eliminations**	**Total**
Total assets	8.822.414	1.897.068	662.337	603.580	73.650	235.452	7.147.130	19.441.631
Total equity and liabilities	8.822.414	1.897.068	662.337	603.580	73.650	235.452	7.147.130	19.441.631

31.12.2020	**Turkey**	**United Arab Emirates**	**Georgia**	**Algeria**	**Morocco**	**Romania**	**Eliminations**	**Total**
Total assets	6.295.000	1.124.447	532.099	493.623	43.195	3.886	2.524.587	11.016.837
Total equity and liabilities	6.295.000	1.124.447	532.099	493.623	43.195	3.886	2.524.587	11.016.837

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

3. Geographical Segment Reporting (Continued)

Income statement information of the Group per geographical segment as of 31 December 2021 is as follows:

1 January - 31 December 2021	**Turkey**	**United Arab Emirates**	**Georgia**	**Algeria**	**Morocco**	**Romania**	**Eliminations**	**Total**
Revenue	2.426.756	1.238.509	96.790	285.773	--	119.998	(56.779)	4.111.047
Cost of sales	(1.921.937)	(1.395.667)	(58.450)	(270.271)	(569)	(105.012)	50.284	(3.701.622)
Gross profit/(loss)	**504.819**	**(157.158)**	**38.340**	**15.502**	**(569)**	**14.986**	**(6.495)**	**409.425**
Operating expenses	(58.075)	(67.693)	(28.073)	(4.003)	--	(29.903)	6.495	(181.252)
Other operating income/(expenses), net	(103.959)	8.888	--	623	(2)		--	(94.450)
Operating profit / (loss)	**342.785**	**(215.963)**	**10.267**	**12.122**	**(571)**	**(14.917)**	**--**	**133.723**
Shares from profit of investments revalued with the equity method	5.514.162	--	--	--	--	--	--	5.514.162
Investment income/(expenses)	(4.523)	1.321	--	--	--	--	--	(3.202)
Financial income/(expenses) net	(3.302.702)	10.499	24.874	(415.249)	--	(2.252)	(6.343)	(3.691.173)
Profit/(loss) before tax from continued operations	**2.549.722**	**(204.143)**	**35.141**	**(403.127)**	**(571)**	**(17.169)**	**(6.343)**	**1.953.510**
Tax expense for the year	--	--	--	--	--	--	--	--
Deferred tax income/(expenses), net	219.446	--	49.580	--	--	--	--	269.026
Net profit/(loss) for the period	**2.769.168**	**(204.143)**	**84.721**	**(403.127)**	**(571)**	**(17.169)**	**(6.343)**	**2.222.536**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

3. Geographical Segment Reporting (Continued)

Income statement information of the Group per geographical segment as of 31 December 2020 is as follows:

1 January - 31 December 2020	Turkey	United Arab Emirates	Georgia	Algeria	Morocco	Romania	Eliminations	Total
Revenue	1.723.275	1.337.557	14.786	109.645	--	--	(17.808)	3.167.455
Cost of sales	(1.516.267)	(1.289.744)	(14.458)	(199.216)	(600)	--	14.576	(3.005.709)
Gross profit/(loss)	**207.008**	**47.813**	**328**	**(89.571)**	**(600)**	**--**	**(3.232)**	**161.746**
Operating expenses	(49.291)	(27.872)	(14.734)	(2.460)	--	(4.202)	3.232	(95.327)
Other operating income/(expenses), net	(34.100)	12.600	--	988	--		(13.601)	(34.113)
Operating profit / (loss)	**123.617**	**32.541**	**(14.406)**	**(91.043)**	**(600)**	**(4.202)**	**(13.601)**	**32.306**
Shares from profit of investments revalued with the equity method	1.390.722	--	--	--	--	--	--	1.390.722
Investment income/(expenses)	38.696	1.296	--	--	--	--	--	39.992
Financial income/(expenses) net	(1.107.102)	(51.889)	(23.449)	--	--	--	(63.639)	(1.246.079)
Profit/(loss) before tax from continued operations	**445.933**	**(18.052)**	**(37.855)**	**(91.043)**	**(600)**	**(4.202)**	**(77.240)**	**216.941**
Tax expense for the year	--	--	--	--	--	--	--	--
Deferred tax income/(expenses), net	71.017	--	31	--	--	--	--	71.048
Net profit/(loss) for the period	**516.950**	**(18.052)**	**(37.824)**	**(91.043)**	**(600)**	**(4.202)**	**(77.240)**	**287.989**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

4. Related Parties Disclosures

a) Trade receivables from related parties	**31.12.2021**	**31.12.2020**
Otoyol Yatırım ve İşletme A.Ş.	8.812	2.499
Botim İşletme Yönetim ve Ticaret A.Ş.	30	--
FNSS Savunma Sistemleri A.Ş.	15	18
SGO İnşaat Sanayi ve Ticaret A.Ş.	13	181
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	3	12.317
Nurettin Çarmıklı	--	10.269
Oğuz Çarmıklı	--	3.441
Nurol Holding A.Ş.	--	88
Turser Turizm Servis Yayın.Tic.A.Ş.	--	77
Nurol Makina Sanayi A.Ş.	--	50
Tümad Madencilik Sanayi ve Ticaret A.Ş.	--	35
Other	--	7.491
	8.873	**36.466**

b) Trade payables to related parties	**31.12.2021**	**31.12.2020**
Nurol Sigorta Aracılık Hizmetleri A.Ş.	2.619	4.394
Enova Elektrik Enerjisi Toptan Satış A.Ş.	853	324
Bosfor Turizm İşletmecilik A.Ş.	123	16
Botim İşletme Yönetim ve Ticaret A.Ş.	41	273
Nurol Holding A.Ş.	--	31.020
Other	2	7
	3.638	**36.034**

c) Other current receivables from related parties	**31.12.2021**	**31.12.2020**
Nurettin Çarmıklı	7.044	14.393
Oğuz Çarmıklı	5.419	13.106
Figen Çarmıklı	4.850	--
Botim İşletme Yönetim ve Ticaret A.Ş.	1.273	--
Nurol Makina Sanayi A.Ş.	--	111
Erol Çarmıklı	--	13.611
Otoyol İşletme ve Bakım A.Ş.	--	6.648
Nurol Holding A.Ş.	--	48
Other	150	56
	18.736	**47.973**

d) Other non-current receivables from related parties	**31.12.2021**	**31.12.2020**
Nurol Holding A.Ş.	833.175	--
Otoyol Yatırım İşletme A.Ş.	56.463	25.864
	889.638	**25.864**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

4. Related Party Disclosures (Continued)

e) Other current payables to related parties	**31.12.2021**	**31.12.2020**
Nurol Holding A.Ş.	73.470	88.301
Nurol Yatırım Bankası A.Ş.	258	258
Nurol Göksu Elektrik Üretim A.Ş.	--	12
	73.728	**88.571**

f) Other current payables to related parties	**31.12.2021**	**31.12.2020**
Nurol Holding A.Ş.	1.861.543	346.846
	1.861.543	**346.846**

5. Cash and Cash Equivalents

	31.12.2021	**31.12.2020**
Cash on hand	11.117	3.366
Cash at banks		
- *demand deposits*	815.561	434.008
- *time deposits (with maturities of less than three months)*	14.894	41.287
Credit card receivables	115	80
	841.687	**478.741**

As of 31 December 2021, and 2020, details of cash and cash equivalents are as follows:

	31.12.2021	**31.12.2020**
Cash at hand	11.117	3.366
- *Demand*		
- AED	558.260	333.791
- TRY	149.181	57.446
- RON	47.436	2.189
- GEL	24.297	2.465
- DZD	21.155	21.979
- EURO	13.390	14.153
- ABD$	1.576	1.882
- MAD	114	76
- GBP	104	--
- RUB	48	27
- *Time deposits*		
- TRY	14.240	8.229
- ABD$	654	18.202
- EURO	--	12.386
- AED	--	2.470
Credit card receivables	115	80
	841.687	**478.741**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

6. Trade Receivables and Payables

	31.12.2021	31.12.2020
Current trade receivables		
- Nurol İnşaat ve Ticaret A.Ş.	105.803	11.919
- Nurol Algeria Branch	438.519	285.610
- Nurol Gülermak Joint Venture	155.518	129.755
- Nurol LLC	93.603	152.817
- Özgün Nurol Joint Venture	14.911	--
- Nurol Romania Branch	7.053	--
- Nurol Yüksel YDA Özka Joint Venture	6.373	--
- Nurol Morocco Branch	5.240	3.075
- Nurol Mesa Joint Venture	4.108	2.381
- Nurol Georgia Branch	2.620	936
- Nurol Cengiz Hasankeyf Joint Venture	565	54
- Gülsan Nurol Joint Venture	518	--
- Nurol Cengiz Joint Venture	349	--
- Nurol Gülermak Makyol Joint Venture	100	472
Receivables from related parties (Note 4)	8.873	36.466
Notes receivable	7.141	5.680
Doubtful trade receivables	10.235	5.707
Provision for doubtful trade receivables (-)	(10.235)	(5.707)
Other	464	--
	851.758	**629.165**

Movement of doubtful receivables is as follows:

	01.01-31.12.2021	01.01-31.12.2020
Opening balance, 01 January	**5.707**	**6.426**
Provisions during the period (Note 25)	2.216	820
Foreign currency translation difference (Note 25)	2.524	--
Collections/provisions no longer required (-) (Note 25)	(212)	(1.539)
Closing balance, 31 December	**10.235**	**5.707**

Non-current trade receivables	**31.12.2021**	**31.12.2020**
Non-current trade receivables	--	1,778
Notes receivable	--	1,928
	--	**3,706**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

6. Trade Receivables and Payables (Continued)

Current trade payables	**31.12.2021**	**31.12.2020**
Current trade payables		
- Nurol İnşaat ve Ticaret A.Ş.	188.157	68.125
- Nurol LLC	617.124	402.804
- Nurol Romania Branch	188.619	1.050
- Nurol Algeria Branch	170.280	124.402
- Nurol Gülermak Makyol Joint Venture	61.034	41.096
- Nurol Yüksel YDA Özka Joint Venture	18.444	7.315
- Nurol Gülermak Joint Venture	12.124	7.644
- Gülsan Nurol Joint Venture	4.768	136
- Nurol Mesa Joint Venture	2.016	1.148
- Nurol Cengiz Joint Venture	185	338
- Nurol Morocco Branch	119	100
- Nömayg Joint Venture	101	63
- Nurol Cengiz Hasankeyf Joint Venture	--	506
- Özgün Nurol Joint Venture	--	351
- Nurol Gama Joint Venture	--	99
Trade payables to related parties (Note 4)	3.638	36.034
	1.266.609	**691.211**

Noncurrent trade payables	**31.12.2021**	**31.12.2020**
Trade payables (*)	1.030.632	804.771
	1.030.632	**804.771**

(*)Non-current trade payables consist of transit trade transactions within the scope of construction materials acquired abroad.

7. Financial Assets

	31.12.2021	**31.12.2020**
Current		
Stock shares	706	1.069
	706	**1.069**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

8. Financial Liabilities

Current financial liabilities	**31.12.2021**	**31.12.2020**
Current bank borrowings	357.417	306.165
Financial lease payables	174.681	115.819
Interest accruals	22.417	34.151
Credit card payables	59	14
Total current financial liabilities	**554.574**	**456.149**
Short-term portion of long-term bond issuances and interest accruals	10.762	--
Total short-term portion of short-term borrowings	**565.336**	**456.149**

Non-current financial liabilities	**31.12.2021**	**31.12.2020**
Non-current bank borrowings	5.481.392	4.351.106
Financial lease payables	99.997	189.075
Total non-current financial liabilities	**5.581.389**	**4.540.181**
Long-term bond issues (*)	1.400.000	--
Total non-current liabilities	**6.981.389**	**4.540.181**
Total financial liabilities	**7.546.725**	**4.996.330**

<u>*Long-Term Bonds Issued:*</u>

(*)On 29 December 2021, the Company issued bonds with a total amount of TRY 1.4 billion, quoted on the Istanbul Stock Exchange, with quarterly interest payments. The maturity of the bond is 24 December 2024, and the coupon interest rate are TRYREF+600.

The repayment schedule of the financial liabilities are as follows:

	31.12.2021	**31.12.2020**
Within 1 year	565.336	456.149
1 – 2 years	5.125.932	4.283.336
2 – 3 years	1.689.204	189.538
3 – 4 years	166.253	63.603
4 – 5 years	--	3.704
	7.546.725	**4.996.330**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

8. Financial Liabilities (Continued)

Summarized information for current financial liabilities is as follows:

		Foreign currency		Amount “TRY”	
	Average Interest rate %	**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**
Current					
- TRY	20,87	--	--	223.232	158.243
Joint ventures:					
Nurol L.L.C. loans		38.192	73.953	134.185	147.920
Current finance lease payables:					
- TRY financial lease payables		--	--	34.302	97.427
- USD finance lease payables		--	893	--	6.556
- EUR finance lease payables		9.561	1.314	140.379	11.838
Interest accruals		--	--	33.179	34.151
Credit card payables		--	--	59	14
				565.336	**456.149**

Summarized information for non-current financial liabilities are as follows:

		Foreign currency		Amount “TRY”	
	Average Interest rate %	**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**
Non-current					
- TRY	22,61	--	--	17.956	152.080
- USD	6,82	24.000	68.028	311.460	499.362
- EUR	6,13	8.000	--	117.458	--
Joint ventures:					
Nurol LLC loans		91.677	99.980	322.098	199.979
Nurol Georgia LLC loans		36.015	21.458	151.148	48.138
Non-current finance lease payables:					
- TRY financial lease payables		--	--	22.577	48.313
- USD finance lease payables		--	495	--	3.636
- EUR finance lease payables		5.273	15.223	77.421	137.126
Long-term bond issues		--	--	1.400.000	--
Reclassified financial liabilities (*)					
- TRY	22,61	--	--	1.898.878	1.853.184
- USD	6,82	87.108	79.293	1.130.442	582.050
- EUR	6,13	104.340	112.825	1.531.951	1.016.313
				6.981.389	**4.540.181**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

8. Financial Liabilities (Continued)

(*) Bank loans are generally obtained in connection with construction and contracting activities carried out. Based on agreements made with creditor banks (written or none written) the repayment of the loans will be made by discharge of progress billing realized over the construction period. The maturity date of the loans is revised subject to extensions made in the completion periods according to the status of the projects. Reclassified bank loans are short term financial liabilities according to signed legal documents. However, they are considered as long-term bank loans economically because they have been and they are rolled over to the following years. As a result, reclassified bank loans are in economic substance long term bank loans.

Letters of guarantee, guarantee cheques and suretyships of shareholders’ and Nurol Holding given for bank loans by Nurol İnşaat are listed in Provisions, Contingent Assets and Liabilities (Note 20).

9. Other Receivables and Payables

Other current receivables	**31.12.2021**	**31.12.2020**
Due from related parties and shareholders (Note 4)	18.736	47.973
Advances given to personnel	923	676
Deposits and guarantees given		
- Nurol LLC	96.557	20.056
- Nurol Romania Branch	15.436	
- Nurol Morocco Branch	41	24
- Nurol Gama Joint Venture	14	14
- Nurol Gülermak Joint Venture	10	8
- Nurol Gülermak Makyol Joint Venture	3	3
Other receivables	435	6.883
Doubtful other receivables	156	433
Provision for doubtful other receivables (-)	(156)	(433)
	132.155	**75.637**

Movement of other doubtful receivables is as follows:

	01.01-31.12.2021	**01.01-31.12.2020**
Opening balance, 01 January	**433**	**216**
Provisions during the period (Note 25)	10	217
Collections/provisions no longer required (-) (Note 25)	(287)	--
Closing balance, 31 December	**156**	**433**

Other non-current receivables	**31.12.2021**	**31.12.2020**
Due from related parties (Note 4)	889.638	25.864
Deposits and guarantees given	4.857	3.473
	894.495	**29.337**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

9. Other Receivables and Payables (Continued)

Other current payables	**31.12.2021**	**31.12.2020**
Due to related parties (Note 4)	73.728	88.571
Deposits and guarantees received	35.192	29.823
Other	35	30
	108.955	**118.424**

Other non-current payables	**31.12.2021**	**31.12.2020**
Due to related parties (Note 4)	1.861.543	346.846
Deposits and guarantees received	1.788	25
	1.863.331	**346.871**

10. Inventories

	31.12.2021	**31.12.2020**
Construction materials	68.786	50.068
Investment properties under construction		
- Zekeriyaköy villas (*)	15.280	6.484
- Mesa Nurol Yeşilyaka villas (**)	438.454	302.466
- Morocco Branch	48.622	--
- Romania Branch	25.069	--
- Nurol Gülermak Makyol	15.826	--
Finished goods (predominantly completed residence construction projects)		
- Nurol İnşaat ve Ticaret A.Ş. (**)	219.986	213.308
- Nurol Georgia (***)	2.328	826
Other inventories	2.510	3.742
	836.861	**576.894**

(*) TRY 15.280 thousand of the semi-finished products of Nurol İnşaat is comprised of Zekeriyaköy villas and TRY 438.454 thousand is comprised of Mesa Nurol Yeşilyaka villas.

Zekeriyaköy villas project is comprised of the construction of 26 villas, social facilities and general areas on a land of 6,698 m2. The projects construction license has been obtained and the project application works are ongoing.

(**) Within the scope of Mesa Nurol Yeşilyaka project, Koru villas project comprises of 173 villas, social facilities and general areas construction of 320 thousand m2 area with 67,543.05 m2 of construction area. Koru project is constructed in 3 phases. First phase is comprised of 56 villas.

(***) Nurol Georgia Residence project consists of 54 residences and 3 shops on 6,423 m2 construction area. Sales of 25 residences and 1 shop were realized. The remaining apartments and shops are followed under the finished goods account.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

11. Prepaid Expenses and Deferred Income

Prepaid expenses in current assets	**31.12.2021**	**31.12.2020**
Order advances given for inventories	33.696	3.412
Prepaid expenses (*)	17.586	12.761
	51.282	**16.173**

(*) TRY 9.5 million of prepaid expenses is comprised of all risk insurances within the scope of projects acquired by Nurol Dubai in 2018 and is still ongoing in Dubai.

Prepaid expenses in non-current assets	**31.12.2021**	**31.12.2020**
Advances given for tangible and intangible assets	6	--
Prepaid expenses	--	7
	6	**7**

Prepaid expenses in current assets	**31.12.2021**	**31.12.2020**
Advances Received		
- Nurol Algeria	39.374	28.057
- Nurol Gülermak Joint Venture	39.375	--
- Mesa Nurol Yeşilyaka Villas (Nurol İnşaat)	6.979	3.781
- Other	39	23
Prepaid expenses	954	1.010
	86.721	**32.871**

Prepaid expenses in non-current assets	**31.12.2021**	**31.12.2020**
Advances Received		
- Mesa Nurol Yeşilyaka Villas (Nurol İnşaat)	287.022	135.178
	287.022	**135.178**

12. Available for Sale Financial Assets

	31.12.2021	**31.12.2020**
Stocks	1.275.139	982,933
	1.275.139	**982,933**

The stocks owned by the Company have been approved for sale by the Capital Markets Board of the Republic of Turkey and has been recognized under available for sale financial assets.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

13. Receivables and Payables from Ongoing Construction and Project Contracts

		31.12.2021		31.12.2020	
	%	**Contract Receivables**	**Contract Payables**	**Contract Receivables**	**Contract Payables**
Hasankeyf Bridges (Nurol Cengiz Hasankeyf Joint Venture)		--	--	5.655	--
Ümraniye-Ataşehir-Göztepe Metro Construction Project (Nurol Gülermak J.V.)	31	116.527	--	44.048	--
Yusufeli Group Dam Bridges Construction Project (Gülsan Nurol Joint Venture)	93	33.746	--	18.779	--
İzmir Çiğili Tramway Line Construction (Nurol İnşaat)	17	35.685	--	1.454	--
Silifke Mut Road Project (Nurol İnşaat)	21	93.383	--	86.043	--
Eyiste Viaduct Project (Nurol İnşaat)	74	101.466	--	201.769	
Ordu Highway Landslide Reclamation Works (NYYO)	22	16.035	--	9.574	--
Nurol L.L.C projects		642.951	312.328	496.090	126.376
		1.039.793	**312.328**	**863.412**	**126.376**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

14. Investments

	%		Amount	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	45,96	49.23	86.353	26.527
Nurol Yatırım Bankası A.Ş.	16,70	16.7	92.068	75.364
Nurol Otelcilik ve Turizm A.Ş. (*)	--	53.35	--	64.752
Nurol Göksu Elektrik Üretim A.Ş.	47,62	47.62	10.000	10.000
Nurol Sigorta Aracılık Hizmetleri A.Ş.	39,67	40.00	3.267	3.267
Nurol Enerji Üretim Paz. A.Ş.	1,68	4.31	2.864	2.864
Otoyol Deniz Taşımacılığı A.Ş.	25	--	1.510	1.510
Otoyol İşletme ve Bakım A.Ş.	26	--	1.298	1.298
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	0,13	1.83	23	23
Other	--	--	9	9
			197.392	**185.614**

(*) As of 31 December 2021, the Company transferred its shares in Nurol Otelcilik ve Turizm A.Ş. to Nurol Holding A.Ş. with the Board of Directors decision numbered 28/2021 dated 31 December 2021.

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

15. Property, Plant and Equipment

As of 31 December 2021, details of property, plant and equipment were as follows:

	31.12.2020	Additions	Disposals	Foreign currency translation differences	Revaluation (*)	Transfer	31.12.2021
Cost							
Land	5.334	--	--	4.645	--	--	9.979
Land improvements	1.813	104	(480)	--	--	--	1.437
Buildings	108.353	10.240	(6.176)	63.024	--	(29.083)	146.358
Leasehold improvements	54	--	(54)	--	--	--	--
Machinery and equipment	494.100	76.732	(19.687)	233.026	--	7	784.178
Motor vehicles	81.435	3.466	(11.296)	34.861	--	--	108.466
Fixtures and fittings	104.051	5.170	(21.889)	71.582	--	(6)	158.908
Other property, plant and equipment	352.719	600	(26.191)	239.543	--	--	566.671
Construction in progress	187	91	--	--	--	(278)	--
	1.148.046	**96.403**	**(85.773)**	**646.681**	**--**	**(29.360)**	**1.775.997**
Accumulated depreciation (-)							
Land improvements	749	45	(388)	--	--	--	406
Buildings	81.928	14.016	(6.020)	64.986	--	(98.992)	55.918
Leasehold improvements	53	--	(53)	--	--	--	--
Machinery and equipment	294.773	65.578	(14.071)	169.174	(22.556)	(25)	492.873
Motor vehicles	54.809	7.783	(9.801)	24.404	(2.290)	7	74.912
Fixtures and fittings	82.064	9.289	(14.176)	56.259	--	(243)	133.193
Other property, plant and equipment	302.080	51.421	(21.126)	205.152	--	--	537.527
	816.456	**148.132**	**(65.635)**	**519.975**	**(24.846)**	**(99.253)**	**1.294.829**
Net Book Value	**331.590**						**481.168**

(*) Nurol L.L.C. has adopted the revaluation method for its assets. The carrying amount of the assets have been revised based on the appraisal obtained by the Company Management and the accumulated depreciation figures have been revised accordingly as of 31 December 2021 and 2020.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

15. Property, Plant and Equipment (Continued)

As of 31 December 2020, details of property, plant and equipment were as follows:

	31.12.2019	Additions	Disposals	Foreign currency translation differences	Revaluation	Exclusion from Consolidation (Arabia)	Transfer	31.12.2020
Cost								
Land	4.907	--	--	427	--	--	--	5.334
Land improvements	1.191	654	(32)	--	--	--	--	1.813
Buildings	95.024	28.825	(24.161)	8.525	--	--	140	108.353
Leasehold improvements	54	--	--	--	--	--	--	54
Machinery and equipment	427.354	19.643	(19.567)	59.035	--	(32)	7.667	494.100
Motor vehicles	75.693	300	(3.004)	8.423	--	--	23	81.435
Fixtures and fittings	94.088	4.252	(3.012)	8.751	--	(27)	(1)	104.051
Other property, plant and equipment	337.159	249	(23.569)	38.880	--	--	--	352.719
Construction in progress	7.830	187	--	--	--	--	(7.830)	187
	1.043.300	**54.110**	**(73.345)**	**124.041**	**--**	**(59)**	**(1)**	**1.148.046**
Accumulated depreciation (-)								
Land improvements	710	71	(32)	--	--	--	--	749
Buildings	65.278	11.105	(1.458)	7.003	--	--	--	81.928
Leasehold improvements	53	--	--	--	--	--	--	53
Machinery and equipment	234.832	38.632	(14.502)	38.660	(2.837)	(32)	20	294.773
Motor vehicles	47.489	5.781	(3.003)	5.158	(608)	--	(8)	54.809
Fixtures and fittings	71.007	6.924	(2.200)	6.371	--	(24)	(14)	82.064
Other property, plant and equipment	241.496	46.972	(14.283)	27.895	--	--	--	302.080
	660.865	**109.485**	**(35.478)**	**85.087**	**(3.445)**	**(56)**	**(2)**	**816.456**
Net Book Value	**382.435**							**331.590**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

15. Property, Plant and Equipment (Continued)

The distribution of depreciation and amortization charge for the Group is as follows:

	01.01-31.12.2021	**01.01-31.12.2020**
Depreciation of investment property (Note 18)	9.007	10.240
Depreciation of property, plant and equipment	148.132	109.485
Amortization of intangible assets (Note 19)	655	363
	157.794	**120.088**

	01.01-31.12.2021	**01.01-31.12.2020**
Cost of sales	102.386	99.602
General administrative expenses	55.408	20.486
	157.794	**120.088**

16. Investments Recognized Using the Equity Method

In the accompanying consolidated financial statements as of 31 December 2021 and 2020, the Group has recognized Otoyol Yatırım ve İşletme A.Ş. with the equity method.

As of 31 December 2021, recorded value of Otoyol Yatırım İşletme A.Ş., which has been valued using the equity method and 25.95% (31 December 2020: 25.95%) of the shares are owned by the Group, TRY 40.068.272 thousand (31 December 2020: TRY 18.822.444 thousand) as of 31 December 2021, total equity is TRY 10.397.717 thousand (31 December 2020: TRY 4.884.424 thousand).

As of 31 December 2021 and 2020, profit share of investments of the Group recognized using the equity method is TRY 5.514.162 and TRY 1.390.722 thousand, respectively.

17. Goodwill

As of 31 December 2021 and 2019, goodwill in the accompanying consolidated financial statements of the Group is related to the share purchase of Otoyol Yatırım ve İşletme A.Ş. The Group has purchased a part of the shares of Yüksel İnşaat and Göçay İnşaat, being shareholders of Otoyol Yatırım ve İşletme A.Ş., and has paid goodwill in the amount of TRY 23,333 thousand.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

18. Investment Properties

As of 31 December 2021 details of investment properties are as follows:

	31.12.2020	Additions	Disposals	Foreign currency translation differences	Transfer	31.12.2021
Cost						
Land	613.090	--	(2.236)	--	--	610.854
Buildings	574.272	148	(312)	--	3.203	577.311
Georgia Batumi Sheraton Hotel	498.825	--	--	149.106	26.157	674.088
	1.686.187	**148**	**(2.548)**	**149.106**	**29.360**	**1.862.253**
Accumulated depreciation (-)						
Buildings	44.908	9.007	(28)	--	7.835	61.722
Georgia Batumi Sheraton Hotel	32.276	--	--	27.371	91.418	151.065
	77.184	**9.007**	**(28)**	**27.371**	**99.253**	**212.787**
Net Book Value	**1.609.003**					**1.649.466**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

18. Investment Properties (Continued)

As of 31 December 2020, details of investment properties are as follows:

	31.12.2019	Additions	Disposals	Foreign currency translation differences	31.12.2020
Cost					
Land	644.324	--	(31.234)	--	613.090
Buildings	574.272	--	--	--	574.272
Georgia Batumi Sheraton Hotel	485.122	--	--	13.703	498.825
	1.703.718	**--**	**(31.234)**	**13.703**	**1.686.187**
Accumulated depreciation (-)					
Buildings	34.668	10.240	--	--	44.908
Georgia Batumi Sheraton Hotel	29.855	--	--	2.421	32.276
	64.523	**10.240**	**--**	**2.421**	**77.184**
Net Book Value	**1.639.195**				**1.609.003**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

19. Intangible Assets

As of 31 December 2021, and 31 December 2020, details of intangible assets are as follows:

	31.12.2019	Additions	Foreign currency translation differences	Transfer	31.12.2020	Additions	Foreign currency translation differences	Disposals	31.12.2021
Cost									
Rights	1.455	731	538	1	2.725	502	1.115	--	4.342
Other intangible assets	312	--	--	--	312	--	--	(86)	226
	1.767	**731**	**538**	**1**	**3.037**	**502**	**1.115**	**(86)**	**4.568**
Accumulated amortization (-)									
Rights	949	310	629	2	1.890	624	788	--	3.302
Other intangible assets	226	53	--	--	279	31	--	(86)	224
	1.175	**363**	**629**	**2**	**2.169**	**655**	**788**	**(86)**	**3.526**
Net Book Value	**592**				**868**				**1.042**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

20. Provisions, Contingent Assets and Liabilities

Current provisions	**31.12.2021**	**31.12.2020**
Provision for litigations	14.504	4.548
Other	--	227
	14.504	**4.775**

As of 31 December 2021 and 2020, the movement table of provision for lawsuits is as follows:

	01.01-31.12.2021	**01.01-31.12.2020**
Opening balance	**4.548**	**3.341**
Additional provision made during the period (Note 25)	10.188	1.520
Provision that has no subject (-) (Note 25)	(232)	(313)
Closing balance	**14.504**	**4.548**

	31.12.2021	**31.12.2020**
Legal cases in favor of the Group	70.068	2.068
Legal cases against the Group	49.802	42.605

As of 31 December 2021, the amount of the legal cases filed against the Group and still ongoing is approximately TRY 49.802 thousand (31 December 2020: TRY 42.605 thousand TRY). As of 31 December 2021, the Group based on the opinion of the Legal Advisors, has set a provision in the amount of TRY 4.548 thousand (31 December 2020: TRY 4.548 thousand).

Letters of guarantee received by the Group are as follows:

	31.12.2021		**31.12.2020**	
Letters of guarantee received from customers	**Foreign Currency**	**TRY Equivalent**	**Foreign Currency**	**TRY Equivalent**
Letters of guarantee received				
-TRY	--	57.484	--	32.588
-USD	376	4.880	4.822	35.395
-EUR	1.931	28.352	370	3.329
Cheques and notes received				
-TRY	--	506	--	381
-USD	133	133	4.405	32.335
Total		**91.355**		**104.028**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

20. Provisions, Contingent Assets and Liabilities (Continued)

Collaterals, pledges and mortgages CPM given by the Group As of 31 December 2021 and 31 December 2020 are as follows:

		31.12.2021	31.12.2020
A	CPM’s given in the name of own legal personality	9.356.071	5.310.277
B	CPM’s given on behalf of the fully consolidated companies	--	--
C	CPM’s given on behalf of third parties for ordinary course of business	--	--
D	Total amount of other CPM’s given	--	--
	i. Total amount of CPM’s given on behalf of the majority shareholder	--	--
	ii. Total amount of CPM’s given on behalf of the group companies which are not in scope of B and C	--	--
	iii. Total amount of CPM’s given on behalf of third parties which are not in scope of C	--	--
		9.356.071	**5.310.277**

As of 31 December 2021 and 31 December 2020, details of the CPM’s given in the name of own legal personality are as follows:

	Foreign Currency Amount					31.12.2021
	TRY	USD	EUR	DZD	AED	TRY Equivalent
Letters of guarantee	538.515	10.746	62.732	938.819	105.124	1.996.811
Suretyship	--	421.800	--	--	--	5.473.910
Mortgage	931.000	--	65.000	--	--	1.885.350
	1.469.515	**432.546**	**127.732**	**938.819**	**105.124**	**9.356.071**

	Foreign Currency Amount					31.12.2020
	TRY	USD	EUR	DZD	AED	TRY Equivalent
Letters of guarantee	432.791	17.555	58.675	1.999.998	42.413	1.279.375
Suretyship	--	395.704	--	--	--	2.904.665
Mortgage	856.000	--	30.000	--	--	1.126.237
	1.288.791	**413.259**	**88.675**	**1.999.998**	**42.413**	**5.310.277**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

21. Employee Benefits

a) Current liabilities for employee benefits

	31.12.2021	**31.12.2020**
Due to personnel	16.422	10.081
Social security premiums payable	12.370	3.799
	28.792	**13.880**

b) Provision for employee benefits

	31.12.2021	**31.12.2020**
Current provisions	3.216	1.943
Non-current provisions	10.163	5.886
	13.379	**7.829**

b.1) Current provisions

	31.12.2021	**31.12.2020**
Unused vacation provision	3.216	1.943
	3.216	**1.943**

b.2) Non-current provisions

	31.12.2021	**31.12.2020**
Provision for employee termination benefits	10.163	5.886
	10.163	**5.886**

Provision for employee termination benefits

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

The amount payable consists of one month’s salary limited to a maximum of TRY 8.254,51 for each period of service at 31 December 2021 (31 December 2020: TRY 7.117,17).

Retirement pay liability is not subject to any kind of funding legally.

Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company’s liabilities by using actuarial valuation methods under defined benefit plans.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

21. Employee Benefits (Continued)

Provision for employee termination benefits (Continued)

The principal actuarial assumptions used to calculate the liability at the balance sheet date are as follows:

	31.12.2021	**31.12.2020**
Discount rate	%21.00	%13.00
Annual inflation rate	%16.40	%9.00

Movements in provision for severance pay for the years ended 31 December are as follows;

	01.01 – 31.12.2021	**01.01 – 31.12.2020**
1 January	**5.886**	**5.332**
Current year equivalent	1.900	1.636
Interest cost (Note 25)	758	566
Termination benefits paid	(1.227)	(2.135)
Actuarial (gain)	2.859	752
Currency translation differences	(13)	(265)
Closing balance, 31 December	**10.163**	**5.886**

Salary, bonus and similar benefits provided to senior executives

The senior management team of the Group consists of the Board of Directors, Group Presidents and Vice Presidents, General Manager and Deputy General Managers. In the year ended 31 December 2021, the total amount of short-term salaries, bonuses and other similar benefits provided to the Group's top executives is TRY 4,469 thousand (31 December 2020: TRY 6.609 thousand).

22. Other Assets and Liabilities

Other current assets	**31.12.2021**	**31.12.2020**
VAT carried forward	160.321	84.004
VAT receivables	51.160	4.032
Advances given for business purposes		
- Nurol İnşaat ve Ticaret A.Ş.	837	1.885
- Gülsan Nurol Joint Venture	17	--
Advances given to subcontractors	30.705	16.754
Income accruals	28	--
Other	267	70
	243.335	**106.745**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

22. Other Assets and Liabilities (Continued)

Other current liabilities	**31.12.2021**	**31.12.2020**
Taxes and funds payable		
- Nurol İnşaat ve Ticaret A.Ş.	31.983	3.077
- Nurol Algeria Branch	13.488	18.773
- Nurol Georgia	2.594	--
- Nurol Yüksel YDA Özka Joint Venture	2.133	689
- Nurol Gülermak Makyol Joint Venture	1.720	1.179
- Nurol Morocco Branch	641	376
- Nurol Mesa Joint Venture	358	241
- Gülsan Nurol Joint Venture	322	282
- Nurol Cengiz Joint Venture	32	50
- Nömayg Joint Venture	1	323
- Nurol LLC	--	5.383
- Nurol Gülermak Joint Venture	--	1.709
- Nurol Cengiz Hasankeyf Joint Venture	--	87
Other	507	16
	53.779	**32.185**

Other non-current liabilities	**31.12.2021**	**31.12.2020**
- Nurol L.L.C	62.569	46.422
	62.569	**46.422**

23. Equity

a. Share Capital

The composition of shareholders and their respective percentage of ownership is as follows:

	31.12.2021	**Share ratio (%)**	**31.12.2020**	**Share ratio (%)**
Nurol Holding A.Ş.	443.533	99,9	443.533	99,9
Nurettin Çarmıklı	137	0,03	137	0,03
Erol Çarmıklı	--	--	137	0,03
Mehmet Oğuz Çarmıklı	137	0,03	137	0,03
Aynur Türkan Çarmıklı	28	0,01	28	0,01
Müjgan Sevgi Kayaalp	28	0,01	28	0,01
Figen Çarmıklı	137	0,03	--	--
	444.000	**100**	**444.000**	**100**
Positive distinction from share capital adjustment	1.471		1.471	
Total	**445.471**		**445.471**	

Due to the death of Mr. Erol Çarmıklı, one of the partners of the company, the shares amounting to 137 thousand TRY at the rate of 0.03% were legally transferred to Figen Çarmıklı with the court decision dated 7 September 2021.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

23. Equity (Continued)

b. Other equity items

Other Comprehensive Income not to be Reclassified to Profit or Loss

	31.12.2021	**31.12.2020**
Actuarial gains/ losses	(7.378)	(4.519)
Revaluation of property, plant and equipment	856.131	831.280
	848.753	**826.761**

Other Comprehensive Income to be Reclassified to Profit or Loss

	31.12.2021	**31.12.2020**
Foreign currency translation	877.687	456.731
Revaluation of financial assets held for sale	1.076.629	638.747
	1.954.316	**1.095.478**

Restricted reserves separated from profit

	31.12.2021	**31.12.2020**
Legal reserves	52.384	43.885
Special reserves	57.698	32.847
Other profit reserves	257.121	263.544
	367.203	**340.276**

Legal reserves are set aside as first-order legal reserves until 5% of the "profit" reaches 20% of the paid/issued capital, pursuant to the first paragraph of Article 519 of the New TCC No. 6102. After deducting the amount set aside as the first-order reserve fund from the "profit", the first dividend is set aside for the shareholders from the remaining amount. The General Assembly is authorized to decide whether to allocate or distribute the remaining balance after the first legal reserve fund and the first dividend, taking into account the profit distribution policy of the Company. II. the legal reserve fund, pursuant to the 3rd subparagraph of the 2nd paragraph of the 519th article of the New TCC; One tenth of the amount found after deducting 5% of the issued/paid-up capital from the portion that has been decided to be distributed is set aside. In case it is decided to distribute bonus shares by adding the profit to the capital, II. legal reserves are not set aside.

24. Revenue and Cost of Sales

	01.01-31.12.2021	**01.01-31.12.2020**
Domestic sales	1.645.503	979.977
Foreign sales	2.466.314	2.188.316
Sales return (-)	(770)	(838)
Revenue	**4.111.047**	**3.167.455**
Cost of sales (-)	**(3.701.622)**	**(3.005.709)**
Gross profit	**409.425**	**161.746**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

24. Revenue and Cost of Sales

The detail of revenue is summarized as follows:

	01.01.- 31.12.2021	**01.01.- 31.12.2020**
Domestic sales		
- Nurol İnşaat ve Ticaret A.Ş. (Domestic)	633.018	462.817
- Nurol Gülermak Joint Venture	455.467	269.533
- Nurol Gülermak Makyol Joint Venture	285.657	138.002
- Gülsan Nurol Joint Venture	125.921	23.089
- Nömayg Joint Venture	92.559	79.551
- Nurol Yüksel YDA Özka Joint Venture	52.881	--
- Nurol Cengiz Hasankeyf Joint Venture	--	6.985
Foreign sales		
- Nurol İnşaat ve Ticaret A.Ş. (Overseas)	739.568	733.241
- Nurol LLC	1.238.509	1.337.557
- Nurol Algeria Branch	273.125	102.732
- Nurol Romania Branch	118.322	--
- Nurol Georgia Branch	96.790	14.786
	4.111.817	3.168.293
Sales return (-)	(770)	(838)
	4.111.047	**3.167.455**

25. Other Income and Expenses from Operating Activities

Other income from operating activities	**01.01.- 31.12.2021**	**01.01.- 31.12.2020**
Nurol L.L.C. insurance income	7.394	7.520
Income from sales of scrap and raw materials	2.556	5.458
Insurance claims	752	1.038
Rediscount interest income	666	2.030
Unpaid suspect provision (Note 6 and 9)	499	1.539
Litigation provisions released (Note 20)	232	313
Prior periods’ income	--	134
Inventory count difference	--	22
Other	240	1.297
	12.339	**19.351**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

25. Other Income and Expenses from Operating Activities (Continued)

Other expenses from operating activities	**01.01.- 31.12.2021**	**01.01.- 31.12.2020**
Configuration laws expenses (*)	(85.932)	(1.179)
Retirement pay provision interest expense (Note 20)	(10.188)	(1.520)
Rediscount interest expenses	(3.233)	(36)
Doubtful debt provision expenses (Note 6)	(4.750)	(1.037)
Retirement pay provision interest expense (Note 21)	(758)	(566)
Donation and grants	(273)	(32.021)
Commission expenses	(207)	(113)
Libya and Iraq provision expenses	--	(13.601)
Other	(1.448)	(3.391)
	(106.789)	**(53.464)**

(*) As of 31 December 2021, the Group has increased the tax base for 2018, 2019 and 2020 by utilizing the “Restructuring of Certain Receivables” law numbered 7326.

26. Income and Expenses from Investing Activities

Income from investing activities	**01.01.- 31.12.2021**	**01.01.- 31.12.2020**
Dividend income (*)	18.808	10.302
Rent income	8.866	146
Profit from sale of property, plant and equipment	3.476	29.551
Profit on sales of investments / subsidiaries (Nurol Maroc)	39	--
	31.189	**39.999**

(*) TRY 16.704 thousand of dividend income is comprised from Nurol Yatırım Bankası and TRY 2.104 thousand from Nurol Sigorta Aracılık Hizmetleri A.Ş.

Expenses from investing activities	**01.01.- 31.12.2021**	**01.01.- 31.12.2020**
Expense on sales of investments / subsidiaries (*)	(34.391)	--
Loss from sale of property, plant and equipment	--	(7)
	(34.391)	**(7)**

(*) Nurol İnşaat transferred its shares in Nurol Otelcilik ve Turizm A.Ş. to Nurol Holding A.Ş. with the Board of Directors decision numbered 28/2022 and dated 31 December 2021.

27. Financial Income and Expenses

Financial income	**01.01- 31.12.2021**	**01.01- 31.12.2020**
Foreign exchange income	567.479	869.347
Interest income	10.407	22.800
Profit of increase in value of marketable securities	137.747	19.440
	715.633	**911.587**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

27. Financial Income and Expenses (Continued)

Financial expenses	**01.01-31.12.2021**	**01.01-31.12.2020**
Foreign exchange expenses	(3.447.022)	(1.408.468)
Interest expenses	(898.403)	(687.023)
Bank commission expenses	(53.995)	(59.480)
Bond issuance interest expenses	(3.608)	--
Letters of guarantee expenses	(3.315)	(2.695)
Decrease of in value of marketable securities	(463)	--
	(4.406.806)	**(2.157.666)**

28. Taxes on Income (Including Deferred Tax Assets and Liabilities)

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as a deduction in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws. If the profit is not distributed, no other tax is paid, and all or part of the profit is dividends;

- To real people
- Natural and legal persons who are exempt or exempt from Income and Corporate Tax,
- Limited taxpayer real and legal persons,

In case of distribution, 15% Income Tax Withholding is calculated. The addition of the period profit to the capital is not considered as profit distribution and no withholding tax is applied.

Corporations calculate a 25% temporary tax on their quarterly financial profits and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year.

75% of the profits arising from the sale of participation shares, which are in the assets of the corporations for at least two full years, and 50% of the gains from the sale of the immovables that are in the assets for the same period of time, are exempt from tax, provided that they are added to the capital as stipulated in the Corporate Tax Law.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses cannot be offsite from last year's profits. There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the last day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in the financial statements for 2021.

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

28. Taxes on Income (Including Deferred Tax Assets and Liabilities) (Continued)

The Corporate Tax rate with the Provisional Article 13 added to the Corporate Tax Law no. It will be applied as 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. In the financial statements dated 31 December 2021, 25% is used as the tax rate in the calculations of current tax and deferred tax.

United Arab Emirates
As of December 31, 2021, the VAT rate varies from 0% to 5% or tax-free. The rate for revenues and costs from construction works is 5%. The company is not subject to income tax or corporate tax in the U.A.E.

Georgia
The standard VAT rate is 18% and applies to the sale of all goods and services supplied in Georgia carried out as an economic activity. Under the new corporate income tax system, the income is recognized As of December 31, 2021, the VAT rate varies from 0% to 5% or tax-free. The rate for revenues and costs from construction works is 5%. The company is not subject to income tax or corporate tax in the U.A.E. as per International Financial Reporting Standards (IFRS). The corporate income tax rate in Georgia is 15%. Branch income is taxed at the general rate of 15% upon its distribution.

Algeria
The Group does not have any exemption on tax and pays income tax every March (corporation tax and income tax are the same). Income tax rate is 23%. The Group is to state VAT information to the tax office of the previous month, to the15th of the current month and pay till the end of the current month. VAT rate is 19%.

Morocco
The Group does not have any exemption on tax and pays income tax every March (corporation tax and income tax are the same). Income tax rate is 30%. The Group is to state VAT information to the tax office of the previous month, until the 19th of the current month and pay till the end of the current month. VAT rate is 20%.

As of the balance sheet date, the tax liability details are as follows:

	01.01-31.12.2021	**01.01-31.12.2020**
Provision for Corporate Tax for current period	--	--
Deferred tax income / (expense)	269.026	71.048
	269.026	**71.048**

Assets related to the current period taxes are as follows:

Current	**31.12.2021**	**31.12.2020**
Prepaid taxes (-) (*)	(168.143)	(183.236)
	(168.143)	**(183.236)**

(*) According to Turkish Tax Laws companies must make advance payments of corporation tax. Prepaid taxes are computed on the quarterly taxable profits reported at the rate of 25% (2020: 22). This prepaid corporation tax can be recovered by deduction from future corporation tax liabilities. Recovery by deduction from other taxes is also possible.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

28. Taxes on Income (Including Deferred Tax Assets and Liabilities) (Continued)

Non-current	**31.12.2021**	**31.12.2020**
Prepaid taxes (-) (**)	(87.550)	(29.939)
	(87.550)	**(29.939)**

(**) In accordance with Turkish Income Tax Law No.42, 3% retention is made from each progress report issued in respect of non-current construction contracts. These retentions are recorded in prepaid taxes and are offset from the corporation tax liability of the accounting year in which the contract is completed.

Deferred Tax

The Group calculates its deferred income tax assets and liabilities by taking into account the effects of temporary differences between the legal financial statements of the balance sheet items as a result of different evaluations. These temporary differences generally result from the recognition of income and expenses in different reporting periods in accordance with the communiqué and tax laws.

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

Cumulative temporary differences	**31.12.2021**	**31.12.2020**
Ongoing construction contracts	813.100	(45.394)
Litigation provision	14.504	4.548
Provisions for employee benefits	10.152	5.815
Provision for doubtful receivables	8.452	3.859
Investments provision expense	3.654	3.453
Unused vacation provision	3.216	1.944
Written off assets	404	696
Unaccrued finance expenses (net)	316	748
Other doubtful receivables	156	433
Accrued interest on loans	75	134
Foreign exchange correction	37	(722)
Valuation of investment properties	--	(223.350)
Depreciation adjustment	--	585
Valuation of financial investments	(258)	201
Unaccrued finance income (net)	(524)	(3.523)
Other	9.454	--
	862.738	**(250.573)**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

28. Taxes on Income (Including Deferred Tax Assets and Liabilities) (Continued)

Deferred tax (Continued)

Deferred tax assets / (liabilities)	**31.12.2021**	**31.12.2020**
Ongoing construction contracts	203.275	(9.987)
Litigation provision	3.626	1.001
Provisions for employee benefits	2.538	1.279
Provision for doubtful trade receivables	2.113	849
Affiliate provision expense	914	760
Unused vacation provision	804	428
Unrealized financing expenses	101	153
Unaccrued finance expenses (net)	79	165
Other doubtful receivables	39	95
Accrued interest on loans	19	29
Foreign exchange correction	9	(159)
Valuation of investment properties	--	(49.137)
Depreciation adjustment	--	129
Valuation of financial investments	(65)	44
Unaccrued finance income (net)	(131)	(775)
Other	2.364	--
	215.685	**(55.126)**

Deferred tax assets / (liabilities)	**31.12.2021**	**31.12.2020**
Deferred tax assets	268.603	5.011
Deferred tax liabilities (-)	(52.918)	(60.137)
Deferred tax assets / (liabilities), net	**215.685**	**(55.126)**

29. Earnings Per Share

Earnings per share (EPS) is calculated by dividing the net profit for the year attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	01.01-31.12.2021	**01.01-31.12.2020**
Profit for the period	2.222.536	287.989
Weighted average number of shares with nominal value	444.000.000	444.000.000
Earnings per share	**0,005006**	**0,000649**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

30. The Nature and Level of Risks Arising from Financial Instruments

The main financial instruments of the Group consist of bank loans, cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operating activities.

a) Capital Management Policies and Procedures

The primary objective of the Group's capital management objectives is to ensure that it maintains a healthy capital structure in order to support its business and maximize shareholder value.

The Group monitors the capital by using the net financial debt / used capital ratio. This ratio is found by dividing the financial debt used by the capital. Net financial debt is calculated by deducting cash and cash equivalents from total debt. The capital used is calculated by collecting equity and net financial debt as shown on the balance sheet.

Net financial debt / total financial equity ratio used as follows:

	01.01-31.12.2021	**01.01-31.12.2020**
Total financial liabilities	7.546.725	4.996.330
Less: cash and cash equivalents	(841.687)	(478.741)
Net financial debt	**6.705.038**	**4.517.589**
Total equity	6.713.367	3.599.577
Less: Revaluation fund	(856.131)	(831.280)
Total financing used	12.562.274	7.285.886
Net financial debt / Total financial used	**53%**	**62%**

b) Financial Risk Factors

The main risks posed by the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The company management and board of directors examine and accept the policies regarding the management of the following risks. The Company also considers the market value risk of all its financial instruments.

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

30. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit risk management

The credit risk of the Group for each financial instrument type is as follows:

	Receivables					
	Trade Receivables		Other Receivables			
Current period (31 December 2021)	Related Party	Third Party	Related Party	Third Party	Bank Deposits	Other
Maximum credit risk exposures as of report date						
(A+B+C+D+E)	*8.873*	*842.885*	*908.374*	*118.276*	*830.570*	--
-Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	8.873	842.885	908.374	118.276	830.570	--
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
C. Net Book Values of Impaired Assets						--
- Overdue (Gross Book Value)		10.235		156		--
- Impairment (-)		(10.235)		(156)		--
- Secured part via collateral etc.	--	--	--	--	--	--
- Undue (Gross Book Value)	--	--	--	--	--	--
- - Impairment (-)	--	--	--	--	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
D. Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

30. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit risk management

	Receivables					
	Trade Receivables		Other Receivables			
Current period (31 December 2020)	Related Party	Third Party	Related Party	Third Party	Bank Deposits	Other
Maximum credit risk exposures as of report date						
(A+B+C+D+E)	*36.466*	*592.699*	*73.837*	*31.137*	*84.079*	--
-Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	36.466	592.699	73.837	31.137	84.079	--
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
C. Net Book Values of Impaired Assets	--	--	--	--	--	--
- Overdue (Gross Book Value)	--	5.707	--	433	--	--
- Impairment (-)	--	(5.707)	--	(433)	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
- Undue (Gross Book Value)	--	--	--	--	--	--
- - Impairment (-)	--	--	--	--	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
D. Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

30. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors (Continued)

b.2) Liquidity risk table

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Group manages its liquidity needs by regularly planning its cash flows or by maintaining sufficient funds and borrowing sources by matching the maturities of liabilities and assets.

Prudent liquidity risk management implies maintaining sufficient cash, securing availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

Contractual Maturities		**Cash Per Contract**				
31 December 2021	**Book Value**	**Total Disposals (I+II+III+IV)**	**Less than 3 Months (I)**	**Between 3-12 Months (II)**	**Between 1-5 Years (III)**	**Longer than 5 Years (IV)**
Bank credits	5.861.226	5.861.226	31.653	348.181	5.481.392	--
Issues of debt securities	1.410.762	1.410.762	--	--	1.410.762	--
Finance lease obligations	274.678	274.678	43.670	131.010	99.998	--
Trade payables	2.297.241	2.297.241	--	1.266.609	1.030.632	--
Other debts	2.346.028	2.346.028	--	195.675	2.150.353	--
Total Liability	**12.189.935**	**12.189.935**	**75.323**	**1.941.475**	**10.173.137**	**--**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

30. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk

The Group is exposed to financial risks arising from changes in currency rate, interest rate and price risk which arise directly from its operations. The market risks that the Group is exposed to are measured on the basis of sensitivity analysis.

When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

b.3.1) Foreign currency risk

Transactions in foreign currencies cause exchange rate risk. Currency risk is managed with forward foreign exchange purchase/sell contracts based on approved policies.

The table below summarizes the foreign monetary position risk of the Group.

	31.12.2021	**31.12.2020**
Foreign currency assets	2.356.809	1.319.942
Foreign currency liabilities (-)	(8.001.324)	(5.748.455)
Net foreign currency position	**(5.644.515)**	**(4.428.513)**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

30. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk (Continued)

b.3.1) Foreign currency risk (Continued)

31.12.2021	USD	EUR	GBP	RUB	DZD	AED	MAD	GEL	RON	TRY Equivalent
1. Trade receivables	2.466	364	--	--	4.694.560	26.642	3.067	624	3.722	587.375
2a. Monetary financial assets, (cash	216	1.012	12	278	295.368	159.257	1.221	5.807	16.081	678.564
2b. Non-monetary financial assets	441	1.925	--	--	63.263	29.299	29	10	7.215	164.200
3. Other	20.149	11.376	--	--	146.237	93.067	--	293	7.707	793.116
4. Current assets (1+2+3)	23.272	14.677	12	278	5.199.428	308.265	4.317	6.734	34.725	2.223.255
5. Trade receivables	--	--	--	--	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	52	--	--	--	3.209	--	2.158	--	--	4.005
7. Other	--	--	--	--	--	--	--	7.988	--	33.524
8. Non-current assets (5+6+7)	52	--	--	--	3.209	--	2.158	7.988	--	37.529
9. Total assets (4+8)	23.324	14.677	12	278	5.202.637	308.265	6.475	14.722	34.725	2.260.784
10. Trade payables	6.098	1.356	--	--	7.807.242	175.649	85	678		1.448.409
11. Financial liabilities	--	--	--	--		38.192		--		134.184
12a. Other monetary liabilities	--	5.004	--	--	214.808	--	856.209	51		1.296.123
12b. Other non-monetary liabilities	180	214	--	--	421.517	--	--	7		44.881
13. Current liabilities (10+11+12)	6.278	6.574	--	--	8.443.567	213.841	856.294	736	--	2.923.597
14. Trade payables	--	70.199	--	--	--	--	--	--	--	1.030.683
15. Financial liabilities	111.108	127.894	--	--	--	91.677	--	36.015		3.792.928
16a. Other monetary liabilities	--	--	--	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	11.681	17.498	--	28.047	--	180.276
17. Non-current liabilities (14+15+16)	111.108	198.093	--	--	11.681	109.175	--	64.062	--	5.003.887
18. Total liabilities (13+17)	117.386	204.667	--	--	8.455.248	323.016	856.294	64.798	--	7.927.484
19. Net foreign assets / (liability) position (9-18+19)	(94.062)	(189.990)	12	278	(3.252.611)	(14.751)	(849.819)	(50.076)	34.725	(5.666.700)
19. Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(114.524)	(203.077)	12	278	(3.032.122)	(119.619)	(852.006)	(30.313)	19.803	(6.436.388)

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

30. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk (Continued)

b.3.1) Foreign currency risk (Continued)

31.12.2020	USD	EUR	RUB	DZD	AED	MAD	GEL	RON	TRY Equivalent
1. Trade receivables	867	309	--	--	5.134.102	76.401	3.067	417	--
2a. Monetary financial assets, (cash	2.740	2.954	--	274	395.093	168.114	92	1.099	1.191
2b. Non-monetary financial assets	477	34	--	--	63.203	14.190	29	130.061	--
3. Other	40	6	--	--	1.530.676	14	--	311	
4. Current assets (1+2+3)	4.124	3.303	--	274	7.123.074	258.719	3.188	131.888	1.191
5. Trade receivables	--	--	--	--	--	--	2.158	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	3.209	--	--	--	--
7. Other	--	--	--	--	--	--	--	19.388	--
8. Non-current assets (5+6+7)	--	--	--	--	3.209	--	2.158	19.388	--
9. Total assets (4+8)	4.124	3.303	--	274	7.126.283	258.719	5.346	151.276	1.191
10. Trade payables	31.893	1.100	--	--	6.964.918	181.067	121	494	
11. Financial liabilities	893	1.314	--	--	6.964.918	73.954	121	494	--
12a. Other monetary liabilities	--	--	--	--	--	--	855.740	--	
12b. Other non-monetary liabilities	1.597	266	--	--	837.754	--	--	9	
13. Current liabilities (10+11+12)	34.383	2.680	--	--	14.767.590	255.021	855.982	997	--
14. Trade payables	--	89.700	--	--	--	--	--	--	--
15. Financial liabilities	147.816	128.048				99.980		21.456	
16a. Other monetary liabilities	--	--	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	1.259	23.174	--	40.874	--
17. Non-current liabilities (14+15+16)	147.816	217.748	--	--	1.259	123.154	--	62.330	--
18. Total liabilities (13+17)	182.199	220.428	--	--	14.768.849	378.175	855.982	63.327	--
19. Net foreign assets / (liability) position (9-18+19)	(178.075)	(217.125)	--	274	(7.642.566)	(119.456)	(850.636)	87.949	1.191
19. Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(176.995)	(216.899)	--	274	(8.400.641)	(110.486)	(850.665)	(20.928)	1.191

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

30. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk (Continued)

b.3.1) Foreign currency risk (Continued)

The Group's borrowing at fixed and variable interest rates exposes the Group to interest rate risk. Interest rates of financial assets and liabilities are stated in the related notes.

INTEREST POSITION TABLE		**31 December 2021**	**31 December 2020**
Fixed Rate Financial Instruments			
Financial Assets	*Time deposits*	41.287	41.287
	Financial assets available for sale	1.275.139	1.275.139
Financial Liabilities		274.678	304.894
Variable Rate Financial Instruments			
Financial Assets		706	1.069
Financial Liabilities		7.238.809	4.657.271

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

31. Financial Instruments (fair value explanations and disclosures within the framework of hedge accounting)

Fair values

31 December 2021	**Financial assets/liabilities at amortized cost**	**Fait Value**	**Book Value**	**Note**
Financial assets				
Cash and cash equivalents	841.687	841.687	841.687	
Trade receivables	842.885	842.885	842.885	
Trade receivables from related parties	917.246	917.246	917.246	
Other financial assets	1.275.845	1.275.845	1.275.845	
Financial liabilities				
Financial liabilities	7.546.725	7.546.725	7.546.725	
Trade payables to related parties	2.293.603	2.293.603	2.293.603	
Other financial liabilities	1.938.909	1.938.909	1.938.909	

31 December 2020	**Financial assets/liabilities at amortized cost**	**Fait Value**	**Book Value**	**Note**
Financial assets				
Cash and cash equivalents	24.297	24.297	24.297	
Trade receivables	596.405	596.405	596.405	
Trade receivables from related parties	110.303	110.303	110.303	
Other financial assets	984.002	984.002	984.002	
Financial liabilities				
Financial liabilities	4.996.330	4.996.330	4.996.330	
Trade payables	1.459.948	1.459.948	1.459.948	
Trade payables to related parties	--	--	--	

31. Financial Instruments (fair value explanations and disclosures within the framework of hedge accounting) (Continued)

Fair values (Continued)

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

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methods. However, estimates are necessary in interpreting market data to determine fair value. Accordingly, the estimates presented here may not represent the amounts that the Group could realize in a current market transaction.

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

Monetary assets

It is assumed that the carrying values of financial assets shown at cost, including cash and cash equivalents, are equal to their fair values due to their short-term nature.

It is anticipated that the carrying values of trade receivables, together with the related impairment provisions, reflect the fair value.

Monetary liabilities

The fair values of short-term bank loans and other monetary liabilities are considered to be close to their book values due to their short-term nature.

Due to the fact that long-term financial liabilities mostly have variable interest rates and are repriced in the short term, it is anticipated that the carrying values of the borrowings are close to their fair values as of the reporting date.

First level: Valuation techniques that use active market (unadjusted) market prices for identical assets and liabilities.

Second level: Valuation techniques that include inputs used to find the directly or indirectly observable market price of the relevant asset or liability other than the market price specified at the first level.

Third level: Valuation techniques that include inputs that are not based on market observable data used to determine the fair value of the asset or liability.

32. Events After the Reporting Date

None.

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

33. Restated Consolidated Financial Statements

The significant estimates used in the preparation of the consolidated financial statements for the year ended 31 December 2021 are consistent with the estimates applied in the preparation of the financial statements for the years ended 31 December 2020. As of 31 December 2020, the consolidated financial statements have been restated as follows.

ASSETS	Revised Past period 31 December 2020	Audited Past period 31 December 2020	Effect of Restatement
Current Assets			
Financial investments	185.614	185.653	(39)
Deferred tax asset	5.011	5.003	8
Total non-current assets prior to discontinued operations	**7.102.832**	**7.102.863**	(31)
Discontinued activities	--	186.435	(186.435)
Total Non-Current Assets	**7.102.832**	**7.289.298**	**(186.466)**
TOTAL ASSETS	**11.016.837**	**11.203.303**	**(186.466)**

LIABILITIES	Revised Past period 31 December 2020	Audited Past period 31 December 2020	Effect of Restatement
Current Liabilities			
Deferred income	32.871	32.874	(3)
Total Current Liabilities	**1.477.814**	**1.477.817**	**(3)**
EQUTIY			
Accumulated other comprehensive income / expense not to be reclassified to profit or loss			
- Revaluation of property, plant and equipment	*831.280*	*857.444*	*(26.164)*
Other comprehensive income/expense to be reclassified to profit			
- Currency translation differences	*456.731*	*522.843*	*(66.112)*
Restricted Profit Reserves	340.276	440.975	(100.699)
Prior Years' Profits	603.602	584.178	19.424
Profit for the Period	287.989	300.901	(12.912)
Total equity	**3.599.577**	**3.786.040**	**(186.463)**
Commitments and Liabilities	--	--	--
TOTAL EQUITY	**11.016.837**	**11.203.303**	**(186.466)**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

33. Restated Consolidated Financial Statements (Continued)

	Revised Past period 1 January - 31 December 2020	**Audited Past period 1 January - 31 December 2020**	**Effect of Restatement**
Other Expenses from Operating Activities (-)	(53.464)	(39.863)	(13.601)
Operating profit	**32.306**	**45.907**	**(13.601)**
Profit from continuing operations	**287.989**	**301.590**	**(13.601)**
Period loss from discontinued operations	--	(689)	689
PROFIT FOR THE PERIOD	**287.989**	**300.901**	**(12.912)**

34. Fees for Services Obtained from Independent Auditor/Independent Audit Firm

AS Bağımsız Denetim ve Yeminli Mali Müşavirlik Anonim Şirketi ("AS NEXIA") is appointed auditor for the period until the 2021 Annual General Meeting.

	Group			**Company**
	2020	**2021**	**2020**	**2021**
("AS NEXIA")				
Audit fees (1)	185	210	185	210
Audit-related fees(2)	5	5	5	5
Tax fees(3)	--	--	--	--
All other fees(4)	--	--	--	--
Total fees to ("AS NEXIA")	**190**	**215**	**190**	**215**
Audit networks fees ("NEXIA International) (5)	--	--	--	--
Audit fees to other audit firms	986	1.152	251	275
Total fees to auditors	**1.176**	**1.367**	**441**	**490**

1) Audit fees consist of fees for the annual audit-services engagement and other audit services, which are those services that only the external auditors reasonably.
2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the external auditors, and include consultations concerning financial accounting and reporting standards; internal control reviews etc.
3) Tax fees include fees for tax attestation services, VAT refund, tax consultations, tax advice related to mergers and acquisitions, transfer pricing, requests for rulings of technical advice from tax authorities, etc.
4) All other fees include fees for financial advisory and other services.
5) Audit networks fees include fees for audit and assurance services, tax consultancy and other financial services. These services are provided by audit companies within the ("NEXIA International) network but except ("AS NEXIA").

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

35. Consolidated Financial Statements Ratios

APPENDIX.1

CURRENT RATIO

I - $\dfrac{\text{Current Assets}}{\text{Short Term Liabilities}}$ TRY

2019 Current Ratio	=	2.673.381 / 1.409.786	=	1,90
2020 Current Ratio	=	3.914.005 / 1.477.814	=	2,65
2021 Current Ratio	=	5.440.858 / 2.440.239	=	2,23
Average of Current Ratio for Three Years	=	a+b+c / d+e+f	=	2,26

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

35. Consolidated Financial Statements Ratios (Continued)

APPENDIX. 2

EQUITY RATIO

II -	Shareholder’s Equity / Total Assets		TRY		
	2019 Shareholder’s Equity Ratio	=	2.686.280 / 8.988.647	=	0,30
	2020 Shareholder’s Equity Ratio	=	3.599.577 / 11.016.837	=	0,33
	2021 Shareholder’s Equity Ratio	=	6.713.367 / 19.441.630	=	0,35
	Average of Shareholder’s Equity Ratio for Three Years	=	a+b+c / d+e+f	=	0,33

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

35. Consolidated Financial Statements Ratios (Continued)

APPENDIX.3

III -	Short Term Bank Loans / Equity		TRY		
	2019	=	517.727 / 2.686.280	=	0,19
	2020	=	456.149 / 3.599.577	=	0,13
	2021	=	565.336 / 6.713.367	=	0,08
	Average for Three Years	=	a+b+c / d+e+f	=	0,12