NUROL İNŞAAT VE TİCARET A.Ş.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS INTERIM
PERIOD ENDED 30 JUNE 2022
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT

As Bağımsız Denetim ve YMM A.Ş.
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REF: 2021-190822-SPK-016

NUROL İNŞAAT VE TİCARET A.Ş.
INDEPENDENT AUDITOR'S REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION AS OF 30 JUNE 2022

To the Shareholders and the Board of Directors of
Nurol İnşaat ve Ticaret A.Ş.
Ankara

We have audited the accompanying condensed consolidated financial statements of Nurol İnşaat ve Ticaret A.Ş. ("the Company") and its foreign subsidiaries, branches and joint operations listed under note 1 (together "the Group"), which comprise the interim consolidated balance sheet as at 30 June 2022 and the interim consolidated statements of income, comprehensive income, changes in equity and cash flow for the six-month period ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Limited Review

We have conducted our review in accordance with International Standard on Review Engagements (ISRE 2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Attention to Matters

In the accompanying interim condensed 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 Group 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 interim condensed 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.

Attention to Matters (Continued)

The financial statements for the accounting period of 01 January – 30 June 2022 of Nurol BAE LLC (DUBAI), Nurol Georgia L.L.C., Nurol Georgia Branch, Nurol Algeria Branch, Nurol Morocco Branch, Nurol Romania Branch and Otoyol Yatırım İşletme A.Ş., consolidated subsidiaries of the Group, were audited by other audit firms and the limited independent audit reports prepared by such audit firms did not include Conditional Results.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared in all aspects, in accordance with International Financial Reporting Standards ("IAS 34").

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

Osman Tuğrul ÖZSÜT,
Engaged Partner, Chief Auditor

19 August 2022
Istanbul, Turkey

NURAL İNŞAAT VE TİCARET A.Ş. AND ITS FOREIGN SUBSIDIARIES, BRANCHES AND JOINT VENTURES

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

ASSETS	Notes	Independently Audited Current period June 30, 2022	Independently Audited Prior period December 31, 2021
Current Assets			
Cash and Cash Equivalents	5	651.781	841.687
Financial Investments	7	696	706
Trade Receivables			
-Due from Related Parties	*4*	*12.467*	*8.873*
-Other Trade Receivables	*6*	*802.068*	*842.885*
Other Receivables			
-Due from Related Parties	*4*	*27.194*	*18.736*
-Other Receivables	*9*	*235.893*	*113.419*
Assets Arising from Customer Contracts	13	1.218.594	1.039.793
Inventories	10	1.352.563	836.861
Prepaid Expenses	11	76.635	51.282
Current Period Tax-Related Assets	28	37.037	168.143
Other Current Assets	22	279.117	243.335
Subtotal		**4.694.045**	**4.165.720**
Fixed Assets Classified for Sale	12	381.427	1.275.139
Total Current Assets		**5.075.472**	**5.440.859**
Fixed Assets			
Trade Receivables			
-Due from Related Parties	*4*	--	--
-Other Trade Receivables	*6*	--	--
Other Receivables			
-Due from Related Parties	*4*	*806.701*	*889.638*
-Other Receivables	*9*	*6.250*	*4.857*
Subsidiaries	14	186.007	197.392
Investments Valued by Equity Method	16	14.618.967	10.397.717
Investment Properties	18	1.714.032	1.649.466
Tangible Fixed Assets	15	471.459	481.168
Intangible Assets			
-Goodwill	*17*	*23.333*	*23.333*
-Other Intangible Assets	*19*	*422*	*1.042*
Prepaid Expenses	*11*	225	6
Deferred Tax Assets	28	784.694	268.603
Non-Current Assets Related to Current Period Tax	28	132.027	87.550
Total Fixed Assets		**18.744.117**	**14.000.772**
TOTAL ASSETS		**23.819.589**	**19.441.631**

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

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

		Independently Audited	**Independently Audited**
		Current period	**Prior period**
LIABILITIES	**Notes**	**June 30, 2022**	**December 31, 2021**
Short Term Liabilities			
Short-Term Borrowings	8	612.881	565.336
Trade Payables			
-Due to Related Parties	*4*	*3.908*	*3.638*
-Other Trade Payables	*6*	*1.680.702*	*1.262.971*
Liabilities for Employee Benefits	21	56.096	28.792
Other Payables			
-Due to Related Parties	*4*	*258*	*73.728*
-Other Payables	*9*	*33.241*	*35.227*
Obligations Arising from Customer Agreements	13	350.074	312.328
Deferred Revenues (Excluding Liabilities Arising from Customer Agreements)	11	81.002	86.721
Period Profit Tax Liability		--	--
Short Term Provisions			
- Short-Term Provisions for Employee Benefits	*21*	*34.238*	*3.216*
-Other Short-Term Provisions	*20*	*19.400*	*14.504*
Other Short-Term Liabilities	22	50.005	53.779
Subtotal		**2.921.805**	**2.440.240**
Liabilities Related to Groups of Assets Classified for Sale		--	--
Total Short-Term Liabilities		**2.921.805**	**2.440.240**

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

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

		Independently Audited	**Independently Audited**
		Current period	**Prior period**
LIABILITIES	**Notes**	**June 30, 2022**	**December 31, 2021**
Long Term Liabilites			
Long Term Borrowings	8	8.742.727	6.981.389
Trade Payables			
-Due to Related Parties	*4*	--	--
-Other Trade Payables	*6*	*1.562.929*	*1.030.632*
Payables within the Scope of Employee Benefits			
Other Payables			
-Due to Related Parties	*4*	*2.211.641*	*1.861.543*
-Other Payables	*9*	*7.147*	*1.788*
Deferred Incomes	11	381.034	287.022
Long Term Provisions			
- Long-Term Provisions for Employee Benefits	*21*	*7.633*	*10.163*
-Other Long-Term Provisions	*22*	*76.939*	*62.569*
Deferred Tax	28	477.649	52.918
Total Long-Term Liabilities		**13.467.699**	**10.288.024**
Total Liabilities		**16.389.504**	**12.728.264**
EQUITY			
Paid-in Capital	23	445.471	445.471
Other Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss			
- Actuarial gains/losses	*23*	*(4.281)*	*(7.378)*
- Fixed assets revaluation increases / decreases	*23*	*809.729*	*856.131*
Other Accumulated Comprehensive Income (Expenses) to be Reclassified to Profit or Loss			
- Foreign currency translation differences	*23*	(302.966)	*877.687*
- Available-for-sale financial assets revaluation	*23*	*148.259*	*1.076.629*
Restricted Reserves Allocated from Profit	23	263.893	367.203
Previous Years' Profits or Losses		3.893.374	875.088
Net Profit for the Period		2.176.606	2.222.536
Total Equity		**7.430.085**	**6.713.367**
TOTAL LIABILITIES		**23.819.589**	**19.441.631**

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

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

	Notes	Independently Audited Current period January 1- June 30, 2022	Independently Audited Current period January 1- June 30, 2021
Revenues	24	3.123.471	1.756.472
Cost of Sales	24	(2.791.140)	(1.383.404)
Gross Profit		**332.331**	**373.068**
General and Administrative Expenses		(173.373)	(86.806)
Marketing Expenses		--	--
Research and Development Expenses		(4.772)	(2.414)
Other Operating Income	25	6.237	8.692
Other Operating Expense	25	(19.966)	(18.582)
Core Operating Profit		**140.457**	**273.958**
Shares From the Gains/ (Losses) of Investments Valued By The Equity Method	16	4.221.251	1.490.643
Income From Investment Activities	26	93.280	18.037
Expenses From Investment Activities	26	(5.010)	(10)
Operating Profit Before Financing Income (Expense)		**4.449.978**	**1.782.628**
Financing Incomes	27	259.178	336.461
Financing Expenses	27	(2.623.427)	(1.292.442)
Profit From Continuing Operations Before Taxes		**2.085.729**	**826.647**
Income from Continuing Operations Tax (Expense)			
Period Tax Expense/Income	28	--	--
Deferred Tax Expense/Income	28	*90.877*	*62.332*
Continuing Operations Profit for the Period		**2.176.606**	**888.979**
Period Profit		**2.176.606**	**888.979**
Earnings Per Share		**0,004902**	**0,002002**
EBITDA		**196.170**	**327.924**

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

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

	Independently Audited	Independently Audited
	Current period	**Prior period**
	January 1 - June 30, 2022	**January 1 - June 30, 2021**
Period Profit	**2.176.606**	**888.979**
Other Comprehensive Income / (Expense)		
Other comprehensive income/expense not to be reclassified to profit	**(43.463)**	**11.815**
Revaluation of tangible fixed assets (Nurol Dubai)	(46.402)	(81)
Actuarial gains/(loses)	3.097	(2.571)
Actuarial gains/losses deferred tax effect	(483)	(936)
Adjustment for loss in the prior period	325	15.403
Other comprehensive income/expense to be reclassified to profit	**(1.313.626)**	**634.284**
Currency translation differences	(385.256)	(60.978)
Available-for-sale financial assets revaluation	(928.370)	695.262
Other Comprehensive Income/ (Expense)	**(1.357.089)**	**646.099**
Total Comprehensive Income	**819.517**	**1.535.078**
Distribution of Total Comprehensive Income	**819.517**	**1.535.078**
Non-controlling interest	--	--
Equity holders of the parent	819.517	1.535.078

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

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

	Share capital	Actuarial gain / (loss)	Revaluation and classification acquisition / (losses)	Foreign currency translation differences	Accumulated Revaluation and/or Classification Gains and Losses of Available-for-Sale Financial Assets	Restricted reserves	Prior years' income	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total
Balance at 1 January 2021	**445.471**	**(4.519)**	**831.280**	**456.731**	**638.747**	**340.276**	**603.602**	**287.989**	**3.599.577**	**--**	**3.599.577**
Transfer to general reserves	--	--	--	--	--	27.136	260.853	(287.989)	--	--	--
Actuarial gain / (loss)	--	(3.507)	--	--	--	--	--	--	(3.507)	--	(3.507)
Property, plant and equipment revaluation fund (Nurol Dubai)	--	--	(81)	--	--	--	--	--	(81)	--	(81)
Foreign currency conversion differences	--	--	--	(60.978)	--	--	--	--	(60.978)	--	(60.978)
Available-for-sale financial assets	--	--	--	--	695.262	--	--	--	695.262	--	695.262
Adjustment for loss in the prior period	--	--	--	--	--	--	15.403	--	15.403	--	15.403
Net profit for the period	--	--	--	--	--	--	--	888.979	888.979	--	888.979
Balance at 30 June 2021	**445.471**	**(8.026)**	**831.199**	**395.753**	**1.334.009**	**367.412**	**879.858**	**888.979**	**5.134.655**	**--**	**5.134.655**
Balance at 1 January 2022	**445.471**	**(7.378)**	**856.131**	**877.687**	**1.076.629**	**367.203**	**875.088**	**2.222.536**	**6.713.367**	**--**	**6.713.367**
Transfer to general reserves	--	--	--	--	--	(103.310)	2.325.846	(2.222.536)	--	--	--
Actuarial gain / (loss)	--	3.097	--	--	--	--	--	--	3.097	--	3.097
Property, plant and equipment revaluation fund (Nurol Dubai)	--	--	(46.402)	--	--	--	--	--	(46.402)	--	(46.402)
Foreign currency translation differences	--	--	--	(385.256)	--	--	--	--	(385.256)	--	(385.256)
Exit effect within the scope of consolidation (Nomayg and Libya)				(795.397)			692.115		(103.282)		(103.282)
Available-for-sale financial assets revaluation	--	--	--	--	(928.370)	--	--	--	(928.370)	--	(928.370)
Adjustment for loss in the prior period	--	--	--	--	--	--	325	--	325	--	325
Net profit for the period	--	--	--	--	--	--	--	2.176.606	2.176.606	--	2.176.606
Balance at 30 June 2022	**445.471**	**(4.281)**	**809.729**	**(302.966)**	**148.259**	**263.893**	**3.893.374**	**2.176.606**	**7.430.085**	**--**	**7.430.085**

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

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

	Independently Audited	Independently Audited
	Current period	Prior period
	January 1 - June 30, 2022	January 1 - June 30, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	2.176.606	888.979
Adjustments to reconcile net cash generated		
Depreciation and amortization charge	55.713	53.966
Adjustments related to impairment (cancellation) of receivables	5.979	9.892
Adjustments related to provisions for (cancellation of) employee benefits	28.492	56.497
Corrections related to litigation and/or criminal provisions (cancellation)	1.834	303
Adjustments Related to interest income and expenses	522.048	403.051
Revaluation of tangible fixed assets (Nurol Dubai)	(46.402)	(81)
Shares from the profit of subsidiaries for the period accounted for using the equity method	(4.221.251)	(1.490.643)
Foreign currency conversion differences	(385.256)	(60.978)
Deferred tax asset/(liability), net	(90.877)	(62.332)
Tax effect of actuarial loss/gain	(483)	(936)
Changes in working capital		
Increases/decreases in inventories	(515.702)	(201.942)
Increases/decreases in trade receivables	31.244	(339.317)
Increases/decreases in other receivables	(49.388)	(24.800)
Changes in receivables from costs on ongoing construction contracts	(178.801)	(217.255)
Increases / decreases in prepaid expenses	(25.572)	(12.642)
Increases / decreases in other current assets	(35.782)	(152.923)
Increases/decreases in trade payables	950.298	527.878
Increases/decreases in other payables	317.901	311.262
Change in the value of ongoing construction contracts	37.746	106.902
Increase/decrease in other payables related to advances received	88.293	168.980
Actuarial loss/gain	3.097	(3.507)
Tax payouts/refunds	86.629	32.211
Other short-term provisions	3.062	1.662
Net Cash Flows Generated From / (Used in) Operating Activities	**(1.240.572)**	**(5.773)**
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows and outflows from short-term borrowings	47.545	(98.025)
Cash inflows and outflows from long-term borrowings	1.761.338	572.935
Adjustment for loss in the prior period	325	15.403
Interest paid	(522.048)	(403.051)
Assets held for sale	893.712	(682.195)
Cash Flows from Financing Activities, net	**2.180.872**	**(594.933)**
C. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Financial investments	11.395	(22.461)
Changes in tangible fixed assets	(40.177)	(53.912)
Changes in intangible assets	463	(199)
Changes in investment properties	(70.235)	(28.818)
Nurol Arabia and Iraq exit consolidation	(103.282)	--
Available-for-sale financial assets revaluation	(928.370)	695.262
Cash Outflows Used in Investing Activities, net	**(1.130.206)**	**589.872**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(189.906)	(10.834)
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	841.687	478.741
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**651.781**	**467.907**

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

(Currency – Thousand Turkish Liras "TL" 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 30 June 2022, 8.980 personnel were employed within the Group on average (31 December 2021: 9.368 personnel).

The partnership structure of Nurol İnşaat as of 30 June 2022 and 31 December 2021 is as follows.

	30.06.2022	Share Rate (%)	31.12.2021	Share Rate (%)
Nurol Holding A.Ş.	445.004	99,90	445.004	99,90
Nurettin Çarmıklı	137	0,03	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	137	0,03
	445.471	**100**	**445.471**	**100**

The projects undertaken by the Group as of 30 June 2022 are summarized below (Note 13):

<u>*Turkey Projects*</u>

- Arifiye Sincan Tunnel Project (Nurol İnşaat)
- Nurol Life Project Multi- Purpose Living Complex (Nurol İnşaat)
- Ordu Ring Road Project; Landslide Rehabilitation, Soil Leveling and Engineering Works (Nurol İnşaat)
- Eyiste Viyadüğü Projesi (Nurol İnşaat)
- İzmir Çiğli Tramway Line Project (Nurol İnşaat)
- Silifke- Mut Road Construction Works Km: 0+000-16+700 (Nurol İnşaat)
- Gebze-Orhangazi-İzmir Highway (Including İzmit Bay Crossing and Access Roads) Build-Operate-Transfer Project (Nömayg Joint Venture),
- Gebze-Orhangazi-İzmir Highway Project, Balıkesir-Kırkağaç-Akhisar Section Km: 224+300-317+284 (Nömayg Joint Venture),
- Marmaray Contract BC1 Railway Bosphorus Tube Crossing Construction (Gama- Nurol Joint Venture),
- Ilısu Dam and Hydroelectric Power Plant Facilities Construction Project (Nurol- Cengiz Joint Venture),
- Hasankeyf Group Bridges Construction Project (Nurol- Cengiz Joint Venture),
- Ordu Highway Completion Project Km: 21+000-40+115 (Nurol Yüksel Özka YDA Joint Venture),
- Ordu Highway Completion Project Km: 21+000-42+415 İkmal İnşaatı (Nurol-Yüksel-YDA-Özka Joint Venture),
- Yeşilyaka Project (Mesa-Nurol Joint Venture)
- Ümraniye-Ataşehir-Göztepe Metro (Gülermak-Nurol-Makyol Joint Venture)
- Yusufeli Group Dam Bridges Project (Nurol-Gülsan Joint Venture)

1. ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (CONTINUED)

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

Birleşik Arap Emirlikleri Projeleri

- Riyadh City South Faz-4 (Abu Dhabi)
- Al Rawdhat 2 adet Konut Yapım Projesi (Abu Dhabi)
- Al Reem Adası Açık Kanal ve Deniz Duvarı İnşaatı (Abu Dhabi)
- Al Reem Adası Kapalı Kanal İnşaatı (Abu Dhabi)
- Marina Mall Altyapı İşleri (Abu Dhabi)
- Marina Şehri Villa ve Konut Yapımı Projesi (Abu Dhabi)
- Kordon Bina Projesi (Abu Dhabi)
- Riyadh City South Faz-4 (Abu Dhabi)
- Fairmont Oteli Personel Konaklama Tesisleri İnşaatı (Dubai)
- P20 The Cove Dubai Körfezi Bina Projesi(Dubai)
- G09 Golf Manzaralı Apartmanlar Projesi (Dubai)
- P32 Parseli Dubai Körfezi Bina Projesi (Dubai)
- GA14 Golf Link Villaları Projesi (Dubai)
- Vista Plaji Kuleleri Projesi (Dubai)

Fas Projeleri

- El Jadida Safi Otoyolu 3 No'lu Paketi
- El Jadida Safi Otoyolu 4 No'lu Paketi

(Currency – Thousand Turkish Liras "TL" 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. (2021: 25,95%) and is listed in the accompanying consolidated financial statements under investments recognized using the equity method (Note 16).

	Branches and Joint Ventures (%)	
	30.06.2022	**31.12.2021**
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
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
Nurol - Yüksel - Özka - YDA Joint Venture	25	25

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.

1. ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (CONTINUED)

The ongoing projects of Nurol İnşaat, its foreign branches and subsidiaries as of 30 June 2022 are as follows:

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 30 June 2022 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 L.C.C. has completed the Paravani HEPP Project under supervision of Nurol Makina Çelik in 2015.

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.

1. ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (CONTINUED)

Nurol İnşaat Algeria Branch

Nurol İnşaat Algeria Branch was established in 2003 and the ongoing projects as of 30 June 2022 are as follows:

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.

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.

1. ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (CONTINUED)

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 CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The companies of the Group in Turkey keep and prepare their legal books and statutory financial statements in accordance with the accounting principles determined by the Turkish Commercial Code ("TCC") and tax legislation.

The accompanying consolidated financial statements of the Group have been prepared in accordance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") on 13 June 2013 which is published on Official Gazette numbered 28676 in order to comply with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TFRS") and interpretations prepared in compliance with international standards. These standards are updated in parallel to the changes made in International Financial Reporting Standards ("IFRS").

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.

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Basis of Presentation (Continued)

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 11 March 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. 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 30 June 2022 were approved by the Board of Directors on 19 August 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

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Basis of Presentation (Continued)

Subsidiaries (continued)

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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Basis of Presentation (Continued)

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.

TAS Amendments and interpretations in the standards

TAS - TFRS Amendments

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 1 January 2022 are consistent with those of the previous financial year. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

TFRS Amendments

<u>Amendments to TFRS 7 and TFRS 16</u>

This standard 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 TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

These amendments have no material impact on the Group's consolidated financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

TAS Amendments and interpretations in the standards (Continued)

TAS - TFRS Amendments (continued)

New and amended standards and interpretations (continued)

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

TAS Amendments

Amendments to TAS 1 - Presentation of financial statements on classification of liabilities:

This standard, effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 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 TAS 1 means when it refers to the 'settlement' of a liability.

Amendment to TAS 12 - Deferred tax

This standard, 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.

Amendments to TAS 16 - Property, plant and equipment

This standard, 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.

Amendments to TAS 37 - Provisions, contingent liabilities and contingent assets

This standard, specify which costs a company includes when assessing whether a contract will be loss-making.

TFRS Amendments

Amendments to TFRS 3 - Business combinations

This standard, update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendment to TFRS 16, 'Leases'

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 TASB published an amendment to TFRS 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.

These amendments are not expected to have a material impact on the financial statements of the Group and its performance.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

The company has determined its senior management staff as members of the board of directors, general manager and assistant general managers.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED 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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Income from construction contracts (continued)

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.

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.

Service revenues

Income from the service delivery contract is recognized according to the completion stage of the contract.

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.

Stocks of ongoing housing projects

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Available for Sale Financial Assets

Although the Group's total voting rights are up to 20% or over 20%, the Group does not have a significant effect or not significant in terms of consolidated financial statements; not traded in an active market and the fair value of available for sale financial assets cannot be determined reliably, at cost if any, after deducting the provision for depreciation in the consolidated financial statements.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation except the buildings which are carried according to the revaluation model 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	4-50 years

Intangible Assets and Amortization

Intangible assets which are mainly software licenses and mining extraction rights 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).

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 CONSOLIDATED 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.

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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Group - as a lessee (continued)

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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

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.

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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets (continued)

Classification of financial assets (continued)

Amortized cost and effective interest method (continued)

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.

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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets (continued)

Equity instruments at fair value through other comprehensive income (continued)

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.

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets (continued)

Derecognition of financial assets

The group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the financial asset to another entity.

When derecognizing a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received and receivable is recognized in profit or loss. In addition, when derecognizing a debt instrument at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the revaluation fund for that instrument is reclassified to profit or loss. If an equity instrument that the Group chooses to measure at fair value through other comprehensive income at initial recognition is derecognized, the cumulative gain or loss in the revaluation fund is not recognized in profit or loss but is transferred directly to retained earnings.

Financial liabilities

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.

Derivative financial instruments

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.

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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Derivative financial instruments (continued)

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 acquired 21,6% of Otoyol Yatırım İşletmesi A.Ş. in 2012. Otoyol Yatırım A.Ş. has decided to increase its capital from 250 million TRY to 1 billion TRY on 16 July 2013. In addition, Nurol İnşaat increased its capital share to 26,98% by purchasing some of the shares of Yüksel İnşaat A.Ş. and Göçay İnşaat Taahhüt ve Ticaret A.Ş., the other shareholders of Otoyol Yatırım ve İşletme A.Ş. This rate was 25,95% as of 31 December 2019. During this acquisition, goodwill of 23.333 thousand TRY was paid for 5% of the capital share (Note 17).

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 "TL" unless otherwise expressed)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED 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.

	30 June 2022	31 December 2021
USD	16.6690	12.9775
EURO	17.5221	14.6823
GBP	20.2527	17.453
DZD (Algerian Dinar)	0.1143	0.0934
GEL (Georgian Lari)	5.6748	4.1968
AED (United Arab Emirates Dirham)	4.5127	3.5134
MAD (Moroccan Dirham)	1.6324	1.4043
RON (Romanian Leu)	3.5241	2.9498

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 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Interest rate%	%21.00	%21.00
Inflation rate%	%17.00	%16.40

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 / (Loss) Per Share

Earnings per share stated in the income statement are determined by dividing the net income per share of the parent group by the weighted average number of shares in the related year.

Companies in Turkey can increase their capital by distributing shares ("bonus shares") to existing shareholders from retained earnings and equity inflation adjustment differences. When earnings per share are calculated, these bonus shares are considered as issued shares. Therefore, the weighted average share weight used in calculating the earnings per share is obtained by retrospectively considering the bonus shares received.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED 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 CONSOLIDATED 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 ongoing construction activities to name a few.

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 IFRS, 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 CONSOLIDATED 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 Group 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 "TL" unless otherwise expressed)

3. SEGMENT REPORTING

Information of total assets and total liabilities of the Group per geographical segments as of 30 June 2022 and 31 December 2021 are as follows:

30.06.2022	Turkey	United Arab Emirates	Georgia	Algeria	Morocco	Romania	Eliminations	Total
Total assets	22.315.566	2.209.210	780.978	891.104	86.525	568.829	(3.032.623)	23.819.589
Total liabilities	22.315.566	2.209.210	780.978	891.104	86.525	568.829	(3.032.623)	23.819.589

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 liabilities	8.822.414	1.897.068	662.337	603.580	73.650	235.452	(7.147.130)	19.441.631

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

3. SEGMENT REPORTING (CONTINUED)

Income statement information of the Group per geographical segment as of 30 June 2022 is as follows:

1 January – 30 June 2022	**Turkey**	**United Arab Emirates**	**Georgia**	**Algeria**	**Morocco**	**Romania**	**Eliminations**	**Total**
Revenue	2.220.813	402.794	63.693	98.911	--	347.804	(10.544)	3.123.471
Cost of sales	(1.680.792)	(721.045)	(4.111)	(87.088)	--	(300.943)	2.839	(2.791.140)
Gross profit/(loss)	**540.021**	**(318.251)**	**59.582**	**11.823**	**--**	**46.861**	**(7.705)**	**332.331**
Operating expenses	(60.813)	(30.368)	(41.093)	(1.936)	(112)	(51.528)	7.705	(178.145)
Other operating income/(expenses), net	(17.255)	3.526	--	--	--		--	(13.729)
Operating profit / (loss)	**461.953**	**(345.093)**	**18.489**	**9.887**	**(112)**	**(4.667)**	**--**	**140.457**
Shares from profit of investments revalued with the equity method	4.221.251	--	--	--	--	--	--	4.221.251
Investment income/(expenses)	50.885	37.385	--	--	--	--	--	88.270
Financial income/(expenses) net	(2.205.815)	3.670	(6.714)	(20.618)	--	(9.044)	(125.728)	(2.364.249)
Profit/(loss) before tax from continued operations	**2.528.274**	**(304.038)**	**11.775**	**(10.731)**	**(112)**	**(13.711)**	**(125.728)**	**2.085.729**
Tax expense for the year	--	--	--	--	--	--	--	--
Deferred tax income/(expenses), net	93.037	--	204	(2.364)	--	--	--	90.877
Net profit/(loss) for the period	**2.621.311**	**(304.038)**	**11.979**	**(13.095)**	**(112)**	**(13.711)**	**(125.728)**	**2.176.606**

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

3. SEGMENT REPORTING (CONTINUED)

Income statement information of the Group per geographical segment as of 30 June 2021 is as follows:

1 January – 30 June 2021	**Turkey**	**United Arab Emirates**	**Georgia**	**Algeria**	**Morocco**	**Romania**	**Eliminations**	**Total**
Revenue	1.217.508	477.591	20.997	60.470	--	13.254	(33.348)	1.756.472
Cost of sales	(853.534)	(454.088)	(16.374)	(92.340)	(278)	(138)	33.348	(1.383.404)
Gross profit/(loss)	**363.974**	**23.503**	**4.623**	**(31.870)**	**(278)**	**13.116**	**--**	**373.068**
Operating expenses	(47.965)	(20.963)	(1.539)	(1.222)	--	(17.531)	--	(89.220)
Other operating income/(expenses), net	(14.023)	4.404	(397)	127	(1)		--	(9.890)
Operating profit / (loss)	**301.986**	**6.944**	**2.687**	**(32.965)**	**(279)**	**(4.415)**	**--**	**273.958**
Shares from profit of investments revalued with the equity method	1.490.643	--	--	--	--	--	--	1.490.643
Investment income/(expenses)	17.848	179	--	--	--	--	--	18.027
Financial income/(expenses) net	(952.216)	(112)	(3.283)	--	--	(370)	--	(955.981)
Profit/(loss) before tax from continued operations	**858.261**	**7.011**	**(596)**	**(32.965)**	**(279)**	**(4.785)**	**--**	**826.647**
Tax expense for the year	--	--	--	--	--	--	--	--
Deferred tax income/(expenses), net	13.042	--	49.290	--	--	--	--	62.332
Net profit/(loss) for the period	**871.303**	**7.011**	**48.694**	**(32.965)**	**(279)**	**(4.785)**	**--**	**888.979**

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

4. RELATED PARTY DISCLOSURES

Trade receivables from related parties	30.06.2022	31.12.2021
Çarmıklı Family	8.876	--
Otoyol Yatırım ve İşletme A.Ş.	3.057	8.812
SGO İnşaat Sanayi ve Ticaret A.Ş.	467	13
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	39	3
Botim İşletme Yönetim ve Ticaret A.Ş.	11	30
FNSS Savunma Sistemleri A.Ş.	--	15
Other	17	--
	12.467	**8.873**

Trade payables to related parties	30.06.2022	31.12.2021
Nurol Sigorta Aracılık Hizmetleri A.Ş.	1.584	2.619
Nurol Grup Elektrik Toptan Satış A.Ş.	1.417	--
Botim İşletme Yönetim ve Ticaret A.Ş.	382	41
Enova Elektrik Enerjisi Toptan Satış A.Ş.	349	853
Nurol Eğt. Kültür ve Spor Vakfı	110	--
Bosfor Turizm İşletmecilik A.Ş.	51	123
Turser Turizm Servis Yayın. Tic. A.Ş.	13	--
Other	2	2
	3.908	**3.638**

Other current receivables from related parties	30.06.2022	31.12.2021
Nurol Holding A.Ş.	12.945	--
Botim İşletme Yönetim ve Ticaret A.Ş.	7.202	1.273
Çarmıklı Family	6.387	17.313
Nurol Sigorta Aracılık Hizmetleri A.Ş.	478	--
SGO İnşaat Sanayi ve Ticaret A.Ş.	177	147
Tümad Madencilik Sanayi ve Ticaret A.Ş.	2	3
Other	3	--
	27.194	**18.736**

Other non-current receivables from related parties	30.06.2022	31.12.2021
Nurol Holding A.Ş.	722.848	833.175
Otoyol Yatırım İşletme A.Ş.	83.853	56.463
	806.701	**889.638**

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

4. RELATED PARTY DISCLOSURES (CONTINUED)

Other current payables to related parties	**30.06.2022**	**31.12.2021**
Nurol Holding A.Ş.	--	73.470
Nurol Yatırım Bankası A.Ş.	258	258
	258	**73.728**

Other current payables to related parties	**30.06.2022**	**31.12.2021**
Nurol Holding A.Ş.	2.211.641	1.861.543
	2.211.641	**1.861.543**

5. CASH AND CASH EQUIVALENTS

	30.06.2022	**31.12.2021**
Cash on hand	10.676	11.117
Cash at banks		
- *demand deposits*	*640.704*	*815.561*
- *time deposits (with maturities of less than three months)*	*371*	*14.894*
Credit card receivables	30	115
	651.781	**841.687**

As of 30 June 2022 and 31 December 2021, details of cash and cash equivalents are as follows:

	30.06.2022	**31.12.2021**
Cash on hand	10.676	11.117
- *demand deposits*		
- AED	420.544	558.260
- TRY	92.790	149.181
- RON	1.568	47.436
- GEL	28.146	24.297
- DZD	27.232	21.155
- EUR	18.364	13.390
- USD	51.724	1.576
- MAD	128	114
- GBP	120	104
- RUB	88	48
- *time deposits*		
- TRY	371	14.240
- USD	--	654
Credit card receivables	30	115
	651.781	**841.687**

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

6. TRADE RECEIVABLES AND PAYABLES

	30.06.2022	**31.12.2021**
Current trade receivables		
- Nurol Algeria Branch	*384.456*	*438.519*
- Nurol Romania Branch	*141.649*	*7.053*
- Nurol Gülermak Joint Venture	*117.583*	*155.518*
- Nurol LLC	*85.939*	*93.603*
- Nurol İnşaat ve Ticaret A.Ş.	*27.200*	*105.803*
- Gülsan Nurol Joint Venture	*14.059*	*518*
- Nurol Yüksel YDA Özka Joint Venture	*13.386*	*6.373*
- Nurol Morocco Branch	*6.156*	*5.240*
- Nurol Mesa Joint Venture ı	*5.890*	*4.108*
- Nurol Georgia Branch	*5.202*	*2.620*
- Nurol Gülermak Makyol Joint Venture	*503*	*100*
- Özgün Nurol Joint Venture	--	*14.911*
- Nurol Cengiz Hasankeyf Joint Venture	--	*565*
- Nurol Cengiz Joint Venture	--	*349*
Trade receivables from related parties (Note 4)	12.467	8.873
Notes receivable	42	7.141
Doubtful trade receivables	15.738	10.235
Provision for doubtful trade receivables (-)	(15.738)	(10.235)
Other	3	464
	814.535	**851.758**

	30.06.2022	**31.12.2021**
Current trade payables		
- Nurol İnşaat ve Ticaret A.Ş.	*119.434*	*188.157*
- Nurol LLC	*740.374*	*617.124*
- Nurol Romania Branch	*483.037*	*188.619*
- Nurol Algeria Branch	*259.642*	*170.280*
- Nurol Gülermak Makyol Joint Venture	*42.281*	*61.034*
- Nurol Gülermak Joint Venture	*19.531*	*12.124*
- Nurol Yüksel YDA Özka Joint Venture	*10.625*	*18.444*
- Nurol Mesa Joint Venture	*2.627*	*2.016*
- Gülsan Nurol Joint Venture	*2.242*	*4.768*
- Özgün Nurol Joint Venture	*435*	--
- Nurol Morocco Branch	*248*	*119*
- Nurol Cengiz Joint Venture	*215*	*185*
- Nurol Gama Joint Venture	*11*	--
- Nömayg Joint Venture	--	*101*
Trade payables to related parties (Note 4)	3.908	3.638
	1.684.610	**1.266.609**

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

6. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

	30.06.2022	**31.12.2021**
Non current trade payables		
Trade payables (*)	1.562.929	1.030.632
	1.562.929	**1.030.632**

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

7. FINANCIAL ASSETS

	30.06.2022	**31.12.2021**
Current		
Stock shares	696	706
	696	**706**

8. FINANCIAL LIABILITIES

Current financial liabilities	**30.06.2022**	**31.12.2021**
Current bank borrowings	343.729	357.417
Financial lease payables	198.769	174.681
Interest accruals	70.381	22.417
Credit card payables	2	59
Total current financial liabilities	**612.881**	**554.574**
Bond issuance interest accruals	--	10.762
Current portion of non current borrowings	**612.881**	**565.336**

Non-current financial liabilities	**30.06.2022**	**31.12.2021**
Non-current bank borrowings	7.226.543	5.481.392
Financial lease payables	16.184	99.997
Total non-current financial liabilities	**7.242.727**	**5.581.389**
Non current bond issues (*)	1.500.000	1.400.000
Total non-current liabilities	**8.742.727**	**6.981.389**
Total financial liabilities	**9.355.608**	**7.546.725**

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

8. FINANCIAL LIABILITIES (CONTINUED)

Long-Term Bonds Issued:

(*)On 29 December 2021, the Company issued bonds with a total amount of TRY 1.5 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:

	30.06.2022	31.12.2021
Within 1 year	612.881	565.336
1 – 2 years	6.998.005	5.125.932
2 – 3 years	1.743.760	1.689.204
3 – 4 years	962	166.253
	9.355.608	**7.546.725**

Summarized information for current financial liabilities is as follows:

		Foreign currency		Amount "TRY"	
	Average Interest rate %	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**
Current					
- TRY	22,85	--	--	118.373	223.232
Joint ventures:					
Nurol L.L.C. loans		49.971	38.192	225.401	134.185
Current finance lease payables:					
- TRY financial lease payables		--	--	26.240	34.302
- USD finance lease payables		--	--		--
- EUR finance lease payables		9.846	9.561	172.529	140.379
Interest accruals		--	--	70.336	33.179
Credit card payables		--	--	2	59
				612.881	**565.336**

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

8. FINANCIAL LIABILITIES (CONTINUED)

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

		Foreign currency		Amount "TRY"	
	Average Interest rate %	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Non-current					
- TRY	23,46	--	--	--	17.956
- USD	7,34	8.000	24.000	133.352	311.460
- EUR	7,98	6.000	8.000	105.133	117.458
Joint ventures:					
Nurol LLC loans		84.508	91.677	381.183	322.098
Nurol Georgia LLC loans		35.974	36.015	204.053	151.148
Non-current finance lease payables:					
- TRY financial lease payables			--	11.322	22.577
- EUR finance lease payables		277	5.273	4.862	77.421
Non current bond issuance		--	--	1.500.000	1.400.000
Reclassified financial liabilities (*)					
- TRY	23,46	--	--	2.330.428	1.898.878
- USD	7,34	116.209	87.108	1.937.081	1.130.442
- EUR	7,98	121.864	104.340	2.135.313	1.531.951
				8.742.727	**6.981.389**

(*) 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).

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

9. OTHER RECEIVABLES AND PAYABLES

Other current receivables	**30.06.2022**	**31.12.2021**
Due from related parties and shareholders (Note 4)	27.194	18.736
Advances given to personnel	1.014	923
Deposits and guarantees given		
- Nurol LLC	137.258	96.557
- Nurol Romania Branch	96.968	15.436
- Nurol Morocco Branch	49	41
- Nurol Gama Joint Venture	15	14
- Nurol Gülermak Joint Venture	10	10
- Nurol Gülermak Makyol Joint Venture	3	3
Other receivables	576	435
Doubtful other receivables	169	156
Provision for doubtful other receivables (-)	(169)	(156)
	263.087	**132.155**

Other non-current receivables	**30.06.2022**	**31.12.2021**
Due from related parties (Note 4)	806.701	889.638
Deposits and guarantees given	6.250	4.857
	812.951	**894.495**

Other current payables	**30.06.2022**	**31.12.2021**
Due to related parties (Note 4)	258	73.728
Deposits and guarantees received	33.194	35.192
Other	47	35
	33.499	**108.955**

Other non-current payables	**30.06.2022**	**31.12.2021**
Due to related parties (Note 4)	2.211.641	1.861.543
Deposits and guarantees received	7.147	1.788
	2.218.788	**1.863.331**

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

10. INVENTORIES

	30.06.2022	31.12.2021
Construction materials	195.286	68.786
Investment properties under construction		
- Zekeriyaköy villas (*)	28.055	15.280
- Mesa Nurol Yeşilyaka villas (**)	889.687	438.454
- Algeria Branch	60.858	48.622
- Romania Branch	116.177	25.069
- Nurol Gülermak Makyol Joint Venture	6.541	15.826
Finished goods (predominantly completed residence construction projects)		
- Nurol İnşaat ve Ticaret A.Ş. (**)	50.887	219.986
- Nurol Georgia (***)	2.745	2.328
- Other inventories	2.327	2.510
	1.352.563	**836.861**

(*) TRY 28.055 thousand of the semi-finished products of Nurol İnşaat is comprised of Zekeriyaköy villas and TRY 889.687 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.

11. PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses in current assets	**30.06.2022**	**31.12.2021**
Order advances given for inventories	52.009	33.696
Prepaid expenses (*)	24.626	17.586
	76.635	**51.282**

(*) TRY 8.5 million of prepaid expenses is comprised of all risk insurances within the scope of projects acquired by Nurol BAE in 2018 and is still ongoing in Dubai.

Prepaid expenses in non-current assets	**30.06.2022**	**31.12.2021**
Advances given for tangible and intangible assets	--	6
Prepaid expenses	225	--
	225	**6**

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

11. PREPAID EXPENSES AND DEFERRED INCOME (CONTINUED)

Current deferred income	**30.06.2022**	**31.12.2021**
Advances Received		
- Nurol Algeria Branch	36.901	39.374
- Nurol Gülermak Joint Venture	19.059	39.375
- Mesa Nurol Yeşilyaka Villas (Nurol İnşaat)	22.665	6.979
- Other	103	39
Prepaid expenses	2.274	954
	81.002	**86.721**

Prepaid expenses in non-current assets	**30.06.2022**	**31.12.2021**
Advances Received		
- Mesa Nurol Yeşilyaka Villas (Nurol İnşaat)	381.034	287.022
	381.034	**287.022**

12. AVAILABLE FOR SALE FINANCIAL ASSETS

	30.06.2022	**31.12.2021**
Stocks	381.427	1.275.139
	381.427	**1.275.139**

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 "TL" unless otherwise expressed)

13. RECEIVABLES AND PAYABLES FROM ONGOING CONSTRUCTION AND PROJECT CONTRACTS

		30.06.2022		31.12.2021	
	%	Construction Receivables	Construction Payables	Construction Receivables	Construction Payables
Ümraniye-Ataşehir-Göztepe Subway Project (Nurol Gülermak Joint Venture)	31	72.092	--	116.527	--
Yusufeli Group Dam Bridges Construction (Gülsan Nurol Joint Venture)	93	15.378	--	33.746	--
İzmir Çiğili Tram Line (Nurol İnşaat)	17	1.231	--	35.685	--
Silifke Mut Road Project (Nurol İnşaat)	21	149.609	--	93.383	--
Eyiste Viaduct Construction (Nurol İnşaat)	74	162.782	--	101.466	--
Ordu Highway landslide reclamation supply works	22	6.726	--	16.035	--
Nurol LLC projects		810.776	350.074	642.951	312.328
		1.218.594	**350.074**	**1.039.793**	**312.328**

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

14. INVESTMENTS

	%		Balance	
	30.06.2022	**31.12.2021**	**30.06.2022**	**31.12.2021**
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	25,76	35,97	26.527	86.353
Nurol Yatırım Bankası A.Ş.	16,70	16,70	140.509	92.068
Nurol Göksu Elektrik Üretim A.Ş.	47,62	47,62	10.000	10.000
Nurol Sigorta Aracılık Hizmetleri A.Ş.	39,67	39,67	3.267	3.267
Nurol Enerji Üretim Paz. A.Ş.	1,68	1,68	2.864	2.864
Otoyol Deniz Taşımacılığı A.Ş.	25	25	1.510	1.510
Otoyol İşletme ve Bakım A.Ş.	26	26	1.298	1.298
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	0,13	0,13	23	23
Diğer	--	--	9	9
			186.007	**197.392**

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

15. PROPERTY, PLANT AND EQUIPMENT

As of 30 June 2022, details of property, plant and equipment were as follows:

	31.12.2021	Additions	Disposals	Foreign currency translation differences	Revaluation (Dubai LLC) (*)	Exclusion from consolidation (Nömayg)	Transfer	30.06.2022
Cost								
Land	9.979	--	--	3.514	--	--	--	13.493
Land improvements	1.437	9	--	--	--	--	--	1.446
Buildings	146.358	4.525	--	35.407	--	(1.404)	467	185.353
Leasehold improvements	--	--	--	--	--	--	--	--
Machinery and equipment	784.178	34.135	(153.703)	167.882	--	(545)	--	831.947
Motor vehicles	108.466	--	(3.783)	21.684	--	--	(2.756)	123.611
Fixtures and fittings	158.908	1.068	(30.460)	44.389	--	(2.079)	73	171.899
Other property, plant and equipment	566.671	132	--	97.772	--	--	2.683	667.258
Construction in progress	--	--	--	--	--	--	--	--
	1.775.997	**39.869**	**(187.946)**	**370.648**	**--**	**(4.028)**	**467**	**1.995.007**
Accumulated depreciation (-)								
Land improvements	406	46	--	--	--	--	--	452
Buildings	55.918	1.556	--	16.581	--	(1.404)	8.599	81.250
Leasehold improvements	--	--	--	--	--	--	--	--
Machinery and equipment	492.873	31.512	(125.512)	120.448	44.967	(451)	(794)	563.043
Motor vehicles	74.912	2.701	(3.769)	15.346	1.436	--	(2.774)	87.852
Fixtures and fittings	133.193	2.369	(25.517)	38.104	--	(310)	150	147.989
Other property, plant and equipment	537.527	11.702	--	91.209	--	--	2.524	642.962
	1.294.829	**49.886**	**(154.798)**	**281.688**	**46.403**	**(2.165)**	**7.705**	**1.523.548**
Net Book Value	**481.168**							**471.459**

(*) 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 30 June 2022 and 31 December 2021.

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

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	31.12.2020	Additions	Disposals	Foreign currency translation differences	Revaluation (Dubai LLC)	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**

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

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	01.01-30.06.2022	**01.01-30.06.2021**
Depreciation of investment property (Note 18)	5.670	--
Depreciation of property, plant and equipment	49.886	53.769
Amortization of intangible assets (Note 19)	157	197
	55.713	**53.966**

	01.01-30.06.2022	**01.01-30.06.2021**
Cost of sales	34.158	43.048
General administrative expenses	21.555	10.918
	55.713	**53.966**

16. INVESTMENTS RECOGNIZED USING THE EQUITY METHOD

In the accompanying consolidated financial statements as of 30 June 2022 and 31 December 2021, the Group has recognized Otoyol Yatırım ve İşletme A.Ş. with the equity method.

Otoyol Yatırım ve İşletme A.Ş., which is valued by the Group's equity method and owns 25,95% (31 December 2021: 25,95%), has a total equity value of TRY 56.335.133 thousand as of 30 June 2022 (31 December 2021: TRY 40.068.272 thousand), and Otoyol Yatırım ve İşletme A.Ş.'s registered value in Nurol İnşaat as of 30 June 2022 is TRY 14.618.967 thousand (31 December 2021: TRY 10.397.717 thousand).

For the accounting periods ending on 30 June 2022 and 2021, the share of the Group's investment in the profits valued by the equity method is TRY 4.221.757 thousand and TRY 1.490.643 thousand, respectively.

17. GOODWILL

Goodwill included in the consolidated financial statements as of 30 June 2022 and 31 December 2021 is related to the purchase of shares of Otoyol Yatırım İşletme A.Ş. in 2013. The Group purchased shares of Yüksel İnşaat A.Ş. and Göçay İnşaat Taahhüt ve Ticaret A.Ş. which are investors in Otoyol Yatırım ve İşletme A.Ş. and goodwill in the amount of TRY 23.333 thousand has been paid.

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

18. INVESTMENT PROPERTIES

As of 30 June 2022 details of investment properties are as follows:

	31.12.2021	Additions	Disposals	Foreign currency translation differences	Transfer	30.06.2022
Cost						
Land	610.854	--	--	--	--	610.854
Buildings	577.311	769	(7.056)	--	(467)	570.557
Georgia Batumi Sheraton Hotel	674.088	--	--	122.031	--	796.119
	1.862.253	**769**	**(7.056)**	**122.031**	**(467)**	**1.977.530**
Accumulated depreciation (-)						
Buildings	61.722	5.670	(159)	--	(7.705)	59.528
Georgia Batumi Sheraton Hotel	151.065	--	--	52.905	--	203.970
	212.787	**5.670**	**(159)**	**52.905**	**(7.705)**	**263.498**
Net Book Value	**1.649.466**					**1.714.032**

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

18. INVESTMENT PROPERTIES (CONTINUED)

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 "TL" unless otherwise expressed)

19. INTANGIBLE ASSETS

As of 30 June 2022, details of intangible assets are as follows:

	31.12.2021	Additions	Foreign currency translation differences	Disposals	Exclusion from consolidation (Nömayg)	30.06.2022
Cost						
Rights	4.342	32	114	(129)	(2.219)	2.140
Other intangible assets	226	--	--	--	--	226
	4.568	**32**	**114**	**(129)**	**(2.219)**	**2.366**
Accumulated amortization (-)						
Rights	3.302	157	83	(131)	(1.691)	1.720
Other intangible assets	224	--	--	--	--	224
	3.526	**157**	**83**	**(131)**	**(1.691)**	**1.944**
Net Book Value	**1.042**					**422**

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

19. INTANGIBLE ASSETS (CONTINUED)

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

	01.01.2021	**Additions**	**Disposals**	**Foreign currency translation differences**	**30.06.2021**
Cost					
Rights	2.725	502	--	1.115	4.342
Other intangible assets	312	--	(86)	--	226
	3.037	**502**	**(86)**	**1.115**	**4.568**
Accumulated amortization (-)					
Rights	1.890	624	--	788	3.302
Other intangible assets	279	31	(86)	--	224
	2.169	**655**	**(86)**	**788**	**3.526**
Net Book Value	**868**				**1.042**

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

20. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions	**30.06.2022**	**31.12.2021**
Provision for litigations	16.801	14.504
Other	2.599	--
	19.400	**14.504**

	30.06.2022	**31.12.2021**
Legal cases in favour of the Group	4.785	70.068
Legal cases against the Group	49.116	49.802

As of 30 June 2022, the amount of the legal cases filed against the Group and still ongoing is approximately TRY 49.116 thousand (31 December 2021: TRY 49.802 thousand TRY). As of 30 June 2022, the Group based on the opinion of the Legal Advisors, has set a provision in the amount of TRY 16.801 thousand (31 December 2021: TRY 14.504 thousand).

Letters of guarantee received by the Group are as follows:

	30.06.2022		**31.12.2021**	
Letters of guarantee received from customers	**Foreign Currency**	**TRY Equivalent**	**Foreign Currency**	**TRY Equivalent**
Letters of guarantee received				
-TRY	--	56.401	--	57.484
-USD	460	7.667	376	4.880
-EUR	2.252	39.458	1.931	28.352
Cheques and notes received				
-TRY	--	--	--	506
-USD	--	--	10	133
Total		**103.526**		**91.355**

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

20. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Collaterals, pledges and mortgages CPM given by the Group as of 30 June 2022 and 31 December 2021 are as follows:

		30.06.2022	31.12.2021
A	CPM's given in the name of own legal personality	13.075.964	9.356.071
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	--	--
		13.075.964	**9.356.071**

As of 30 June 2022 and 31 December 2021 details of the CPM's given in the name of own legal personality are as follows:

	Foreign Currency Amount						30.06.2022
	TRY	**USD**	**EUR**	**DZD**	**RON**	**PLN**	**TRY Equivalent**
Letters of guarantee	522.883	23.534	75.472	930.735	98.042	9.000	5.446.749
Suretyship	--	333.393	--	--	--	--	5.557.328
Mortgage	931.000	--	65.000	--	--	--	2.071.887
	1.453.883	**356.927**	**140.472**	**930.735**	**98.042**	**9.000**	**13.075.964**

	Foreign Currency Amount					31.12.2021
	TRY	**USD**	**EUR**	**DZD**	**RON**	**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**

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

21. EMPLOYEE BENEFITS

Current liabilities for employee benefits

	30.06.2022	**31.12.2021**
Due to personnel	45.861	16.422
Social security premiums payable	10.235	12.370
	56.096	**28.792**

Provision for employee benefits

	30.06.2022	**31.12.2021**
Current provisions	34.238	3.216
Non-current provisions	7.633	10.163
	41.871	**13.379**

Current provisions

	30.06.2022	**31.12.2021**
Unused vacation provision	34.238	3.216
	34.238	**3.216**

Non-current provisions

	30.06.2022	**31.12.2021**
Provision for employee termination benefits	7.633	10.163
	7.633	**10.163**

Provision for employee termination benefits

According to the Turkish Labor Law, the Group is obliged to pay severance pay to each employee who completes at least one year of service and retires after 25 years of working life, whose employment relationship is terminated, who is called up for military service or who dies.

The amount payable consists of one month's salary limited to a maximum of TRY 15.371,40 for each period of service at 30 June 2022 (31 December 2021: TRY 10.848,59).

Retirement pay liability is not legally subject to any funding.

Severance pay liability is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires the Company's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans.

(Currency – Thousand Turkish Liras "TL" 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:

	30.06.2022	31.12.2021
Discount rate	%21.00	%21.00
Annual inflation rate	%17.00	%16.40

Movements in provision for severance pay for the periods ended 30 June are as follows;

	01.01 – 30.06.2022	01.01 – 30.06.2021
1 January	10.163	5.886
Current year equivalent	1.314	53.936
Interest cost (Note 25)	1.067	134
Termination benefits paid	(2.284)	(1.487)
Actuarial (gain)	(2.614)	3.125
Currency translation differences	(13)	(8)
Closing balance, 30 June	**7.633**	**61.586**

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 period ended 30 June 2022, the total amount of short-term salaries, bonuses and other similar benefits provided to the Group's top executives is TRY 5.608 thousand (31 December 2021: TRY 4.469 thousand).

22. OTHER ASSETS AND LIABILITIES

Other current assets	**30.06.2022**	**31.12.2021**
VAT carried forward	143.795	160.321
VAT receivables	64.074	51.160
Advances given for business purposes		
- Nurol İnşaat ve Ticaret A.Ş.	945	837
- Gülsan Nurol Joint Venture	28	17
Advances given to subcontractors	69.374	30.705
Income accruals	1	28
Other	900	267
	279.117	**243.335**

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

22. OTHER ASSETS AND LIABILITIES (CONTINUED)

Other current liabilities	**30.06.2022**	**31.12.2021**
Taxes and funds payable		
- Nurol İnşaat ve Ticaret A.Ş.	19.698	31.983
- Nurol Algeria Branch	15.813	13.488
- Nurol Gülermak Makyol Joint Venture	6.102	1.720
- Nurol Georgia	3.679	2.594
- Nurol Gülermak Joint Venture	1.848	--
- Nurol Yüksel YDA Özka Joint Venture	1.267	2.133
- Nurol Morocco Branch	750	641
- Nurol Mesa Joint Venture	453	358
- Gülsan Nurol Joint Venture	348	322
- Nurol Cengiz Joint Venture	23	32
- Nömayg Joint Venture	--	1
Other	24	507
	50.005	**53.779**

Other non-current liabilities	**30.06.2022**	**31.12.2021**
- Nurol L.L.C	76.939	62.569
	76.939	**62.569**

23. EQUITY

Share Capital

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

	30.06.2022	**Share ratio (%)**	**31.12.2021**	**Share ratio (%)**
Nurol Holding A.Ş.	445.004	99,90	445.004	99,90
Figen Çarmıklı	137	0,03	137	0,03
Nurettin Çarmıklı	137	0,03	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
	445.471	**100,00**	**445.471**	**100,00**

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

23. EQUITY (CONTINUED)

Other equity items

Other Comprehensive Income not to be Reclassified to Profit or Loss

	30.06.2022	31.12.2021
Actuarial gains/ losses	(4.281)	(7.378)
Revaluation of property, plant and equipment	809.729	856.131
	805.448	**848.753**

Other Comprehensive Income to be Reclassified to Profit or Loss

	30.06.2022	31.12.2021
Foreign currency translation	(302.966)	877.687
Revaluation of financial assets held for sale	148.259	1.076.629
	(154.707)	**1.954.316**

Restricted reserves separated from profit

	30.06.2022	31.12.2021
Legal reserves	52.384	52.384
Special reserves	57.698	57.698
Other profit reserves	153.811	257.121
	263.893	**367.203**

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

	01.01-30.06.2022	01.01-30.06.2021
Domestic sales	1.210.740	807.051
Foreign sales	1.913.083	949.606
Sales return (-)	(352)	(185)
Revenue	**3.123.471**	**1.756.472**
Cost of sales (-)	**(2.791.140)**	**(1.383.404)**
Gross profit	**332.331**	**373.068**

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

24. REVENUE AND COST OF SALES (CONTINUED)

The detail of revenue is summarized as follows:

	01.01.- 30.06.2022	**01.01.- 30.06.2021**
Domestic sales		
- Nurol İnşaat ve Ticaret A.Ş. (Domestic)	756.130	363.613
- Nurol Gülermak Joint Venture	225.708	191.561
- Nurol Gülermak Makyol Joint Venture	175.086	148.835
- Gülsan Nurol Joint Venture	28.890	59.016
- Nurol Yüksel YDA Özka Joint Venture	24.926	19.093
- Nömayg Joint Venture	--	23.708
- Nurol Cengiz Hasankeyf Joint Venture	--	1.225
Overseas sales		
- Nurol İnşaat ve Ticaret A.Ş. (Overseas)	1.010.219	381.870
- Nurol LLC	402.795	477.591
- Nurol Romania Branch	340.568	12.805
- Nurol Algeria Branch	95.808	56.343
- Nurol Georgia Branch	63.693	20.997
	3.123.823	**1.756.657**
Sales return (-)	(352)	(185)
	3.123.471	**1.756.472**

25. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities	**01.01.- 30.06.2022**	**01.01.- 30.06.2021**
Scrap, raw material and material sales profits	2.175	1.133
Nurol LLC insurance income	2.025	3.681
Litigation provisions released	488	639
Insurance indemnity	305	99
Rediscount income	108	1.782
Doubtful debt provisions released	38	306
Other income (Nurol LLC)	--	230
Incentive income	506	--
Other	592	822
	6.237	**8.692**

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

25. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (CONTINUED)

Other operating expense	**01.01.- 30.06.2022**	**01.01.- 30.06.2021**
Revaluation with regards to provisional article 31.	(8.488)	--
Provision expenses	(6.017)	(10.198)
Penalty and other provision expenses	(2.322)	(942)
Severance pay interest expense (Note 21)	(1.067)	(134)
Rediscount expenses	(524)	(5.225)
Insurance indemnity	(168)	(93)
Commission expenses	(14)	--
Donations and grants	--	(180)
Other	(1.366)	(1.810)
	(19.966)	**(18.582)**

26. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	**01.01.- 30.06.2022**	**01.01.- 30.06.2021**
Dividend income (*)	50.476	17.543
Profit on sale of property, plant and equipment	37.290	394
Rent income	5.514	100
	93.280	**18.037**

(*) TRY 48.441 thousand of dividend income is comprised from Nurol Yatırım Bankası and TRY 2.034 thousand from Nurol Sigorta Aracılık Hizmetleri A.Ş.

Expenses from investing activities	**01.01.- 30.06.2022**	**01.01.- 30.06.2021**
Loss from sale of property, plant and equipment	(5.010)	(10)
	(5.010)	**(10)**

27. FINANCIAL INCOME AND EXPENSES

Financial income	**01.01- 30.06.2022**	**01.01- 30.06.2021**
Foreign exchange income	240.413	303.590
Interest income	18.765	6.212
Profit of increase in value of marketable securities	--	26.659
	259.178	**336.461**

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

27. FINANCIAL INCOME AND EXPENSES (CONTINUED)

Financial expenses	**01.01-30.06.2022**	**01.01-30.06.2021**
Foreign exchange expenses	(1.795.765)	(853.165)
Interest expenses	(540.813)	(409.263)
Bond issuance interest expenses	(225.553)	--
Bank commission expenses	(58.408)	(27.955)
Letters of guarantee expenses	(2.877)	(1.634)
Decrease of in value of marketable securities	(11)	(425)
	(2.623.427)	**(1.292.442)**

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, 10% 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 23% 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 "TL" unless otherwise expressed)

28. TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

With the article 11 of the Law No. 7316 on the Procedure for the Collection of Public Claims and Amending Certain Laws, published in the Official Gazette No. 31462 dated 22 April 2021, provisional 13th article added to the Corporate Tax Law No. 5520, corporate tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the 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 30 June 2022, 23% are used as tax rates for current tax and deferred tax calculations.

United Arab Emirates
As of 30 June 2022, 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. 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%.

The tax liabilities included in the financial statements comprised:

	01.01-30.06.2022	**01.01-30.06.2021**
Provision for Corporate Tax for current period	--	--
Deferred tax income / (expense)	90.877	62.332
	90.877	**62.332**

Assets related to the current period taxes are as follows	**30.06.2022**	**31.12.2021**
Prepaid taxes (-) (*)	(37.037)	(168.143)
	(37.037)	**(168.143)**

(*) 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 23% (2021: 25%). 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 "TL" unless otherwise expressed)

28. TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

Long-term:	**30.06.2022**	**31.12.2021**
Prepaid taxes (-) (**)	(132.027)	(87.550)
	(132.027)	**(87.550)**

(**) In accordance with Turkish Income Tax Law No.42, 3% retention is made from each progress report issued in respect of long-term construction contracts. These retentions are recorded in prepaid taxes and are offset later on against 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	**30.06.2022**	**31.12.2021**
Ongoing construction contracts, net	1.267.670	813.100
Litigation provision	16.805	14.504
Provisions for employee benefits	7.636	10.152
Provision for doubtful receivables	14.134	8.452
Investments provision expense	3.654	3.654
Unused vacation provision	3.679	3.216
Written off assets	5.744	404
Unaccrued finance expenses (net)	279	316
Other doubtful receivables	--	156
Accrued interest on loans	--	75
Foreign exchange correction	12.581	37
Depreciation adjustment	2.191	--
Valuation of financial investments	(248)	(258)
Unaccrued finance income (net)	(26)	(524)
Other	893	9.454
	1.334.992	**862.738**

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

28. TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

Deferred Tax (Continued)

Deferred tax assets / (liabilities)	**30.06.2022**	**31.12.2021**
Ongoing construction contracts, net	291.561	203.275
Litigation provision	3.865	3.626
Provisions for employee benefits	1.756	2.538
Provision for doubtful receivables	3.251	2.113
Investments provision expense	840	914
Unused vacation provision	848	804
Written off assets	1.321	101
Unaccrued finance expenses (net)	64	79
Other doubtful receivables	--	39
Accrued interest on loans	--	19
Foreign exchange correction	2.894	9
Depreciation adjustment	504	--
Valuation of financial investments	(57)	(65)
Unaccrued finance income (net)	(6)	(131)
Other	205	2.364
	307.045	**215.685**

Deferred tax assets / (liabilities)	**30.06.2022**	**31.12.2021**
Deferred tax assets	784.694	268.603
Deferred tax liabilities (-)	(477.649)	(52.918)
Deferred tax assets / (liabilities), net	**307.045**	**215.685**

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.

	01.01-30.06.2022	**01.01-30.06.2021**
Profit for the period	2.176.606	888.979
Weighted average number of shares with nominal value	444.000.000	444.000.000
Earnings per share	**0,004902**	**0,002002**

(Currency – Thousand Turkish Liras "TL" 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.

Capital Management Policies and Procedures

To maintain or adjust the capital structure, the Group may obtain new loans, repay existing loans; make cash and non cash (bonus shares) dividend payments to shareholders, issue new shares based on Management's evaluation. The Group manages the capital structure so as to ensure the Group's ability to continue as a going concern; and maximize its profitability by maintaining an adequate capital to overall financing structure ratio.

The Group monitors capital using a net debt to total equity ratio, which is net financial debt divided by total equity. The Group includes within net financial debt, borrowings and trade payables, less cash and cash equivalents.

The Group's net financial debt / total financing used ratios are as follows:

	01.01-30.06.2022	**01.01-31.12.2021**
Total financial liabilities	9.355.608	7.546.725
Less: cash and cash equivalents	(651.781)	(841.687)
Net financial debt	8.703.827	**6.705.038**
Total equity	7.430.085	6.713.367
Less: revaluation of tangible fixed assets	(809.729)	(856.131)
Total financing used	15.324.183	12.562.274
Net financial debt / Total financing used	**%57**	**%53**

Financial Risk Factors

The Group's principal financial instruments are cash, short-term time deposits and bank borrowings. The main purpose of use of these financial instruments is to raise finance for the Group's operations and to hedge interest rate risk. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk.

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

30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (Continued)

Credit risk management

Carrying values of financial assets show the maximum exposure to credit risk. The credit risk of the Group for each financial instrument type is as follows:

	Receivables					
	Trade Receivables		Other Receivables			
Current period (30 June 2022)	Related Party	Third Party	Related Party	Third Party	Bank Deposits	Other
Maximum credit risk exposures as of report date						
(A+B+C+D+E)						
-Secured part of maximum credit risk exposure via collateral etc.	*12.467*	*802.068*	*833.895*	*242.143*	*641.075*	--
A. Net book value of the financial assets that are neither overdue nor impaired	12.467	802.068	833.895	242.143	641.075	--
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)	--	15.738	--	169	--	--
- Impairment (-)	--	(15.738)	--	(169)	--	--
- 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 “TL” unless otherwise expressed)

30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (Continued)

Credit risk management (Continued)

	Receivables					
	Trade Receivables		**Other Receivables**			
Prior 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*	*830.455*	--
-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	830.455	--
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 "TL" unless otherwise expressed)

30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (Continued)

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**				
30 June 2022	**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	7.629.891	7.629.891	32.264	354.900	7.242.727	--
Issues of debt securities	1.500.000	1.500.000	--	--	1.500.000	--
Finance lease obligations	214.953	214.954	95.864	109.936	9.154	--
Trade payables	3.247.539	3.247.539	--	1.684.610	1.562.929	--
Other debts	2.714.323	2.714.323	--	114.501	2.599.822	--
Total Liability	**15.306.706**	**15.306.707**	**128.128**	**2.263.947**	**12.914.632**	**--**

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**	**--**

30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (Continued)

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.

Foreign currency risk

The Group is exposed to foreign currency risk arising from the translation of foreign currency denominated assets and liabilities to TRY. The Group is also exposed to foreign currency risk due to the transactions made in foreign currency.

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

	30.06.2022	**31.12.2021**
Foreign currency assets	2.492.945	2.260.784
Foreign currency liabilities	(4.892.427)	(7.927.484)
Net foreign currency position	**(2.399.482)**	**(5.666.700)**

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

30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (Continued)

Market risk (Continued)

Foreign currency risk (continued)

30.06.2022	**USD**	**EUR**	**GBP**	**RUB**	**DZD**	**AED**	**MAD**	**GEL**	**LYD**	**RON**	**TRY Equivalent**
1. Trade receivables	2.285	282	--	--	3.363.278	19.044	3.731	917	22.904	40.195	669.493
2a. Monetary financial assets, (cash	3.116	1.136	6	278	278.067	93.660	1.211	4.981	6	445	557.489
2b. Non-monetary financial assets	--	1.577	--	--	63.263	38.395	29	10	11.071	19.068	277.637
3. Other	15.169	12.621	--	--	244.415	--	--	285	--	8.847	937.977
4. Current assets (1+2+3)	20.570	15.616	6	278	3.949.023	151.099	4.971	6.193	33.981	68.555	2.442.596
5. Trade receivables	--	--	--	--	--	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	52	--	--	--	3.209	--	2.158	--	18	--	4.820
7. Other	--	--	--	--	--	--	--	8.023	--	--	45.529
8. Non-current assets (5+6+7)	52	--	--	--	3.209	--	2.158	8.023	18	--	50.349
9. Total assets (4+8)	20.622	15.616	6	278	3.952.232	151.099	7.129	14.216	33.999	68.555	2.492.945
10. Trade payables	531	1.861	--	--	2.271.382	164.065	151	448	--		1.044.243
11. Financial liabilities	--	--	--	--		49.948		--			225.400
12a. Other monetary liabilities	--	--	--	--	315.551	--	856.206	379	16.367		1.492.480
12b. Other non-monetary liabilities	299	420	--	--	322.815	--	--	18	9.776		83.146
13. Current liabilities (10+11+12)	830	2.281	--	--	2.909.748	214.013	856.357	845	26.143	--	2.845.269
14. Trade payables	--	89.199	--	--	--	--	--	--	--	--	1.562.954
15. Financial liabilities	5.332	--	--	--	--	84.469	--	--	--		470.062
16a. Other monetary liabilities	--	--	--	--	--	--	--	--		--	
16b. Other non-monetary liabilities	--	--	--	--	39.990	2.121	--	--	--	--	14.142
17. Non-current liabilities (14+15+16)	5.332	89.199	--	--	39.990	86.590	--	--	--	--	2.047.158
18. Total liabilities (13+17)	6.162	91.480	--	--	2.949.738	300.603	856.357	845	26.143	--	4.892.427
19. Net foreign assets / (liability) position (9-18+19)	14.460	(75.864)	6	278	1.002.494	(149.504)	(849.228)	13.371	7.855	68.555	(2.399.482)
19. Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(462)	(89.642)	6	278	1.054.412	(185.778)	(851.415)	5.071	6.543	40.640	(3.568.157)

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

30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (Continued)

Market risk (Continued)

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 "TL" unless otherwise expressed)

30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (Continued)

Market risk (Continued)

Interest rate risk

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

INTEREST POSITION TABLE		**30 June 2022**	**31 December 2021**
Fixed Rate Financial Instruments			
Financial Assets	*Time deposits*	371	14.894
	Financial assets available for sale	381.427	1.275.139
Financial Liabilities		274.678	214.953
Variable Rate Financial Instruments			
Financial Assets		696	696
Financial Liabilities		7.238.809	9.070.272

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

31. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)

Fair values

30 June 2022	**Financial assets/liabilities at amortized cost**	**Fait Value**	**Book Value**
Financial assets			
Cash and cash equivalents	651.781	651.781	651.781
Trade receivables	802.068	802.068	802.068
Trade receivables from related parties	846.362	846.362	846.362
Other financial assets	382.123	382.123	382.123
Financial liabilities			
Financial liabilities	9.355.608	9.355.608	9.355.608
Trade Payables	3.243.631	3.243.631	3.243.631
Due to Related Parties	2.215.807	2.215.807	2.215.807

31 December 2021	**Financial assets/liabilities at amortized cost**	**Fait Value**	**Book Value**
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	2.293.603	2.293.603	2.293.603
Other financial liabilities			

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 "TL" unless otherwise expressed)

33. CONSOLIDATED FINANCIAL STATEMENTS RATIOS

APPENDIX.1

CURRENT RATIO

I -	Current Assets / Short Term Liabilities		TRY		
	2020 Current Ratio	=	3.914.005 / 1.477.814	=	2,65
	2021 Current Ratio	=	5.440.859 / 2.440.240	=	2,23
	30 June 2022 Current Ratio	=	5.075.472 / 2.921.805	=	1,74
	Average of Current Ratio for Three Years	=	a+b+c / d+e+f	=	2,11

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

33. CONSOLIDATED FINANCIAL STATEMENTS RATIOS (CONTINUED)

APPENDIX.2

EQUITY RATIO

II - Shareholder's Equity / Total Assets — TRY

2020 Shareholder's Equity Ratio	=	3.599.577 / 11.016.837	=	0,33
2021 Shareholder's Equity Ratio	=	6.713.367 / 19.441.631	=	0,35
30 June 2022 Shareholder's Equity Ratio	=	7.430.085 / 23.819.589	=	0,31
Average of Shareholder's Equity Ratio for Three Years	=	a+b+c / d+e+f	=	0,33

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

33. CONSOLIDATED FINANCIAL STATEMENTS RATIOS (CONTINUED)

APPENDIX.3

III - $\dfrac{\text{Short Term Bank Loans}}{\text{Equity}}$ TRY

2020	=	$\dfrac{456.149}{3.599.577}$	=	0,13
2021	=	$\dfrac{565.336}{6.713.367}$	=	0,08
30 June 2022	=	$\dfrac{612.881}{7.430.085}$	=	0,08
Average for Three Years	=	$\dfrac{a+b+c}{d+e+f}$	=	0,09