NURNUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022 TOGETHER WITH THE
INDEPENDENT AUDITORS'
REPORT

As Bağımsız Denetim ve YMM A.Ş.
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REF: 2021-250822-SPK-018

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
LIMITED INDEPENDENT AUDITOR'S REPORT
AS OF 30 JUNE 2022

To the Shareholders and the Board of Directors of
Nurol Holding A.Ş.
Ankara

Opinion

We have audited the accompanying consolidated financial statements of Nurol Holding A.Ş. ("the Company") and its subsidiaries, (together "the Group"), which comprise the consolidated balance sheet as at 30 June 2022 and the consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended, and a summary of significant accounting policies and other explanatory notes. Group 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 interim financial information based on our review.

Scope of Limited Audit

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. Therefore, we do not express an audit opinion.

Attention to Matters

The limited independent audit reports of the financial statements of FNSS Savunma Sistemleri A.Ş., Nurol Gayrimenkul Yatırım Ortaklığı A.Ş., Nurol Yatırım Bankası A.Ş., Nurol Makina ve Sanayi A.Ş. and Tümad Madencilik Sanayi ve Ticaret A.Ş., one of the consolidated subsidiaries of the Group, for the accounting period of January 01 – 30 June 2022 were made by other audit firms and limited independent audit reports prepared by the other audit firms do not contain a qualified conclusion.

Conclusion

Based on our review, the financial statements give a true and fair view of the financial position of the Group as of 01 January - 30 June 2022 and its financial performance 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

25 August 2022
Istanbul, Turkey

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES

TABLE OF CONTENTS

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2022 AND 31 DECEMBER 2021
(Currency- thousand Turkish Liras "TRY" unless otherwise expressed)

		Audited	Audited	Audited	Audited
		Current Period	Current Period	Previous Period	Previous Period
ASSETS		30 June 2022	30 June 2022	31 December 2021	31 December 2021
	Note	TRY	USD	TRY	USD
Current Assets					
Cash and cash equivalents	6	5.187.365	311.198	6.277.009	483.684
Financial investments	8	584.263	35.051	12.924	996
Trade receivables					
- Due from related parties	5	22.779	1.367	20.723	1.597
- Other trade receivables	7	2.157.909	129.456	2.056.610	158.475
Other receivables					
- Due from related parties	5	287.297	17.235	170.175	13.113
- Other receivables	12	329.967	19.795	133.575	10.293
Receivables from financial sector activities	9	5.572.477	334.302	2.568.118	197.890
Derivative financial instruments		501.443	30.082	160.672	12.381
Inventories	13	4.632.163	277.891	3.059.047	235.719
Unbilled contract costs	15	7.888.650	473.253	5.282.506	407.051
Prepaid expenses	14	930.384	55.815	565.293	43.559
Current income tax asset	32	146.650	8.798	302.189	23.286
Other current assets	25	911.283	54.669	829.522	63.920
Total current assets		**29.152.630**	**1.748.912**	**21.438.363**	**1.651.964**
Non Current Assets					
Trade receivables					
- Due from related parties	5	--	--	--	--
- Other trade receivables	7	266	16	638	49
Other receivables					
- Due from related parties	5	83.853	5.030	56.463	4.351
- Other receivables	12	251.898	15.112	29.347	2.261
Receivables from financial sector activities	9	820.367	49.215	776.171	59.809
Derivative financial instruments		190.953	11.456	208.390	16.058
Investments	16	3.118	187	3.118	240
Investments recognized using the equity method	17	14.626.985	877.496	10.404.130	801.705
Unbilled contract costs	15	--	--	1.594.347	122.855
Investment properties	20	3.381.922	202.887	3.145.001	242.343
Property, plant and equipment	19	9.358.897	561.455	7.495.065	577.543
Intangible assets					
- Goodwill	18	73.537	4.412	73.537	5.666
- Other intangible assets	22	916.779	54.999	823.490	63.455
Prepaid taxes and funds	32	331.093	19.863	266.650	20.547
Prepaid expenses	14	17.000	1.020	26.699	2.057
Deferred tax assets		953.161	57.182	1.947.004	150.029
Total Non Current Assets		**31.009.829**	**1.860.330**	**26.850.050**	**2.068.968**
TOTAL ASSETS		**60.162.459**	**3.609.242**	**48.288.413**	**3.720.932**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2022 AND 31 DECEMBER 2021
(Currency- thousand Turkish Liras "TRY" unless otherwise expressed)

LIABILITIES	**Note**	**Audited Current Period 30 June 2022 TRY**	**Audited Current Period 30 June 2022 USD**	**Audited Previous Period 31 December 2021 TRY**	**Audited Previous Period 31 December 2021 USD**
Current Liabilities					
Financial liabilities	10	11.719.997	703.101	11.694.927	901.169
Funds borrowed	11	4.378.498	262.673	2.079.179	160.214
Trade payables					
- Due to related parties	5	31.110	1.866	2.100	162
- Other trade payables	7	5.806.111	348.318	4.958.734	382.102
Liabilities for employee benefits	24	101.171	6.069	47.636	3.671
Other payables					
- Due to related parties	5	18	1	871	67
- Other payables	12	230.523	13.829	161.669	12.458
Derivative financial instruments		181.152	10.868	158.778	12.235
Deferred income	14	3.460.786	207.618	2.282.291	175.865
Current income tax liabilities	32	349.655	20.976	201.589	15.534
Deferred contract revenue	15	350.074	21.001	312.328	24.067
Short term provisions			--		--
- Provisions for employee benefits	24	88.836	5.329	48.063	3.704
- Other short term provisions	23	751.824	45.103	636.859	49.074
Other current liabilities	25	492.357	29.537	458.959	35.366
Total current liabilities		**27.942.112**	**1.676.289**	**23.043.983**	**1.775.688**
Non Current Liabilities					
Financial liabilities	10	13.156.245	789.264	11.236.044	865.810
Trade payables					
- Due to related parties	5	--	--	--	--
- Other trade payables	7	1.562.929	93.763	1.030.632	79.417
Other payables					
- Due to related parties	5	--	--	10.914	841
- Other payables	12	1.466.880	88.000	1.118.023	86.151
Derivative financial instruments		128.670	7.719	38.169	2.941
Deferred income	14	1.030.290	61.809	1.172.541	90.352
Long term provisions					
- Provisions for employee benefits	24	84.468	5.067	66.481	5.123
- Other long term provisions	23	269.332	16.158	130.537	10.059
Other non current liabilities	25	76.939	4.616	62.569	4.821
Deferred tax liabilities	32	1.335.354	80.110	2.228.443	171.716
Total Non Current Liabilities		**19.111.107**	**1.146.506**	**17.094.353**	**1.317.231**
Total Liabilities		**47.053.219**	**2.822.795**	**40.138.336**	**3.092.919**
Equity Attributable to Owners of the Parent					
Share capital	26	776.000	46.553	776.000	59.796
Capital adjustment differences	26	(62.784)	(3.767)	(62.784)	(4.838)
Other comprehensive income/expense not to be reclassified to profit					
- *Actuarial gain / (loss)*	26	6.362	382	(3.918)	(302)
- *Revaluation and reclassification gains / (loss)*	26	1.106.155	66.360	1.191.769	91.833
Other comprehensive income/expense to be reclassified to profit					
- *Change in fair value of available-for-sale financial assets*	26	(39.448)	(2.367)	5.221	402
- Cash flow hedges	26	106.326	6.379	5.778	445
- Currency translation differences	26	4.519.813	271.151	4.452.233	343.073
Restricted reserves		599.403	35.959	537.406	41.411
Retained earnings		1.135.879	68.143	(1.880.564)	(144.910)
Net profit for the period		4.182.922	281.995	2.446.585	276.272
Non Controlling Interests	26	778.612	46.710	682.351	52.580
Total Equity		**13.109.240**	**817.498**	**8.150.077**	**715.762**
Translation difference		--	(31.051)	--	(87.749)
TOTAL LIABILITIES AND EQUITY		**60.162.459**	**3.609.242**	**48.288.413**	**3.720.932**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIODS 1 JANUARY-30 JUNE 2022 AND 2021
(Currency- thousand Turkish Liras "TRY" unless otherwise expressed)

		Audited	Audited	Audited	Audited
		Current Period	Current Period	Previous Period	Previous Period
		1 January - 30 June 2022	1 January - 30 June 2022	1 January - 30 June 2021	1 January - 30 June 2021
	Note	TRY	USD	TRY	USD
Sales income	27	8.978.466	605.291	4.331.454	550.424
Income of financial sector activities	27	1.122.872	75.699	288.941	36.717
		10.101.338	680.990	4.620.395	587.141
Cost of sales (-)	27	(5.264.040)	(354.880)	(2.753.543)	(349.910)
Cost of financial sector activities	27	(385.835)	(26.011)	(135.570)	(17.228)
		(5.649.875)	(380.891)	(2.889.113)	(367.138)
Gross profit		**4.451.463**	**300.099**	**1.731.282**	**220.003**
General administrative expenses (-)	28	(445.900)	(30.061)	(231.324)	(29.396)
Marketing, selling and distribution expenses (-)	28	(370.614)	(24.985)	(66.048)	(8.393)
Research and development expenses (-)	28	(126.505)	(8.528)	(49.840)	(6.333)
Other operating income	29	150.320	10.134	28.983	3.683
Other operating expenses (-)	29	(106.674)	(7.192)	(115.405)	(14.665)
Operating profit		**3.552.090**	**239.467**	**1.297.648**	**164.899**
Shares from profit / loss from investments revalued with the equity method	17	4.221.757	284.613	1.490.643	189.425
Income from investing activities	30	377.126	25.424	14.644	1.861
Expenses from investing activities (-)	30	(38.941)	(2.625)	(18.434)	(2.343)
Operating profit before financial income / (expenses)		**8.112.032**	**546.879**	**2.784.501**	**353.842**
Financial income	31	1.927.996	129.978	1.907.314	242.374
Financial expenses (-)	31	(5.513.507)	(371.698)	(3.740.492)	(475.327)
Profit before tax from continued operations		**4.526.521**	**305.159**	**951.323**	**120.889**
Tax expenses from continued operations					
Tax	32	(411.665)	(27.753)	(31.347)	(3.983)
Deferred tax charge	32	70.347	4.743	(61.642)	(7.833)
Profit from continued operations		**4.185.203**	**282.149**	**858.334**	**109.073**
PROFIT FOR THE PERIOD		**4.185.203**	**282.149**	**858.334**	**109.073**
Distribution of profit					
Non controlling interest	33	2.281	154	(57.901)	(7.358)
Equity holders of the parent	33	4.182.922	281.995	916.235	116.432
EBITDA		**4.196.589**	**282.917**	**1.643.337**	**208.829**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPHERENSIVE INCOME
FOR THE PERIODS 1 JANUARY-30 JUNE 2022 AND 2021
(Currency- thousand Turkish Liras “TRY” unless otherwise expressed)

	Audited	**Audited**
	Current Period	**Previous Period**
Other Comprehensive Income	**1 January - 30 June 2022**	**1 January - 30 June 2021**
Profit for the Period	**4.185.203**	**858.334**
Other Comprehensive Income		
Other comprehensive income/expense not to be reclassified to profit	**(226.815)**	**152.888**
Gains /(losses) on revaluation of property plant and equipment	(46.402)	(81)
Change in fair value of available-for-sale financial assets	(83.881)	137.684
Exemption of real estate and investment sales earning	--	(165)
Actuarial gains/(loses)	6.913	77
Correction of prior year losses	(162)	15.373
Effect of exclusion from consolidation	(103.283)	--
Other comprehensive income/expense to be reclassified to profit	**967.265**	**305.666**
Currency translation differences	866.345	273.330
Tübitak incentive fund	372	442
Cash flow hedging	100.548	31.894
Other Comprehensive Income	**740.450**	**458.554**
Total Comprehensive Income	**4.925.653**	**1.316.888**
Distribution of Total Comprehensive Income	**4.925.653**	**1.316.888**
- Non controlling interest	2.281	(57.901)
- Equity holders of the parent	4.923.372	1.374.789

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY-30 JUNE 2022 AND 2021
(Currency- thousand Turkish Liras "TRY" unless otherwise expressed)

	Share capital	Capital Adjustment Differences	Actuarial gain / (loss)	Revaluation and classification acquisition / (losses)	Foreign currency translation differences	Change in fair value of available-for-sale financial assets	Restricted reserves	Income from cash flow hedging	Prior years' income	Net profit/(loss) for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total
Balance at 1 January 2021	**776.000**	**(62.784)**	**2.743**	**980.264**	**982.479**	**118.773**	**485.749**	**(38.224)**	**(616.713)**	**296.350**	**2.924.637**	**588.358**	**3.512.995**
Transfer to general reserves	--	--	--	--	--	--	44.868	--	251.482	(296.350)	--	--	--
Foreign currency translation differences	--	--	(334)	--	374.670	--	--	--	(101.006)	--	273.330	--	273.330
Change in fair value of available-for-sale financial assets	--	--	--	--	--	137.684	--	--	--	--	137.684	--	137.684
Cash flow hedging	--	--	--	--	--	--	--	31.894	--	--	31.894	--	31.894
Correction of prior year losses	--	--	--	--	--	--	--	--	15.373	--	15.373	--	15.373
Minority interest	--	--	--	--	--	--	--	--	832	--	832	5.195	6.027
Tübitak incentive fund	--	--	--	--	--	--	442	--	--	--	442	--	442
Actuarial gain / (loss)	--	--	77	--	--	--	--	--	--	--	77	--	77
Property, plant and equipment revaluation fund (Nurol Dubai LLC)	--	--	--	(81)	--	--	--	--	--	--	(81)	--	(81)
Exemption of real estate and investment sales earning	--	--	--	--	--	--	(165)	--	--	--	(165)	--	(165)
Dividends paid	--	--	--	--	--	--	--	--	(160.814)	--	(160.814)	--	(160.814)
Net profit for the period	--	--	--	--	--	--	--	--	--	916.235	916.235	(57.901)	858.334
Balance at 30 June 2021	**776.000**	**(62.784)**	**2.486**	**980.183**	**1.357.149**	**256.457**	**530.894**	**(6.330)**	**(610.846)**	**916.235**	**4.139.444**	**535.652**	**4.675.096**
Balance at 1 January 2022	**776.000**	**(62.784)**	**(3.918)**	**1.191.769**	**4.452.233**	**5.221**	**537.406**	**5.778**	**(1.880.564)**	**2.446.585**	**7.467.726**	**682.351**	**8.150.077**
Transfer to general reserves	--	--	--	--	--	--	61.117	--	2.385.468	(2.446.585)	--	--	--
Foreign currency translation differences	--	--	3.367	--	862.978	--	--	--	--	--	866.345	--	866.345
Cash flow hedging	--	--	--	--	--	--	--	100.548	--	--	100.548	--	100.548
Actuarial gain / (loss)	--	--	6.913	--	--	--	--	--	--	--	6.913	--	6.913
Tübitak incentive fund	--	--	--	--	--	--	372	--	--	--	372	--	372
Correction of prior year losses	--	--	--	--	--	--	--	--	(162)	--	(162)	--	(162)
Dividends paid	--	--	--	--	--	--	508	--	(10.647)	--	(10.139)	--	(10.139)
Property, plant and equipment revaluation fund (Nurol Dubai LLC)	--	--	--	(46.402)	--	--	--	--	--	--	(46.402)	--	(46.402)
Minority interest	--	--	--	--	--	--	--	--	(50.331)	--	(50.331)	93.980	43.649
Change in fair value of available-for-sale financial assets	--	--	--	(39.212)	--	(44.669)	--	--	--	--	(83.881)	--	(83.881)
Change in scope of consolidation (Nömayg and Libya)	--	--	--	--	(795.398)	--	--	--	692.115	--	(103.283)	--	(103.283)
Net profit for the period	--	--	--	--	--	--	--	--	--	4.182.922	4.182.922	2.281	4.185.203
Balance at 30 June 2022	**776.000**	**(62.784)**	**6.362**	**1.106.155**	**4.519.813**	**(39.448)**	**599.403**	**106.326**	**1.135.879**	**4.182.922**	**12.330.628**	**778.612**	**13.109.240**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY-30 JUNE 2022 AND 2021
(Currency- thousand Turkish Liras "TRY" unless otherwise expressed)

	Audited Current Period 1 January - 30 June 2022	**Audited Prior Period 1 January - 30 June 2021**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	4.185.203	858.334
Adjustments to reconcile net cash generated		
Depreciation and amortization charge	468.154	345.854
Provision for employee termination benefits	28.267	60.694
Period profit from investments recognized using the equity method	(4.222.855)	(1.491.298)
Other provision	202.868	92.574
Minority interest	43.649	6.027
Adjustment related to tax expense	341.318	92.989
Unrealized foreign exchange differences	1.653.662	661,701
Revaluation of investment property	(247.516)	--
Interest income/expense excluding finance sector, net	2.228.286	1.075.838
Fair value losses / gains of derivative instruments	(329.396)	(30.689)
Adjustment related to profit / (loss) on disposals of fixed assets	(42.728)	5.445
Fair value gains of financial investments	(263.901)	--
Adjustments related to dividend income	(345)	(482)
Effect of exclusion from consolidation	693,978	--
Other adjustments	(39.375)	15.001
Changes in net working capital	***(886.168)***	***(723,207)***
Increases/decreases in inventories	(1.376.172)	(570.862)
Increases/decreases in trade receivables	(102.983)	(447.390)
Increases/decreases in other receivables	(563.455)	(89.045)
Changes in receivables from costs on ongoing construction contracts	(974.051)	106,780
Changes in liabilities for employee termination benefits	53.535	26.983
Increases / decreases in prepaid expenses	(355.392)	(50.152)
Increases / decreases in other current assets	(164,160)	(260,093)
Increases/decreases in trade payables	1.196.658	216.598
Increases/decreases in other payables	405.944	45.588
Increase/decreases in deferred income	1.036.244	353.042
Current income tax paid	(90,104)	(20,160)
Other liabilities	47.768	(34.496)
Net Cash Flows Generated From / (Used in) Operating Activities	3,813,101	968,781
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash flows generated from/used in financial liabilities, net	(2.159.669)	46,389
Interest paid	(2.305.347)	(1.174.443)
Cash flows arising from financial sector operations	(581.879)	816.157
Cash flows from derivative financial instruments	219.485	--
Dividends paid	(10.139)	(160.814)
Nurolbank repayment from debt securities issued	(5.935.649)	(3.207.083)
Nurolbank proceeds from debt securities issued	6.441.180	3.348.046
Financial investments	1.945	359
Net Cash Flows Generated from Financing Activities	(4.330.073)	(331,389)
C. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash flows used in acquisition of property, plant and equipment and intangible assets	(497.093)	(334.549)
Cash flows arising from sales of property, plant and equipment and intangible assets	156.026	48.423
Dividends received	345	482
Cash flows to currency protected time deposits	(309.383)	--
Tübitak incentive fund	372	442
Interest received	77.061	98.605
Net Cash Flows Used in Investment Activities	(572,672)	(186.597)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(1.089.644)**	**450.795**
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6.277.009**	**2.573.563**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5.187.365**	**3.024.358**

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

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

1. ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP

Nurol Holding A.Ş. ("the Group" or "Nurol Holding") was established on 6 June 1989 under the name of Nurol Yatırım Holding A.Ş. On 4 September 1996, the Company changed its corporate name to Nurol Holding A.Ş.

Since its establishment, Nurol Holding A.Ş. has been coordinating the activities of its group companies operating especially in the fields of construction and contracting and other various sectors such as defence, machinery, energy, mining, manufacturing, tourism, trade, services and finance to name a few.

The Company is a member of Nurol Group. The Company is controlled by the "Çarmıklı" family members. The registered office address of the Company is Arjantin Caddesi, No:7, Gaziosmanpaşa Ankara.

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

	Share Rate (%)	**30.06.2022**	**31.12.2021**
Nurettin Çarmıklı	33,31	258.455	258.455
Figen Çarmıklı	33,31	258.455	258.455
M. Oğuz Çarmıklı	33,31	258.455	258.455
Other sole proprietorships	<1	635	635
	100	**776.000**	**776.000**
Inflation adjustment		(62.784)	(62.784)
	100	**713.216**	**713.216**

Consolidated Subsidiaries

As of 30 June 2022 and 31 December 2021, the subsidiaries included in consolidation and the effective rate of ownership is as follows:

	Direct ownership rate (%)	
	30.06.2022	**31.12.2021**
Construction Group		
Nurol İnşaat ve Ticaret A.Ş.	99,89	99,89
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. (*)	55,58	70,75
Energy Group		
Nurol Enerji Üretim ve Pazarlama A.Ş.	99,96	99,96
Nurol Solar Enerji Üretim A.Ş.	99,70	99,70
Nurol Grup Elektrik Toptan Satış A.Ş.	80,00	80,00
Nurol Göksu Elektrik Üretim A.Ş.	100,00	100,00
Enova Enerji Üretim A.Ş.	49,96	49,96
Enova Elektrik Enerjisi Toptan Satış A.Ş.	50,00	50,00

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

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

Consolidated Subsidiaries (Continued)

	Direct ownership rate (%)	
	30.06.2022	**31.12.2021**
Manufacturing Group		
FNSS Savunma Sistemleri A.Ş.	51,00	51,00
Tümad Madencilik Sanayi ve Ticaret A.Ş.	100,00	100,00
Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş.	99,98	99,98
Nurol Makina Sanayi A.Ş.	99,99	99,99
Nurol İleri Teknoloji Savunma Ürünleri Madencilik Sanayi Ticaret A.Ş.	70,00	70,00
Service Group		
Nurol BAE Systems Hava Sistemleri A.Ş.	51,00	51,00
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	99,90	99,90
Botim İşletme Yönetim ve Ticaret A.Ş.	75,00	75,00
Nurol Havacılık A.Ş.	99,99	99,99
Nurol Sigorta Aracılık Hizmetleri A.Ş.	99,70	99,70
Tourism Group		
Nurol Otelcilik ve Turizm İşletmeleri A.Ş.	99,99	99,99
Turser Turizm Servis ve Ticaret A.Ş.	99,99	99,99
Bosfor Turizm İşletmecilik A.Ş.	99,99	99,99
Finance Group		
Nurol Yatırım Bankası A.Ş. (**)	96,33	96,33

(*) ***Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. ("Nurol Gayrimenkul")***

Provided that the Company remains within the registered capital ceiling of TRY 400.000.000, the issued capital of TRY 310.200.000, each consisting of shares with a nominal value of TRY 1, will have a total sales revenue of TRY 170.000.000. Without public offering, with the allocated sales method of Borsa İstanbul A.Ş. share market, it was decided to be sold to Nurol Holding A.Ş. by wholesale method. The sales price of the shares subject to the allocated capital increase has been determined as TRY 6.76, which is the weighted average price of the share sales realized by the group companies in the period of 02-29.12.2021.

Since it is understood that the capital amount for increasing the paid-in capital to TRY 335.348.000 by increasing the nominal capital amount increased by TRY 25.148.000, with a total sales revenue of TRY 170.000.480, has been fully paid by Nurol Holding Anonim Şirketi in cash and in full, the capital increase transactions are carried out under the Turkish Commercial Code. and in accordance with the procedures and principles set forth in the Capital Markets Law and the relevant Communiqués of the Capital Markets Board.

The new version of Article 7 of the Company's Articles of Association, which includes the capital increase amount, was registered by the Istanbul Trade Registry Office on 08/04/2022, and the registration was announced in the Turkish Trade Registry Gazette dated 08/04/2022 and numbered 10555.

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

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

Consolidated Subsidiaries (Continued)

(**) ***Nurol Yatırım Bankası A.Ş. (“Nurol Bank”)***

Pursuant to the decision taken at the Ordinary General Assembly held on 30 March 2022, the paid-up capital of the Bank was increased to 750.000 thousand TRY of which 290.000 thousand TRY was covered by internal resources. The Ordinary General Assembly Decision was announced in the Turkish Trade Registry Gazette No. 10505 dated 7 April 2022.

Investments recognized using the equity method

Otoyol Yatırım ve İşletme A.Ş.

The Company was established in Ankara on 20 September 2010 to construct, operate and transfer at the end of the term of the Gebze-Orhangazi-Izmir (including Izmir Bay Crossing and Access Roads) highway. The project was designed with the build-operate-transfer model. Nurol İnşaat owns 25,95% (31 December 2021: 25,95%) of Otoyol Yatırım ve İşletme A.Ş. and has been consolidated using the equity method in the accompanying consolidated financial statements.

FNSS Middle East Co. Ltd.

FNSS Savunma Sistemleri A.Ş. a subsidiary of Nurol Holding has invested in the Company located in Saudi Arabia in 2014. FNSS Savunma Sistemleri A.Ş., owns 50% of FNSS Middle East Co. and has been included in the accompanying consolidated financial statements using the equity method.

Joint operations consolidated using the proportional consolidation method

As of 30 June 2022 and 31 December 2021, the shareholding of the Group’s joint operations included in the consolidation have been provided below. Joint operations have been included using the partial consolidation method and their net assets and operations have been included in the accompanying financial statements using the proportional consolidation method.

	Joint Ventures (%) (%)	
	30.06.2022	**31.12.2021**
Nurol - Cengiz Joint Venture	50	50
Nurol - Cengiz Hasankeyf Joint Venture	50	50
Gama - Nurol Joint Venture	50	50
NÖMAYG	--	25,17
Nurol - Yüksel - Özka - YDA Joint Venture	25	25
Nurol - Yüksel - YDA - Özka Joint Venture	40	40
Özgün - Nurol Joint Venture	50	50
Nurol-Gülermak Joint Venture	50	50
Nurol-Gülermak-Makyol Joint Venture	33,33	33,33
Nurol-Mesa Joint Venture	50	50
Nurol-Gülsan Joint Venture	50	50

From now on, Nurol Holding A.Ş. and its consolidated subsidiaries will be referred to as the “Group”.

Among the companies within the group, the subsidiaries of the parent company, directly or indirectly, with 50% and more than 50% ownership or voting rights or controlling power over the transactions are fully included in the consolidation. Control power is considered to exist if financial and operating policies can be managed. The Group is fully effective in the management of the above-mentioned companies. According to International Accounting Standards 27 (Consolidated Financial Statements and Accounting for Associates), these subsidiaries are consolidated.

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

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

As of 30 June 2022 and 31 December 2021, the breakdown of personnel employed within the Group is as follows:

	Number of Personnel	
	30.06.2022	**31.12.2021**
Nurol İnşaat ve Ticaret A.Ş.	8.990	9.368
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	43	49
Nurol Enerji Üretim ve Pazarlama A.Ş.	3	3
Enova Enerji Üretim A.Ş.	31	31
Nurol Solar Enerji Üretim A.Ş.	6	6
Nurol Göksu Elektrik Üretim A.Ş.	18	18
Enova Elektrik Enerjisi Toptan Satış A.Ş.	7	6
FNSS Savunma Sistemleri A.Ş.	963	979
Tümad Madencilik Sanayi ve Ticaret A.Ş.	959	946
Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş.	339	344
Nurol Makina Sanayi A.Ş.	611	552
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	18	18
Botim İşletme Yönetim ve Ticaret A.Ş.	16	19
Nurol Havacılık A.Ş.	14	12
Nurol Sigorta Aracılık Hizmetleri A.Ş.	12	12
Nurol BAE Systems Hava Sistemleri A.Ş.	34	39
Turser Turizm Servis ve Ticaret A.Ş.	7	7
Bosfor Turizm İşletmecilik A.Ş.	15	16
Nurol Holding A.Ş.	132	129
Nurol Yatırım Bankası A.Ş.	78	72
	12.296	**12.626**

The operations of the consolidated entities in the accompanying consolidated financial statements are summarized below:

Nurol İnşaat ve Ticaret A.Ş. ("Nurol İnşaat")

Nurol İnşaat ve Ticaret A.Ş. ("Nurol İnşaat") mainly operating in construction sector was established in 1966. The Group is engaged in construction of infrastructure and superstructure projects, dams, hydroelectric power plants, hotels, cooperative housing, turnkey production and industrial facilities and sewage treatment plant facilities.

The projects undertaken by the Nurol İnşaat as of 30 June 2022 are summarized below:

Turkey Projects

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

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

Nurol İnşaat ve Ticaret A.Ş. ("Nurol İnşaat") (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.

United Arab Emirates Projects

- Riyadh City South Phase-4 (Abu Dhabi)

In the accompanying consolidated financial statements, 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 are fully consolidated, and joint ventures are subject to partial consolidation and their net assets and activities proportionally included in the financial statements by the consolidation method.

Otoyol Yatırım İşletme A.Ş. was established in Ankara on 20 September 2010 to construct, operate and transfer the Gebze-Orhangazi-İzmir highway (including the İzmir Gulf crossing and connection roads). The project is designed with the build - operate - transfer model. Nurol İnşaat owns 25.95% (31 December 2021: 25.95%) of Otoyol Yatırım A.Ş. (Note 17).

Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. ("Nurol Gayrimenkul")

Nurol Gayrimenkul Yatırım Ortaklığı Anonim Şirketi was established on 3 September 1997, headquartered in Istanbul. The company was established to invest in real estate-based capital market instruments, to create and develop a real estate portfolio. The company is obliged to comply with the regulations of the Capital Markets Board ("CMB") in the operating principles, portfolio investment policies and management restrictions and the relevant legislation. 49% of the Company shares were offered to the public in December 1999 and 36,89% (31 December 2021: 29,24%) of the Company shares as of 30 June 2022, and their shares are traded on Borsa Istanbul A.Ş. The Company has three completed projects open for sale in Istanbul, Nurol Tower, Nurol Life and Nurol Park.

Nurol Enerji Üretim ve Pazarlama A.Ş. ("Nurol Enerji")

Nurol Enerji, was established on 18 August 1998 with the change of name of Lamaş Kalıp Makina Sanayi A.Ş. The Company operates in the energy sector in order to realize and invest in various power plant projects in the field of energy production based on various sources such as hydro, coal, solar, wind and natural gas. The Company is structured to participate in the business development and new power generation facilities within the framework of the Energy Market legislation. Based on the belief that renewable energy sources are based on renewable energy sources, Enova Enerji Üretim A.Ş. and Nurol Göksu Elektrik Üretim A.Ş. has established several new hydroelectric power plant investments. The company is developing various wind and solar power plant projects in the field of renewable energy production. For this purpose, Nurol Solar Energy Production and Marketing Inc. It was established. The Company also another important energy source for Turkey which is also interested in importing LPG and LPG storage on this issue and is working on distribution projects. On the other hand, in parallel with its energy production activities, Nurol Group has established its wholesale company and sells energy to wholesale and free consumers in the field of electricity trade.

Enova Enerji Üretim A.Ş. ("Enova Enerji")

Enova Enerji Üretim A.Ş. was established in 2003 under the partnership of Nurol and Özaltın with a share of 50% each. Within the scope of the license for 49 years granted by EMRA in 2006, Ceyhan HEPP Project construction on the Ceyhan River in Osmaniye has been completed with an investment of USD 160.000.000 between 2007-2010 and has begun energy trade as of June 2010. The plant has an installed capacity of 63,468 MW and an annual capacity of 259.000.000 kWh.

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

Nurol Solar Enerji Üretim A.Ş. ("Solar Enerji")

Nurol Solar Enerji Üretim ve Pazarlama A.Ş. was established in 2011. The Company was established on 21.06.2011, in order to benefit from solar energy, solar energy-based reinforcement or additional fuel in order to build and operate power plants in Ankara.

Nurol Grup Elektrik Toptan Satış A.Ş. ("Grup Elektrik")

Nurol Grup Elektrik Toptan Satış A.Ş. was established on 13 October 2010 in order to operate in the field of wholesale and direct sales of electrical energy and/or wholesales of capacity to free consumers in accordance with the legislation relating to the electricity market. In accordance with Electricity Market Law numbered 4628 and the relevant legislation, the Company has obtained a 20-year, wholesale license on 26 January 2011 in accordance with the decision of the Energy Market Regulatory Authority.

Nurol Göksu Elektrik Üretim A.Ş. ("Nurol Göksu")

Nurol Göksu was established in 2013 and the Company took operating rights of Göksu Hydroelectric Power Plant through privatization for 49 years. Nurol Göksu Hydroelectric Power Plant in the province of Konya on the River Göksu, has been taken into operation in 1959 for the purpose of utilizing 81 m fall river type. Nurol Göksu Power Plant has 10,8 MW installed capacity and produces in average 65 million kW/h energy annually with a very high rate of capacity utilization in a consistent manner.

Enova Elektrik Enerjisi Toptan Satış A.Ş. ("Enova Toptan")

Özaltın Makro Elektrik Enerjisi Toptan Satış A.Ş. was established on 20 November 2009 with an office in Arjantin Caddesi No.9 Gaziosmanpaşa / Ankara. The Company changed its title to Enova Elektrik Enerjisi Toptan Satış A.Ş. on 23 September 2011. According to the Company's articles of incorporation the Company's main activity is to engage in the wholesales of electrical energy and / or capacity and sales directly to eligible consumers. In accordance with the Electricity Market Law No. 4628 and the relevant legislation, the Company has obtained a wholesale license numbered ETS / 2550-9 / 1620, dated 06.05.2010 with the decision of the Energy Market Regulatory Board.

FNSS Savunma Sistemleri A.Ş. ("FNSS")

FNSS Savunma Sistemleri A.Ş. is a leading manufacturer and supplier for armored vehicles and weapon systems for the Turkish Armed Forces. FNSS is a Turkish based joint venture between Nurol Holding A.Ş. (51%) and BAE Systems Land & Armaments L.P. ("BAE Systems") (49%).

The Company was formed in connection with the desire of the Government of the Republic of Turkey to supply armored vehicles for the Turkish Army which should, as much as possible, be fabricated and assembled in Turkey. Besides, according to the agreement, the Company has the right to export armored vehicles outside Turkey. The Company established a branch in Saudi Arabia in 2005 in order to manage its operations related to contracts with the Saudi Arabian Government.

FNSS is a company of land defence systems that designs and manufactures efficient, reliable and innovative tracked and wheeled armored vehicles tailored to the needs.

FNSS exports mainly to United Arab Emirates, Malaysia, Oman, Saudi Arabia and Philippines. Main products of the Company are as follows;

- Armored Vehicle (ZMA, ZMA-15, ZMA-30 and KAPLAN) and Enhanced Armored Personnel Carrier (GZPT)
- PARS 4x4, 6x6 and 8x8 Armored Wheeled Vehicle
- Armored Rescue Vehicle and modernized Armored Personnel Carrier
- Foot Soldier Armored Carrier Vehicle and M113 Armored Personnel Carrier
- M113 Armored Personnel Carrier modernization and new generation ACV-S
- Mobile Floating Attack Bridge (SAMUR) and Amphibian Bulwark Machinery (KUNDUZ).

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

Tümad Madencilik Sanayi ve Ticaret A.Ş. ("Tümad Madencilik")

Tümad Madencilik Sanayi ve Ticaret A.Ş. ("The Company") was established in Istanbul in 1989 and opened a branch in Ankara at the end of 2011 and moved its headquarters to Ankara in 2013. The Company is currently engaged in exploring, operating and developing the gold mines through two operational gold mines located in Lapseki- Çanakkale and İvrindi-Balıkesir. The Company's strategy is to make large-scale mining projects by making advanced searches on potential mining fields and to begin production when it is feasible to operate economically. The Company has a total of 27.224 hectares operating and research area in Turkey. The Company carries out refined gold and silver sales to the Central Bank of the Republic of Turkey ("CBRT") and other market buyers through domestic refineries.

As of 2014, Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş was acquired by the Company and the Lapseki Gold Mine project in Çanakkale Biga Peninsula has been added to the Company's portfolio. A total of 100,000 m drilling was carried out in the Çanakkale Lapseki project and as a result of detailed analysis and feasibility studies, the decision to invest has been made and the construction began as of July 2016. The plant began production following the temporary acceptance of the investment construction was made in December 2017.

In Lapseki, an underground mine was commissioned in 2019 and ore production began. The capacity of the facility, where 1.1m tons/year of production is made by tank leaching, will be increased with the optimizations to be made.

The Company started the İvrindi Gold Mine Enrichment Project in İvrindi district of Balıkesir province in 2012. The operation phase of the project, the construction phase of which was completed in 2019, started gold production in August 2019. The ore produced by the open pit method is processed in the heap leach process plant with an annual capacity of 7,7 m tons.

As a result of the reserve development works carried out simultaneously with the commissioning of both projects, in 16 July 2020, the European Bank for Reconstruction and Development (EBRD) signed a refinancing agreement with the consortium of Akbank and Ziraat Bank in the amount of USD 255 million with a maturity of 4 years.

In 2021, the Company received four mining licenses from TÜPRAG within the scope of the Doğancılar project in Çanakkale and Balıkesir, and Şahinli mining license from ESAN Eczacıbaşı, located next to the Lapseki Project in Çanakkale.

Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş. ("Nurol Teknoloji")

Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş. which is a part of Nurol Group of Companies, was established with national capabilities in 2008 to produce ballistic ceramics and use them in personal protection and vehicle platform applications. The Company also manufactures personal protection products such as ballistic protective vests and ballistic protective shields, as well as armor systems for air land and sea platforms.

In addition to the production of Alumina, Silicon Carbide and Boron Carbide Ceramics, Tungsten Carbide ceramics, which are used in civilian areas, are among the product range of Nurol Teknoloji ceramics. Nurol Teknoloji manufactures advanced technological ballistic ceramics and hybrid ballistic protective armor solutions, which are needed by all friendly and allied countries in the world, especially Turkish Security Forces, under one roof in three production facilities located in Ankara. Nurol Teknoloji has ISO 9001, ISO 14001 and OHSAS 18001 System Certificates along with "National Confidential" and "NATO Confidential" Facility Security, Production Permit certificates from the Ministry of National Defense within the scope of the relevant laws, and for two Ballistic Test Laboratories within its body. It also has 17025 TURKAK accreditation documents within the scope of international NIJ standards.

Nurol Makina ve Sanayi A.Ş. ("Nurol Makina")

Nurol Makina ve Sanayi A.Ş. was established in 1976 as a company operating under Nurol Holding in order to establish turn-key industrial plants and to carry out large-scale contracting works on steel construction and machinery manufacturing. With the establishment of the Undersecretaries for Defence Industries, the Company also began its activities in the field of defence industry.

Nurol Makina began its operations in 1992 in Sincan First Ankara Organized Industrial Zone. Nurol Makina has an open area of 65.000 m2 and a closed area of 25.000 m2, has carried out many important projects so far and continues its activities with its experienced staff.

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

Nurol Makina ve Sanayi A.Ş. ("Nurol Makina") (Continued)

The Company designs and manufactures the following facilities:

- Advanced testing and measurement equipment,
- Four and five axis CNC machine tools,
- Welding robots
- Large size lasers and plasma cutting machines,
- Horizontal and vertical lathes,
- Hydraulic and eccentric presses of various capacities, including 2000 tones,
- 3D Coordinate gauge (CMM) and a wide range of measuring instruments,
- Various welding equipment,
- Paint shop,
- Assembly lines,
- Vehicle test track and pool

Design and production of Nurol Makina is carried out with the help of advanced engineering software. The Company makes the products with Computer Aided Design (CAD), Computer Aided Manufacturing (CAM), Enterprise Resource Planning (ERP) systems and advanced technology machines and testing infrastructure.

The Company has more than 25 years of experience in the defence industry; 4x4 segment Armored Combat Vehicle, Armoured Personnel Carrier and Special Purpose Platform designs and produces the original system.

Nurol Makina has "NATO Confidential" and "National Confidential" level Facility Security Certificate.

Nurol İleri Teknoloji Savunma Ürünleri Madencilik Sanayi Ticaret A.Ş. ("Nurol İleri Teknoloji")

The main operating activities of Nurol İleri Teknoloji includes design research and development the field of electricity machinery, defence, chemistry, environmental, agricultural, food, material, geological, construction and software engineering. The Company performs research and development operations and contracting in this field for private and government organizations both domestically and overseas. The Company is involved in the trading and production of materials, equipment's, hardware, software, machinery used in construction, industry and engineering fields along with the components, accessories, spare parts, working process, merchandises and raw materials and to established, operate and trade industrial plants and contracting and tender operations in this field.

Nurol İşletme ve Gayrimenkul Yönetim A.Ş. ("Nurol İşletme")

Karum Yönetim was founded in Ankara in 1991 to manage Karum Trade and Shopping Centre. The headquarter of the Company is located in Ankara. Karum Yönetim ve Ticaret A.Ş. changed its title as Karum Gayrimenkul Yönetim ve Ticaret A.Ş. in 2010. In 2011, the Company established a partnership with RGM Turkey Gayrimenkul Yönetim ve İşletme A.Ş. which is partner with German RGM Company and headquartered in Istanbul and transferred Nurol Residence and Nurol Plaza enterprises to RGM Turkey A.Ş. The management of Karum Trade and Shopping Centre was left in 2011. Karum Gayrimenkul Yönetim ve Ticaret A.Ş. changed their trade title to Nurol İşletme ve Gayrimenkul Yönetim A.Ş. on 22 April 2014

The ongoing operations are as follows:

- Running of Karum Parking lot
- Running of Real Estate Administration
- Running of Sheraton Hotel Parking lot (Branch has been closed; servicing based on the Parking Service agreement of Turser Turizm A.Ş.)

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

Botim İşletme Yönetim ve Ticaret A.Ş. ("Botim İşletme")

Botim İşletme was founded in 1997 in Ankara to execute the managerial activities of Bodrum Oasis Shopping and Entertainment Mall which was constructed by Nurol İnşaat ve Ticaret A.Ş. The Company which operates in the entertainment sector and executes, maintenance, landscape, security and cleaning services of the Oasis Shopping and Entertainment Mall which began operations on 7 April 1998 and is situated on a land of 50 acres consisting of 248 independent trading units.

Nurol Havacılık A.Ş. ("Nurol Havacılık")

Nurol Havacılık was established in 1997 with headquarters in Ankara to provide flight services to its customers. The Company renders services with the FALCON 2000 LX aircraft named TC SGO Çağrı both to Nurol Group Companies and other customers. Corporate flight services carried out by the Company to domestic and international destinations take place under the supervision of the European and Turkish Civil Aviation authorities. Falcon LX is a corporate aircraft with 10 VIP seating capacity. The Company's hangar and terminal facilities at Ankara Esenboğa Airport were completed in August 1998 and started to provide technical and hangar services to air taxi and aviation company passengers as well as to VIP aircrafts.

Nurol Sigorta Aracılık Hizmetleri A.Ş. ("Nurol Sigorta")

Nurol Sigorta was established in 1994 to operate and provide services in all insurance branches. The Company operates as an authorized agency for Anadolu Sigorta A.Ş., Anadolu Hayat Emeklilik A.Ş., Acıbadem Sigorta A.Ş., Ak Sigorta A.Ş., Axa Sigorta A.Ş., Axa Hayat ve Emeklilik A.Ş., Chubb European Group SE, Dubai Sigorta A.Ş., Eureko Sigorta A.Ş., Generali Sigorta A.Ş., Groupama Sigorta A.Ş., Gulf Sigorta A.Ş., Mapfre Sigorta A.Ş., Mapfre Yaşam Sigorta A.Ş., Ray Sigorta A.Ş., Türkiye Sigorta A.Ş. and Zurich Sigorta A.Ş

Nurol BAE Systems Hava Sistemleri A.Ş. ("Nurol BAE")

Nurol BNA was established in 2015 with 51% Nurol Holding and 49% BAE Systems partnership. The Company started its activities in 2016. The main activity of the Company includes design and development, engineering and business development studies, system development and production, advanced technology system integration for critical issues that may cause loss of aircraft in case of failure such as aircraft, flight control systems, fuel control systems and air conditioning systems.

The Company has HUMS and Hürjet Control Panel Projects. The employer of the HUMS project is FNSS and the Hürjet Control Panel Projects is TUSAŞ.

Nurol Yatırım Bankası A.Ş. ("Nurol Bank")

Nurol Yatırım Bankası A.Ş., was established and began banking operations in May 1999 by the permission of the council of Ministers Decree No. 98/11565 dated 6 August 1998 as an "investment bank".

The bank is established, under the condition to get the necessary permissions from the authorities, to be active in capital markets, to use the resources provided with the use of capital market instruments to invest, for the purpose of managements to meet effective management and healthier financial structure including mergers and acquisitions issues by giving consultancy services making investment banking and to be active in all areas related to investment banking.

Nurol Group is the capital group for direct or indirect dominance in the bank's capital.

Nurol Otelcilik ve Turizm İşletmeleri A.Ş. ("Nurol Otelcilik")

Nurol Otelcilik was welcomed to the sector with the opening of its first business Hotel Asena in Kuşadası in 1988. The headquarters of the Company is located in Ankara. Hotel Asena continues its operations in Kuşadası Women's Beach with its 3-star Tourism Hotel Certificate and 103 rooms and 215 bed accommodation facilities in domestic and foreign markets. In 2006 the Hotel was leased and the Company only receives rent income.

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

Turser Turizm Servis ve Ticaret A.Ş. ("Turser Turizm")

Turser Turizm Servis Yayıncılık ve Ticaret A.Ş. ("Turser Turizm") was established in 1993 with its headquarters located in Ankara. Turser Turizm is the owner of Sheraton Ankara Hotel & Convention Center and Lugal a Luxury Collection Hotel in Ankara. The Hotel has been operated by the Starwood Eame License and Services Company BVBA ("Operator"), who became a subsidiary of Marriott International Inc as of 23 September 2016, in line with the Operating Services Agreement ("OSA"), Sheraton Ankara Hotel & Convention Centre System License and Technical Assistance Agreement, the Luxury Collection Hotel Ankara System License and Technical Assistance Agreement and Centralized Services Agreement which were signed on 4 December 2009 as a result of the written agreement of the parties.

Bosfor Turizm İşletmecilik A.Ş. ("Bosfor Turizm")

Bosfor Turizm began to operate in tourism sector in 1980 after obtaining a group "A" license from the Ministry of Tourism. In 1995, all shares of the company were bought by Nurol Group and the Company became a fully owned subsidiary of Nurol Group. The Company's headquarter is located in Ankara. The Company provides services such as selling international and domestic plane tickets, incoming-outgoing-ingoing tour operating services, individual and group tour organizations, visa services, hotel and motel reservations, transfer services from/to airports, guiding services, organizations of dealer conventions inside and outside the country, congresses and seminars, short term and long term leasing of chauffeured and non-chauffeured vehicles, fleet, yacht and depending on the number of passengers private aircrafts and helicopters, motivational trips and day to day vicinity trips.

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.

In addition, interim condensed consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TFRS Taxonomy" published by the POA on April 15, 2019 and the Financial Statement Examples and User Guide published by the CMB.

Interim condensed consolidated financial statements are prepared on the historical cost basis. The determination of historical cost is generally based on the fair value of the amount paid for the assets.

The Group has prepared the interim condensed consolidated financial statements for the period ended 30 June 2022, the condensed consolidated profit or loss and other comprehensive income statement for the accounting period ended 30 June 2021, the consolidated statement of changes in shareholders' equity, the comparative notes of the consolidated cash flow statement. has been prepared in accordance with Turkish Accounting Standard No: 34 "Interim Financial Reporting ("TAS 34")".

The explanations and footnotes required to be included in the annual consolidated financial statements prepared in accordance with TFRSs pursuant to this Communiqué are summarized or not included in accordance with TAS 34. The accompanying condensed consolidated financial statements should be evaluated together with the independently audited financial statements dated 31 December 2021 and the accompanying notes. Interim condensed consolidated financial results alone are not an indicator of year-end results.

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").

Financial statements of subsidiaries, joint ventures and affiliates operating in foreign countries

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.

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.

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.

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)

Principles of Consolidation (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.

Interests in associates are accounted for using the equity method. These are entities in which the Group generally has between 20% and 50% of the voting rights or in which the Group has significant influence, but not control, over the company's operations. It is initially recorded at cost, which includes transaction costs. After initial recording, the consolidated financial statements include the Group's profit or loss and other comprehensive income from equity method investments until the date when significant influence ceases.

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.

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

Principles of Consolidation (Continued)

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

Amendments to TFRS 7 and TFRS 16

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.

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.

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)

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 6). 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.

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.

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

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

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

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

Income from construction contracts

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

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

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

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

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

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

Each project contract is evaluated by the technical teams regarding the expected change in the upcoming costs and the profitability of the contracts that is determined as of the balance sheet dates. Besides the amounts of the contracts subjected to escalation as of the reporting date, are estimated based on the contract details.

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".

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

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Income from construction contracts (continued)

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.

Electricity sales revenue

Electricity sales revenues are recorded on an accrual basis over invoiced amounts in case of electricity delivery.

Ongoing Project Activities

Project revenue and costs are recognized as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliably. The percentage of completion method is used to recognize revenue on a project as work progresses by matching contract revenue with project costs incurred based on the proportion of work completed which is determined by the ratio of actual costs incurred through to the end of each reporting period divided by the total estimated project costs of the projects. Contracts to manage, supervise or coordinate the construction activity of others are recognized only to the extent of the fee revenue.

Project costs include all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, tools, repairs and depreciation costs. Selling, general and administrative expenses are charged to the income statements as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

Costs of project contracts represent the costs incurred les the sum of recognized costs (in the income statements) for all contracts in progress. Deferred revenue in excess of costs on uncompleted contracts represents future billings in excess of revenues recognized in the income statement. These cost and deferred revenue are subsequently recognized in the income statement based on completion method which is based on engineering reports.

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

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Gold sales revenues

Sales revenues consist of a combination of gold and silver ore bars delivered to gold refiners, the significant risks and rewards associated with the product are transferred to such gold refiners, the amount of revenue can be measured reliably and it is highly probable that the economic benefits associated with the transaction will be borne by the Group are taken to the records on the basis of the fair value of the price received or receivable. Net sales represent the invoiced value of the resale product, returns and discounted discounts.

Ballistic and armor products sales

Revenue is considered to be considered when the significant risks and rewards related to the products are transferred to the buyer, it is probable that the economic benefits associated with the sale will flow to the entity and the amount of revenue can be calculated reliably. Revenues and expenses related to the same transaction are taken to the financial statements simultaneously.

Rental income from real estate rentals

Rental income from real estate is recognized on an accrual basis on a straight-line basis throughout the relevant lease agreement. If there are benefits provided by the Company to its lessees, these are also recorded in such a way as to reduce the rental income during the rental period.

Real estate sale

The revenue is recognized in the financial statements when the contracted real estate is transferred to the customer and the performance obligation specified in the contract is fulfilled. When the control of the real estate is in the hands of the customer, the real estate is transferred.

Installation of software services

The Group provides installation services for a variety of featured software. These services are considered as time-consuming performance obligations. The revenue for installation services is recorded as revenue depending on the stage of completion of the contract. The executives consider that the completion phase determined by the ratio of the time spent on installation to the planned total duration as of the date of the financial statement can be used to reasonably measure the progress towards full performance of these performance obligations under TFRS 15. The payment for the installation of the software services is made after the completion of the installation service and the amounts that are earned as a result of the service provided until the installation service is completed are reflected in the financial statements as a contract asset.

Finance sector

Explanations on futures and options contracts and derivatives

Derivative products held for trading (forward foreign currency purchase and sale contracts, swap transactions) of the Bank are classified, measured and accounted for in accordance with the provisions of "TFRS 9". Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts over contract amounts. Derivative transactions are valued at fair value and are shown in the balance sheet in Derivative Financial Assets Held for Trading or Derivative Financial Liabilities accounts, depending on whether the fair value is positive or negative. As a result of the valuation, the differences in the fair value are reflected in the income statement.

Explanations on interest income and expense

Financial assets that are credit-impaired when purchased or granted, and credit-impaired financial assets when purchased or granted, with interest income based on the effective interest method (the ratio that equates to the present net present value of the future cash flows of the financial asset or liability) as defined in TFRS 9 Except for the financial assets that are not credited but become financial assets, they are accounted for by applying an effective interest rate to the gross book value of the financial asset.

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

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Explanations on interest income and expense (continued)

If the financial asset is credit-impaired and is classified as non-performing loans, effective interest is applied to the amortized cost of the asset in subsequent reporting periods for such financial assets. The said interest income calculation is made on the basis of each contract for all financial assets subject to impairment calculation. In the expected credit loss models, the effective interest rate is applied when calculating the loss rate in case of default, and the expected credit loss calculation includes the said interest amount.

For this reason, a classification is made between the "Expected Loss Provisions Expenses" account and the "Interests Received from Loans" account in the income statement for the related amount calculated. If the credit risk of the financial instrument has improved such that the financial asset is no longer credit-impaired and this improvement can be objectively attributed to a later event (such as an increase in the borrower's credit rating), interest income for subsequent reporting periods is calculated by applying the effective interest rate to the gross book value. Interest income and expenses are recorded at their fair values and are accounted for on an accrual basis using the effective interest method (the rate that equates the future cash flows of the financial asset or liability to its current net book value) considering the current principal amount.

Explanations on fees and commission income and expenses

Fees and commissions, except those that are an integral part of the effective interest rate of financial instruments measured at amortized cost, are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Fees and commission income and expenses, excluding fee income from certain banking transactions that are recorded as income at once during the service period, and loan fees and commission expenses paid to other credit institutions and organizations are recognized on an accrual basis throughout the service period.

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.

Mine Stocks

Inventories are mainly comprised of ore stockpiles, gold in circuit, dores, chemicals and spare parts. Inventories are valued at the lower of cost and net realizable value. For each mine field, cost of inventory consists of purchase of materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of conversion includes direct labour and allocation of fixed and variable production overheads. Stockpiles, gold in circuit and dores are measured by the number of contained gold oz. and the estimated recovery rate based on the processing method. Stockpiles and gold in circuit amounts are verified by periodic surveys. Production overheads for each mine facility, include amortization and depreciation of mining assets in the respective mine field like asset retirement costs, mine development costs and deferred stripping cost, at the relevant stage of production. Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The costs of inventories are determined on a weighted average basis for each mine field (Note 13).

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

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

Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

Property, plant and equipment are presented at cost less accumulated depreciation and accumulated impairment losses. Land and lands are not subject to depreciation and are shown at cost less accumulated impairment losses.

In cases where the assets cannot be converted into money over the value they carry, it is checked whether there is any impairment in the assets. If there is such an indication and the value of the assets exceeds the estimated amount to be realized, the assets or cash generating units are brought to their realizable values.

The realizable amount is the higher of the asset's net selling price and net book value in use. To determine the amount of net book value in use, estimated future cash flows are discounted using the pre-tax discount rate, which measures the time value of money and the risk nature of the asset. The net book value in use of a non-independent cash-generating asset is determined for the cash-generating group to which the asset belongs. Provision for impairment expenses are recognized in the consolidated statement of profit or loss.

Except for land and investments in progress, the cost or valued amounts of tangible assets are depreciated using the straight-line method over their expected useful lives or production volumes. The expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and if there is a change in estimates, they are accounted for prospectively.

The rates used in the amortization of tangible fixed assets are as follows;

	Useful Life
Buildings	4-50 years
Land improvements	4-50 years
Machinery and equipment	4-20 years
Motor vehicles	3-5 years
Furniture, fixtures and office equipment	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).

Energy licenses

In 2013, the Group bought the operating right of the Göksu Hydroelectric Power Plant for 49 years, amounting to TRY 119.738 thousand (USD 52.500 thousand) through privatization. Göksu Hydroelectric Power Plant was established within the borders of Konya Province.

In 2003, the Group established Enova Energy Production Inc. in partnership with Özaltın Group for energy production and sales. Enova Energy Production Inc. has a production license of 22.893 thousand TRY dated 21 December 2006, obtained from the Energy Market Regulatory Board regarding the production facility.

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

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

Summary of Significant Accounting Policies (Continued)

Intangible Assets and Amortization (continued)

Mining extraction rights and mining exploration, drilling and development expenses

Exploration costs are expensed as incurred when a decision is made that a mining property is capable of commercial production (when the Group management is able to demonstrate that future economic benefits are probable, which will be the establishment of increased and probable reserves at the relevant location) and legal permissions are obtained (e.g. mining license) for a specific area of interest; all further pre-production expenditure, including the costs related to property acquisitions and mineral and surface rights together with evaluation activities such as geological, geochemical studies and drilling for further technical feasibility (such as in-field exploration) in the relevant area of interest are capitalized.

Besides the regular exploration activities in green field zones, the Group continues further drilling activities within the area of operational mines, defined as "exploration during mine". All related expenditures of "exploration during mine", are monitored and assessed by each drilling zone at each balance sheet date, and accordingly the Group capitalizes the expenditures of particular drillings only when it is probable to get future economic benefits, namely as proven and probable reserve is established as a result of those drillings and/ or considering the existence of new or additional proven and probable reserves in the respective mine area ("area of interest").

Where the Group management considers that there is an impairment indicator such as significant decrease in resource and reserve, serious mine accidents, expiration or permanent cancellation of rights, impairment is assessed and recognized for the amount by which the carrying amount of the asset exceeds its recoverable amounts, which is the higher of fair value less cost to sell or value in use.

Amortization of acquired mining licenses

According to Article 20 of the IFRIC "Interpretation of Stripping Costs in the Production Phase of the Open Pit Mine" numbered 2, "In the development phase of the mine (before starting production), stripping costs are usually capitalized as part of the depreciable cost of the establishment, development and construction of the mine. These capitalized costs are depreciated or amortized in a systematic manner, usually by using the production unit method after production begins."

Tümad Mining has 14 mining licenses in total. Information on licenses is as follows:

License (Registration) Number	Province	County	License Enforcement Date	Essence	Period
86082	Çanakkale	Lapseki	4.09.2009	operating license	25 years
88276	Balıkesir	İvrindi	21.01.2014	operating license	10 years
17798	Çanakkale	Lapseki	16.12.2019	operating license	10 years
27480	Çanakkale	Lapseki	15.11.2019	operating license	10 years
79099	Çanakkale	Lapseki	16.12.2019	operating license	10 years
69703	Çanakkale	Lapseki	16.12.2019	operating license	10 years
88919	Çanakkale	Çan	17.07.2018	operating license	10 years
61515	Çanakkale	Merkez	29.05.2019	operating license	10 years
200706189	Balıkesir	Gönen	17.09.2020	operating license	25 years
68955	Çanakkale	Lapseki	20.01.2020	operating license	15 years
201600397	Çanakkale	Ayvacık	28.02.2022	operating license	10 years
201200502	Çanakkale	Merkez	22.06.2021	operating license	10 years
201500002	Çanakkale	Merkez	09.12.2020	operating license	10 years
200903230	Çanakkale	Ayvacık	17.10.2014	operating license	10 years

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

Summary of Significant Accounting Policies (Continued)

Intangible Assets and Amortization (continued)

Evaluation of research expenses and development costs within the scope of Articles 52 to 67 of TAS 38 "Intangible Assets"

Planned activities to obtain new technological information or findings are defined as research and research expenses incurred at this stage are recorded as expense when incurred.

The application of research findings or other information to a plan prepared to produce new or significantly improved products, processes, systems or services is defined as development and is recognized as intangible assets resulting from development if all of the following conditions are met.

Internally generated intangible assets resulting from development activities (or the development phase of an internal project) are recognized only when all of the following conditions are met;

- It is technically possible to complete the intangible asset so that it is ready for use or ready for sale.

- Intention to complete, use or sell the intangible asset

- Whether the intangible asset can be used or sold, and it is clear how the asset will generate possible future economic benefits.

- Availability of appropriate technical, financial and other resources to complete the development of the intangible asset, use or sell the asset

- The development cost of the intangible asset can be measured reliably during the development process.

The amount of intangible assets created internally is the total amount of expenses incurred since the intangible asset meets the above-mentioned recognition conditions. When internally generated intangible assets cannot be recognized, development expenditures are recorded as expense in the period in which they are incurred. After initial recognition, internally generated intangible assets are reported at cost less accumulated depreciation and accumulated impairment losses, just like intangible assets purchased separately.

The Group acquires a portion of certain intangible assets under paragraphs 27 and 32 of IAS 38. In this context, it capitalizes the costs that are obtained separately from the outside and directly associated with the asset. In particular, the costs incurred within the framework of paragraph 28 of TAS 38 are capitalized.

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.

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.

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

Summary of Significant Accounting Policies (Continued)

Intangible Assets and Amortization (continued)

The useful lives of the intangible assets are as follows:

	Useful life
Rights	2-6 years
Computer software	2-3 years
Development expenses	1-5 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.

Expenditures made within the scope of research activities are recognized in profit or loss when they occur.

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 to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

The profit or loss recognized due to the changes in the fair value of an investment property is included in the current year's comprehensive income statement. The profit or loss recognized due to condemnation or disposal of an investment property is the difference between net collection obtained from the disposal of the asset and the book value of the real estate, and it is accounted in the income statement under fair value increase in investment properties.

The borrowing costs related to qualifying assets is also recognized during the construction of the asset, the mentioned capitalization continues until the completion of the construction. The Group does not include the daily service expenses related to real estate in the book value of the investment property. Those costs are recognized in the profit or loss statement to the extent that they are realized. Maintenance expenses related to the real estates are recognized in the profit and loss statement in the relevant period.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections. The Group considers the conditions resulted with the difference in the determination of the fair value of the investment properties in order to make the most reliable estimation.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure.

- Transfer of a property to or from an investment property class only and only
- It is made when there is a change in its use, the transfer is carried out when the following conditions are met:
- Commencement of owner-occupation, for a transfer from investment property to owner occupied property;
- Commencement of development with a view to sale, for a transfer from investment property to inventories;

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

Summary of Significant Accounting Policies (Continued)

Investment Properties (Continued)

- End of owner-occupation, for a transfer from owner-occupied property to investment property or
- Commencement of an operating lease to another party, for a transfer from inventories to investment property

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with TAS 16 shall be its fair value at the date of change in use.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Group shall apply TAS 16 up to the date of change in use. The Group shall treat any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16.

Up to the date when an owner-occupied property becomes an investment property carried at fair value, an entity depreciates the property and recognizes any impairment losses that have occurred. The Group treats any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16. In other words:

a) Any resulting decrease in the carrying amount of the property is recognized in profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognized in other comprehensive income and reduces the revaluation surplus within equity.

b) Any resulting increase in the carrying amount is treated as follows:

(i) To the extent that the increase reverses a previous impairment loss for that property, the increase is recognized in profit or loss. The amount recognized in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized.

(ii) Any remaining part of the increase is recognized in other comprehensive income and increases the revaluation surplus within equity. On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained earnings. The transfer from revaluation surplus to retained earnings is not made through profit or loss.

The Hydroelectric Power Plant of Nurol Göksu Elektrik Üretim A.Ş. has been revalued with the expertise report in 2021 by Smart Kurumsal Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the "Property, plant and equipment revaluation fund" account in the statement of shareholders' equity in the accompanying consolidated financial statements.

Group has been revalued Sheraton Hotel ve Convention Centre - Lugal with the expertise report in 2021 by 24 Gayrimenkul Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the "income from investment activities" account in the profit / loss statement in the accompanying consolidated financial statements.

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

Summary of Significant Accounting Policies (Continued)

Investment Properties (Continued)

Group has been revalued Sheraton Hotel ve Convention Centre - Lugal the expertise report in 2022 by Etik Gayrimenkul Değerleme ve Danışmanlık A.Ş.The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the "income from investment activities" account in the profit / loss statement in the accompanying consolidated financial statements.

As for Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. investment properties are valued every year, gains, and losses arising from changes in the fair value of investment property has been included in income statement in the period they occur (Note 20).

Finance Leases

<u>*The Group - as the lease*</u>

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 amount of debt expected to be paid by the lessee under residual value guarantees,
- 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).

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

Summary of Significant Accounting Policies (Continued)

Finance Leases (Continued)

The Group - as the lease (continued)

- When a lease is changed and the lease modification is not accounted for as a separate lease, the revised lease payments are discounted using the revised discount rate and the lease liability is restated.

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

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

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

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

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.

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.

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

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

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 measured at fair value through other comprehensive income;

- 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)

<u>*Financial assets (continued)*</u>

Amortized cost and effective interest method (continued)

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.

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.

Equity instruments at fair value through other comprehensive income

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

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

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

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

Foreign exchange gains and losses

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

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

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

<u>Financial assets (continued)</u>

Foreign exchange gains and losses (continued)

- 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

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.

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 (continued)

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.

Disclosures on sale and repurchase agreements and securities lending transactions

Securities sold within the framework of repurchase agreements ("repo") are classified as "Things Subject to Repo" under the relevant security accounts and are valued at their fair values or discounted prices according to the internal rate of return, depending on their purpose of holding in the Bank's portfolio. Funds obtained from repo transactions are reflected as a separate item in passive accounts and rediscount is recorded for interest expense. Securities purchased with a commitment to resell ("reverse repo"), on the other hand, are shown as a separate item under the main item "Money Markets". Income accrual is calculated for the difference between the purchase and resale prices of securities purchased through reverse repurchase agreements.

Advances and Loans Given to Customers

Financial assets formed by the Group for the purpose of making direct loans or loans are classified as advances and loans to customers and are recorded at amortized cost less any provision for impairment. All extended loans and advances are recorded in the consolidated financial statements when money is transferred to customers.

The Group allocates a loan impairment provision for advances and loans given if there is an objective finding that the loan amounts will not be collected. The provision amount is the difference between the book value of the loan and the recoverable amount. The recoverable amount is the current value of all cash flows, including the amounts that can be collected from collateral and guarantees, discounted based on the original effective interest rate at the time the loan originated. The loan impairment provision also includes losses that have objective evidence that potential losses exist in the loan portfolio at the balance sheet date. Credit impairment provision is estimated by taking into account the Group's credit risk policy, the general structure of the current loan portfolio, the financial structure of customers, non-financial data, economic conjuncture and past experience.

Provisions made during the period are deducted from the income of that period. Non-collectible loans and receivables are deleted from the records after all legal procedures are completed. When the receivables related to the previously reserved loan are collected, the provision amount is deducted from the provision account in the balance sheet and reflected to the provision expense accounts in the income statement.

Trade Payables

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

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.

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

Summary of Significant Accounting Policies (Continued)

Borrowing Costs

Borrowings are recognized initially at the proceeds received; net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Trade Receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

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

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortization amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

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

Summary of Significant Accounting Policies (Continued)

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method in the scope of IFRS 3. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognized in profit or loss as incurred.

In accordance with IFRS 3, goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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 20).

Nurol Holding, purchased 100% shares of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. in 2014. The Group has paid TRY 95.948 thousand for TRY 45.745 thousand capital of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. TRY 50.204 thousand goodwill was paid during this purchase (Note 18).

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.

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

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.

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.

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
LYD (Libyan Dinar)	5,5748	4,1968
GEL (Georgian Lari)	4,5127	3,5134
MAD (Moroccan Dirham)	1,6499	1,4043
RON (Romanian Leu)	3,5241	2,9498

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

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

Summary of Significant Accounting Policies (Continued)

Onerous Contracts

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group. Present obligations arising under onerous contracts are measured and recognized as a provision.

Government Grants and Incentives

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

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:

	30.06.2022	**31.12.2021**
Discount rate	21.00%	21.00%
Annual 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.

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

Summary of Significant Accounting Policies (Continued)

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 TFRS, 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.

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, mining sates, financial institution income 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.

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.

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)

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.

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.

3. INTERESTS IN OTHER ENTITIES

The disclosures related to Group's subsidiaries, business associations and affiliate's names, affiliated country and ownership rates are presented in Note 1.

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

4. SEGMENT REPORTING

1 January – 30 June 2022	**Holding**	**Construction**	**Energy**	**Manufacturing**	**Service**	**Tourism**	**Mining**	**Finance (Bank)**	**Eliminations**	**Total**
Revenue	66.537	3.882.216	564.697	1.969.131	35.924	100.496	2.986.313	--	(626.848)	8.978.466
Finance sector operating income	--	--	--	--	--	--	--	1.122.872	--	1.122.872
Cost of sales	(65.030)	(2.913.632)	(441.323)	(1.050.746)	(38.017)	(67.152)	(1.145.331)	--	457.191	(5.264.040)
Finance sector operating cost	--	--	--	--	--	--	--	(385.835)	--	(385.835)
Gross profit	**1.507**	**968.584**	**123.374**	**918.385**	**(2.093)**	**33.344**	**1.840.982**	**737.037**	**(169.657)**	**4.451.463**
Operating expenses	(9.866)	(518.692)	(9.475)	(336.533)	(6.624)	(24.671)	(45.111)	(92.403)	100.356	(943.019)
Other operating income / (expenses), net	(5.586)	(13.412)	(162)	(7.026)	(767)	3.186	83.760	(16.347)	--	43.646
Operating profit/(loss)	**(13.945)**	**436.480**	**113.737**	**574.826**	**(9.484)**	**11.859**	**1.879.631**	**628.287**	**(69.301)**	**3.552.090**
Shares from profit / (loss) from investments revalued with the equity method	--	4.221.757	--	--	--	--	--	--	--	4.221.757
Income /(expenses) from investing activities, net	1.233.890	156.151	(50)	1.220	2	247.816	9.834	(28.330)	(1.282.348)	338.185
Financial income /(expenses), net	(380.591)	(2.535.644)	(356.322)	(233.268)	(14.648)	(87.457)	(46.883)	--	69.302	(3.585.511)
Profit/(loss) before tax from continued operations	**839.354**	**2.278.744**	**(242.635)**	**342.778**	**(24.130)**	**172.218**	**1.842.582**	**599.957**	**(1.282.347)**	**4.526.521**
Tax expense for the year	--	--	--	--	--	--	(246.844)	(164.821)	--	(411.665)
Deferred tax income/(expense)	(744)	90.877	(1.035)	156.734	(1.573)	(80.180)	(116.204)	22.472	--	70.347
Net profit/(loss) for the continued operations period	**838.610**	**2.369.621**	**(243.670)**	**499.512**	**(25.703)**	**92.038**	**1.479.534**	**457.608**	**(1.282.347)**	**4.185.203**

30 June 2022	**Holding**	**Construction**	**Energy**	**Manufacturing**	**Service**	**Tourism**	**Mining**	**Finance (Bank)**	**Eliminations**	**Total**
Total assets	7.315.625	25.335.959	1.888.408	15.556.579	252.903	951.893	9.990.674	10.602.001	(11.731.583)	60.162.459
Total liabilities	7.315.625	25.335.959	1.888.408	15.556.579	252.903	951.893	9.990.674	10.602.001	(11.731.583)	60.162.459

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

4. SEGMENT REPORTING (CONTINUED)

1 January – 30 June 2021	**Holding**	**Construction**	**Energy**	**Manufacturing**	**Service**	**Tourism**	**Mining**	**Finance (Bank)**	**Eliminations**	**Total**
Revenue	34.482	1.978.469	172.802	1.095.391	12.589	29.870	1.361.594	--	(353.743)	4.331.454
Finance sector operating income	--	--	--	--	--	--	--	288.941	--	288.941
Cost of sales	(28.974)	(1.448.867)	(124.643)	(768.648)	(17.383)	(23.207)	(644.809)	--	302.988	(2.753.543)
Finance sector operating cost	--	--	--	--	--	--	--	(135.570)	--	(135.570)
Gross profit	**5.508**	**529.602**	**48.159**	**326.743**	**(4.794)**	**6.663**	**716.785**	**153.371**	**(50.755)**	**1.731.282**
Operating expenses	(3.288)	(156.472)	(7.492)	(149.648)	(6.797)	(12.320)	(24.263)	(37.687)	50.755	(347.212)
Other operating income / (expenses), net	(3.853)	(8.300)	(1.255)	(68.124)	37	498	1.909	(7.334)	--	(86.422)
Operating profit/(loss)	**(1.633)**	**364.830**	**39.412**	**108.971**	**(11.554)**	**(5.159)**	**694.431**	**108.350**	**--**	**1.297.648**
Shares from profit / (loss) from investments revalued with the equity method	--	1.490.643	--	--	--	--	--	--	--	1.490.643
Income /(expenses) from investing activities, net	1.082.546	38.388	--	447	588	787	--	(11.922)	(1.114.624)	(3.790)
Financial income /(expenses), net	(240.920)	(1.143.936)	(122.779)	(226.197)	(164)	(57.585)	(41.597)	--	--	(1.833.178)
Profit/(loss) before tax from continued operations	**839.993**	**749.925**	**(83.367)**	**(116.779)**	**(11.130)**	**(61.957)**	**652.834**	**96.428**	**(1.114.624)**	**951.323**
Tax expense for the year	--	--	--	--	--	--	(10.566)	(20.781)	--	(31.347)
Deferred tax income/(expense)	(729)	62.332	1.669	(9.471)	(2.563)	8.078	(113.356)	(7.602)	--	(61.642)
Net profit/(loss) for the continued operations period	**839.264**	**812.257**	**(81.698)**	**(126.250)**	**(13.693)**	**(53.879)**	**528.912**	**68.045**	**(1.114.624)**	**858.334**

31 December 2021	**Holding**	**Construction**	**Energy**	**Manufacturing**	**Service**	**Tourism**	**Mining**	**Finance (Bank)**	**Eliminations**	**Total**
Total assets	6.329.874	21.086.170	1.630.963	14.336.649	112.951	649.628	7.670.651	7.078.071	(10.606.544)	48.288.413
Total liabilities	6.329.874	21.086.170	1.630.963	14.336.649	112.951	649.628	7.670.651	7.078.071	(10.606.544)	48.288.413

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

5. RELATED PARTY DISCLOSURES

Trade receivables from related parties	**30.06.2022**	**31.12.2021**
Çarmıklı Family	18.377	2.935
Otoyol Yatırım ve İşletme A.Ş.	3.057	12.724
Otoyol İşletme ve Bakım A.Ş.	478	4.382
Çarmad Madencilik Sanayi ve Ticaret Ltd. Şti.	151	--
Nurol Tower Site Yönetimi	--	470
Nurol Park Site Yönetimi	--	75
Other	716	137
	22.779	**20.723**

Trade payables to related parties	**30.06.2022**	**31.12.2021**
SGO İnşaat Sanayi ve Ticaret A.Ş.	31.000	2.056
Other	110	44
	31.110	**2.100**

Other receivables from related parties	**30.06.2022**	**31.12.2021**
Çarmıklı Family	287.099	169.468
Çarmad Madencilik Sanayi ve Ticaret Ltd Şti.	3	706
Other	195	1
	287.297	**170.175**

Other non-current receivables from related parties	**30.06.2022**	**31.12.2021**
Otoyol Yatırım ve İşletme A.Ş.	83.853	56.463
	83.853	**56.463**

Other current payables to related parties	**30.06.2022**	**31.12.2021**
Nurol Eğitim Kültür ve Spor Vakfı	11	--
Çarmıklı Family	7	7
SGO İnşaat Sanayi ve Ticaret A.Ş.	--	864
	18	**871**

Other non-current payables to related parties	**30.06.2022**	**31.12.2021**
BAE Systems (Operations) Limited	--	10.914
	--	**10.914**

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

6. CASH AND CASH EQUIVALENTS

	30.06.2022	**31.12.2021**
Cash on hand	21.130	15.352
Cash at banks		
- demand deposit	*1.640.502*	*2.041.245*
- time deposit	*540.929*	*541.992*
- blocked deposit	*110.335*	*177.107*
Due from banks and financial institutions	976.106	1.311.028
Central Bank deposit reserve (*)	1.056.164	1.518.923
Tümad blocked deposit	833.568	667.409
Credit card receivables	8.631	3.953
	5.187.365	**6.277.009**

(*) According to the regulations of Central Bank of the Republic of Turkey, banks are required to reserve a portion of certain liability accounts as specified in the related decrees. Such mandatory reserves are not available for use in the Bank’s Day to day operations.

As of 30 June 2022 and 31 December 2021, details of bank statement per company are as follows:

	30.06.2022	**31.12.2021**
Tümad Madencilik	1.307.790	1.366.448
Nurol İnşaat	641.075	830.455
FNSS	316.848	566.286
Nurolbank	260.556	4
Nurol Holding	211.575	257.444
Nurol Gayrimenkul	152.758	204.587
Nurol Makina	126.471	154.241
Nurol Teknoloji	40.941	12.203
Nurol Göksu	21.595	11.692
Enova Toptan	10.887	2.895
Turser	10.624	6.751
Sigorta	6.062	3.054
Nurol BAE Systems	4.243	3.024
Solar	4.107	3.144
Bosfor	3.652	1.847
Nurol Havacılık	1.149	1.056
Enova Enerji	731	209
Other	4.270	2.413
	3.125.334	**3.427.753**

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

7. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	**30.06.2022**	**31.12.2021**
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*
- Nurol Cengiz Joint Venture	*--*	*349*
- Nurol Cengiz Hasankeyf Joint Venture	*--*	*565*
- Nurol Makina	*721.436*	*615.491*
- FNSS	*521.032*	*353.848*
- Enova Toptan Satış	*36.058*	*11.869*
- Nurol Teknoloji	*31.579*	*185.114*
- Nurol GYO	*14.199*	*10.656*
- Turser Turizm	*11.537*	*5.324*
- Nurol BAE Systems	*2.302*	*2.183*
- Nurol Holding	*321*	*92*
- Nurol Solar Enerji	*5*	*11.817*
Trade receivables from related parties (Note 5)	22.779	20.723
Other trade receivables	11.930	29.879
Notes receivable (*)	5.487	9.968
Doubtful trade receivables	30.461	24.243
Provision for doubtful trade receivables (-)	(30.461)	(24.243)
	2.180.688	**2.077.333**

Non-current trade receivables	**30.06.2022**	**31.12.2021**
Notes receivable (*)	266	638
	266	**638**

(*) As of 30 June 2022, 4.899 thousand TRY of the short-term receivables is comprised of notes receivables from Nurol Gayrimenkul for the units sold within the scope of Nurol Park, Nurol Life and Nurol Tower projects, 277 thousand TRY from Nurol İnşaat, 303 thousand TRY from Otelcilik and 8 thousand TRY from Botim. All long-term receivables are comprised of notes receivable for the units sold within the scope of Nurol Park and Nurol Life projects.

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

7. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

Current trade payables	**30.06.2022**	**31.12.2021**
Trade payables		
- Nurol LLC	*740.374*	*617.124*
- Nurol Romania Branch	*483.037*	*188.619*
- Nurol Algeria Branch	*259.642*	*170.280*
- Nurol İnşaat ve Ticaret A.Ş.	*119.434*	*188.157*
- 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*
- Nurol Makina	*454.401*	*229.699*
- Tümad Madencilik	*37.228*	*--*
- FNSS	*872.504*	*985.502*
- Tümad Madencilik	*37.228*	*105.858*
- Nurol Teknoloji	*51.883*	*46.750*
- Enova Enerji	*162.669*	*25.565*
- Nurol Göksu	*300*	*307*
Short-term portion of debts arising from the purchase of real estate	14.350	1.152
Current accounts of credit customers (Nurolbank)	2.468.792	2.256.766
Trade payables to related parties (Note 5)	31.110	2.100
Other trade payables	24.845	37.676
Notes payable	1.209	6.488
	5.837.221	**4.960.834**

Non-current trade payables	**30.06.2022**	**31.12.2021**
Nurol İnşaat trade payables (*)	1.562.929	1.030.632
	1.562.929	**1.030.632**

(*) Long-term trade payables consist of transit trade transactions within the scope of Nurol İnşaat's supply of construction materials abroad

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

8. FINANCIAL INVESTMENTS

Available for Sale Financial Assets

	30.06.2022	31.12.2021
Current		
Available-for-sale financial investments (Rockland) (*)	7.795	9.740
Stock shares	28.015	3.184
	35.810	**12.924**

(*) Rockland Ltd. Şti. was established in Moscow - Russia for shoe production. Nurol Holding has invested in this group for investment purposes.

Currency Protected Time Deposits

	30.06.2022	31.12.2021
Currency protected time deposits		
- Nurol GYO	*48.501*	--
- Tümad Madencilik	*499.952*	--
	548.453	**--**

9. RECEIVABLES FROM FINANCIAL SECTOR ACTIVITIES

	30.06.2022	31.12.2021
Current		
Current loan receivables	2.587.367	1.986.017
Assets held for sale (*)	193.755	226.930
Held for sale trading investments - Nurolbank		
- Turkish government bonds -TRY	64.436	205.254
Held for sale - Nurolbank (**)		
- Equity instruments	2.726.919	149.917
	5.572.477	**2.568.118**
Non-current		
Non-current loan receivables	477.167	752.279
Financial lease receivables	305.023	--
Receivables from other financial operations	38.177	23.892
	820.367	**776.171**

(*) As of 30 June 2022, Nurol bank has no assets held for sale. As of 30 June 2022, together with the valuation amount of investment properties, the total amount of investment properties has been realized as TRY 193.755. (31 December 2021: TRY 226.930).

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

9. RECEIVABLES FROM FINANCIAL SECTOR ACTIVITIES (CONTINUED)

(**) Financial assets traded in the exchange at fair value through other comprehensive income in the amount of TRY 543.459 (31 December 2021: TRY 5.822) is comprised of government bonds, TRY 6.072 (31 December 2021: TRY 6.152) is comprised of bank bills and TRY 305.030 (31 December 2021: TRY 28.525) is comprised of securities issued by the private sector. The portion amounting to TRY 401.216 (31 December 2021: TRY 171.653) is comprised of Eurobonds issued by the Private Sector and TRY 1.533.378 (31 December 2021: None) of Eurobonds issued by foreign banks.

10. FINANCIAL LIABILITIES

Current financial liabilities	**30.06.2022**	**31.12.2021**
Current bank borrowings	7.257.611	6.822.465
Current portion of non-current borrowings	1.766.453	2.622.740
Financial lease payables	240.970	188.632
Interest accruals	137.980	89.320
Total current financial liabilities	**9.403.014**	**9.723.157**

Non-current financial liabilities	**30.06.2022**	**31.12.2021**
Non-current bank borrowings	10.988.396	9.398.891
Financial lease payables	136.790	102.628
Total non-current financial liabilities	**11.125.186**	**9.501.519**
Total financial liabilities	**20.528.200**	**19.224.676**

The repayment schedule of the financial liabilities are as follows:

	30.06.2022	**31.12.2021**
Within 1 year	9.403.014	9.723.157
1 - 2 years	9.677.216	7.985.565
2 - 3 years	1.062.082	908.851
3 - 4 years	302.563	488.484
4 - 5 years	49.355	46.268
5 - 6 years	11.474	24.117
6 - 7 years	11.248	24.117
7 - 8 years	11.248	24.117
	20.528.200	**19.224.676**

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

10. FINANCIAL LIABILITIES (CONTINUED)

As of 30 June 2022 and 31 December 2021 details of current and non current financial liabilities are as follows:

Current	**Average interest rate %**	**Foreign currency 30.06.2022**	**Foreign currency 31.12.2021**	**Amount "TRY" 30.06.2022**	**Amount "TRY" 31.12.2021**
Bank loans					
- TRY	7,50-25,44	--	--	596.635	1.896.905
- USD	3,08 – 8,55	454.337	521.902	7.573.340	6.772.989
- EUR	4,72	35.880	43.667	628.688	641.128
Nurol LLC loans (AED)		40.888	38.192	225.401	134.185
Financial lease payables					
- TRY		--	--	31.716	48.253
- USD		1.760	--	29.337	--
- EUR		10.268	9.561	179.917	140.379
Interest accruals				137.980	89.318
				9.403.014	**9.723.157**

Non current	**Average interest rate %**	**Foreign currency 30.06.2022**	**Foreign currency 31.12.2021**	**Amount "TRY" 30.06.2022**	**Amount "TRY" 31.12.2021**
Bank loans					
- TRY	7,50-25,44	--	--	2.022.199	506.756
- USD	3,85 – 8,55	112.365	287.510	1.873.005	3.731.158
- EUR	4,72	6.000	8.613	105.133	126.458
Nurol LLC loans (AED)		69.147	91.677	*381.184*	322.099
Georgia loans (GEL)		35.958	36.015	*204.053*	151.148
Financial lease payables					
- TRY		--	--	11.741	25.209
- USD		6.600	--	110.016	--
- EUR		858	5.273	15.033	77.420
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
				11.125.186	**9.501.519**

(*) 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. Therefore, these loans are considered as long-term bank loans on an economic basis. As a result, reclassified bank loans are accounted for under long-term bank loans.

Letters of guarantee given by Nurol Holding and its subsidiaries for bank loans, guarantee checks, sureties of company partners and Nurol Holding are listed in the footnote of Provisions, Contingent Assets and Liabilities. (Note 23).

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

10. FINANCIAL LIABILITIES (CONTINUED)

Debt Securities Issued

Current	**31.06.2022**	**31.12.2021**
Bank bills	1.640.281	1.262.668
Bonds issued	676.702	709.102
	2.316.983	**1.971.770**

Non current	**31.06.2022**	**31.12.2021**
Bonds issued	1.947.601	1.667.761
Subordinated loans (*)	83.458	66.764
	2.031.059	**1.734.525**

The non-redemption of the issues made by the Group as of 30 June 2022 are listed below;

Issue Type	*Issue Date*	*Due Date*	*Nominal Value*	*Interest Rate*
Nurol Yatırım Bankası (**)				
Bond	11.09.2020	13.09.2022	50.000	14,00%
Bond	26.11.2020	28.11.2022	50.000	15,75%
Bond	14.07.2021	20.07.2022	200.000	19,50%
Bond	28.07.2021	20.01.2023	155.000	19,75%
Bond	27.06.2022	28.06.2024	50.000	22,50%
Bond	1.03.2022	24.08.2022	50.000	18,00%
Bond	30.03.2022	20.07.2022	100.000	18,75%
Bond	11.04.2022	1.07.2022	50.000	19,00%
Bond	14.04.2022	20.07.2022	150.000	19,00%
Bond	13.05.2022	19.08.2022	200.000	19,00%
Bond	27.05.2022	26.07.2022	150.000	21,90%
Bond	8.06.2022	13.09.2022	100.000	22,50%
Bond	23.06.2022	1.09.2022	100.000	26,50%
Bond	24.06.2022	8.09.2022	100.000	26,50%
Bond	25.02.2022	19.08.2022	35.000	18,00%
Bond	22.03.2022	20.09.2022	165.000	18,75%
Bond	15.04.2022	6.10.2022	50.000	19,00%
Bond	29.04.2022	19.10.2022	100.000	19,00%
Bond	26.05.2022	7.09.2022	100.000	19,50%
Bond	2.06.2022	1.09.2022	100.000	22,50%
Bond	17.06.2022	12.10.2022	100.000	25,00%
Bond	30.06.2022	23.12.2022	50.000	26,00%
Nurol Holding				
Bond	16.03.2022	12.03.2025	100.000	29,75%
Bond	23.06.2022	19.06.2025	80.000	35,00%
Bond	12.11.2021	11.11.2022	219.419	21,50%
Nurol GYO				
Bond	16.07.2021	14.07.2024	267.601	23,25%
Nurol İnşaat				
Bond	29.12.2021	24.12.2024	1.500.000	26,50%

(*) Subordinated borrowing amounting to TRY 83.458 is comprised of funds obtained from other financial institutions.

(**) The amounts related to Nurol Investment Bank consist of nominal TRY amounts.

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

11. FUNDS BORROWED

	31.06.2022	**31.12.2021**
Funds borrowed (*)	3.514.452	1.963.312
Obligations under repurchase agreements	864.046	115.867
	4.378.498	**2.079.179**

(*) As of 30 June 2022 and 31 December 2021, the borrowed funds are unsecured. The bank has no negligence regarding principal, interest or redemption amounts; however, the bank has not committed any credit agreement breach as of 30 June 2022 (31 December 2021: None).

12. OTHER RECEIVABLES AND PAYABLES

Other current receivables	**30.06.2022**	**31.12.2021**
Due from related parties (Note 5)	*287.297*	*170.175*
Advances given to personnel	9.493	5.482
Deposits and guarantees given		
- Nurol LLC	*137.258*	*96.557*
- Nurol Romania Branch	*96.968*	*15.436*
- Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	*33.129*	*10.593*
- Nurol Makina	*456*	*173*
- 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 deposits and guarantees given	*833*	*259*
Other doubtful receivables		
- Nurol Holding	*320*	*320*
- Nurol İnşaat	*169*	*156*
Other doubtful receivables	57	63
Provision for doubtful other receivables (-)	(546)	(539)
Other	51.753	5.007
	617.264	**303.750**

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

12. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

Other Non-current receivables	30.06.2022	31.12.2021
Long-term receivables from related parties (Note 5)	83.853	56.463
Deposits and guarantees given	251.898	29.347
	335.751	**85.810**

Other Non-current payables	30.06.2022	31.12.2021
Due to related parties (Note 5)	18	871
Deposits and guarantees received	37.546	38.186
Other (*)	192.977	123.483
	230.541	**162.540**

Other Non-current payables	30.06.2022	31.12.2021
Deposits and guarantees received	7.162	1.803
Due to related parties (Note 5)	--	10.914
Other (*)	1.459.718	1.116.220
	1.466.880	**1.128.937**

(*) Based on the license transfer agreement signed with ESAN Eczacıbaşı, Tümad Madencilik Sanayi ve Ticaret A.Ş. will pay a Smelting Return (NSR) for each ounce of gold production. NSR calculations are based on the annual Independent Precious Metals Corporation ("LBMA") average annual a.m. based on the fixing price. Payments will be made between 2022 and 2028 in accordance with the transfer.

13. INVENTORIES

	30.06.2022	31.12.2021
Raw materials		
- Nurol Makina (*)	886.305	555.805
- FNSS	444.710	286.831
- Tümad (*****)	365.166	218.260
- Nurol Teknoloji (****)	205.377	82.045
- Nurol İnşaat	195.286	68.786
- Other Group Companies	2.266	33
Semi-finished goods		
- Nurol İnşaat (***)	1.101.318	543.251
- Tümad	292.699	236.746
- Nurol Makina (*)	195.546	203.651
- Nurol Teknoloji (****)	75.296	50.782
Finished goods		
- Nurol Makina (*)	250.815	56.223
- Nurol Teknoloji (****)	92.359	120.579
- Nurol İnşaat (***)	50.887	219.986
- Tümad	47.692	1.805
- Other Group Companies	--	--
Subtotal	***4.205.722***	***2.644.783***

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

13. INVENTORIES (CONTINUED)

	30.06.2022	**31.12.2021**
Subtotal	***4.205.722***	***2.644.783***
Trade goods		
- Nurol Georgia LLC	2.745	2.328
- Other Group Companies	731	2.492
- Nurol Gayrimenkul merchandises (**)	70.402	158.966
Other inventories		
- Tümad	301.256	219.532
- Nurol Makina	37.934	--
- Nurol Teknoloji	11.611	--
- Other Group Companies	1.762	30.946
	4.632.163	**3.059.047**

(*) The balance is comprised of raw materials and semi-finished products purchased by Nurol Makina for its projects in the Defence Industry.

(**) TRY 70.402 thousand of the merchandises is comprised of the developing and finished residence construction projects of Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. The amount is comprised of 3 projects:

	30.06.2022	**31.12.2021**
Nurol Park Project	43.989	116.400
Nurol Life Project	22.007	31.660
Nurol Tower Project	4.406	10.906
	70.402	**158.966**

As of 30 June 2022, there is a mortgage of TRY 4.013.065 thousand on the construction projects of Nurol GYO (31 December 2021: TRY 3.422.425 thousand).

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

Nurol Georgia Residence project consists of 54 residences and 3 stores on a 6,423 m2 construction area. 25 residences and 1 shop were sold. The remaining flats and shops are followed under the products account.

(****) The raw materials of Nurol Teknoloji are mainly comprised of boron carbide, silicon carbide, alumina, special ballistic fabric and armor steel used for the production of ballistic vest, ballistic plate, ballistic shield, armored cabin and visor products. Its products, on the other hand, consist of ballistic armor solutions such as ballistic vest, ballistic plate, ballistic shield, armoured cabin and visor produced with the first materials and materials

(*****) The raw materials of Tümad Madencilik is comprised of the extracted ores and the materials and chemicals used in gold processing. Semi-finished products consist of semi-processed gold and silver.

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

14. PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses in current assets	**30.06.2022**	**31.12.2021**
Order advances given for inventories		
- FNSS	*372.092*	*287.381*
- Nurol Makina	*245.809*	*85.547*
- Nurol Teknoloji	*110.799*	*67.807*
- Nurol İnşaat ve Ticaret A.Ş.	*52.009*	*33.695*
- Nurol Gayrimenkul	*15.209*	*14.737*
- Tümad Madencilik	*36*	*560*
- Other	*8.656*	*15.530*
Prepaid expenses (*)	125.774	60.036
	930.384	**565.293**

Prepaid expenses in non-current assets	**30.06.2022**	**31.12.2021**
Advances given for tangible and intangible assets		
- Nurol Makina	*80*	*820*
- Nurol İnşaat ve Ticaret A.Ş.	*--*	*6*
- Other	*236*	*189*
Prepaid expenses (*)	16.684	25.684
	17.000	**26.699**

(*) The majority of the prepaid expenses are comprised of insurance expenses recorded according to the periodicity principle.

Current deferred income	**30.06.2022**	**31.12.2021**
Deferred income		
- Nurol Makina	*498.542*	*132.044*
- FNSS	*51.320*	*--*
- Nurol Gayrimenkul	*3.014*	*2.876*
- Other	*3.556*	*11.816*
Advances received		
- FNSS	*1.370.112*	*1.006.631*
- Nurol Makina	*1.144.317*	*928.751*
- Nurol Teknoloji	*164.070*	*48.047*
- Nurol Gayrimenkul	*122.395*	*64.389*
- Nurol İnşaat	*59.669*	*6.115*
- Nurol Gülermak Joint Venture	*19.059*	*35.802*
- Enova Toptan	*11.562*	*--*
- Solar	*5.436*	*--*
- Other	*7.734*	*45.820*
	3.460.786	**2.282.291**

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

14. PREPAID EXPENSES AND DEFERRED INCOME (CONTINUED)

Non-current deferred income	**30.06.2022**	**31.12.2021**
Deferred income		
- Turser	*502*	*497*
Advances received		
- FNSS	*553.043*	*809.573*
- Nurol İnşaat	*381.034*	*287.022*
- Nurol Makina	*95.013*	*73.972*
- Nurol Gayrimenkul	*266*	*638*
- Other	432	839
	1.030.290	**1.172.541**

15. RECEIVABLES AND PAYABLES FROM ONGOING CONSTRUCTION AND PROJECT CONTRACTS

Receivables from project contracts

		30.06.2022		**31.12.2021**	
	%	**Receivables from Construction Contracts**	**Payables Related to Construction Contracts**	**Receivables from Construction Contracts**	**Payables Related to Construction Contracts**
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	149.609	--	35.685	--
Silifke Mut Road Project (Nurol İnşaat)	21	162.782	--	93.383	--
Eyiste Viaduct Construction (Nurol İnşaat)	74	6.726	--	101.466	--
Ordu Highway landslide reclamation supply works	22	1.231	--	16.035	--
Nurol LLC projects		810.776	350.074	642.951	312.328
		1.218.594	**350.074**	**1.039.793**	**312.328**

Receivables from project contracts

FNSS	**30.06.2022**	**31.12.2021**
Ongoing project contract revenue	29.802.747	23.295.676
Less: Loss provision for ongoing project contracts	(132.040)	(3.147)
Less: Total invoiced progress payment at the end of the period	(24.110.074)	(18.098.638)
	5.560.633	**5.193.891**

Nurol Makina	**30.06.2022**	**31.12.2021**
Ongoing project contract revenue	5.317.697	4.503.845
Total billed progress payments as of the end of the period	(4.208.274)	(3.860.676)
Receivables from ongoing project contracts	**1.109.423**	**643.169**

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

16. INVESTMENTS

	30.06.2022	31.12.2021
Otoyol İşletme ve Bakım A.Ş.	1.298	1.298
Otoyol Deniz Taşımacılığı A.Ş.	1.510	1.510
Nurol Makina Hungary Branch	122	122
Other	188	188
	3.118	**3.118**

17. INVESTMENTS RECOGNIZED USING THE EQUITY METHOD

	30.06.2022	31.12.2021
Otoyol Yatırım ve İşletme A.Ş.	14.618.967	10.397.717
FNSS Middle East Co Ltd.	8.018	6.413
	14.626.985	**10.404.130**

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).

FNSS Savunma Sistemleri A.Ş. a subsidiary of Nurol Holding has invested in the Group located in Saudi Arabia in 2014. FNSS Savunma Sistemleri A.Ş., owns 50% of FNSS Middle East Co. and has been included in the accompanying consolidated financial statements using the equity method.

For the accounting periods ending on 30 June 2022 and 31 December 2021, the share of the Group's investment in the profits valued by the equity method is TRY 4.221.757 thousand and TRY 5.514.162 thousand, respectively.

18. GOODWILL

	30.06.2022	31.12.2021
Otoyol Yatırım ve İşletme A.Ş.	23.333	23.333
Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş.	50.204	50.204
	73.537	**73.537**

18. GOODWILL (CONTINUED)

The Group assesses goodwill allocated to cash-generating units for impairment annually or more frequently when there is an indication of impairment as indicated in Note 2 The recoverable amount of a cash generating unit is determined by calculating the value in use or fair value less costs to sell calculations.

As specified below in details, no impairment has been identified as of 30 June 2022 as a result of the impairment tests realized on the basis of cash generating units.

Otoyol Yatırım ve İşletme A.Ş.

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.

Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş.

Nurol Holding, purchased 100% shares of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. in 2014. The Group has paid TRY 95.948 thousand for the capital TRY 45.744 thousand of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. Goodwill in the amount of TRY 50.204 thousand has been paid for this purchase.

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

19. PROPERTY, PLANT AND EQUIPMENT

Other Property, Plant and Equipment

	01.01.2022	Additions	Disposals	Revaluation (*)	Foreign currency translation differences	Exclusion from consolidation (Nömayg)	Transfer	30.06.2022
Cost								
Land	167.744	--	--	--	39.099	--	(9)	206.834
Land improvements	514.149	2.504	--	--	141.701	--	--	658.354
Buildings	2.590.075	9.312	--	--	676.237	(1.404)	7.181	3.281.401
Leasehold improvements	26.997	321	--	--	4.636	--	--	31.954
Machinery and equipment	3.871.844	64.939	(161.322)	--	828.083	(545)	6.363	4.609.362
Motor vehicles	252.419	10.149	(3.783)	--	35.741	--	(2.754)	291.772
Fixtures and fittings	636.401	24.536	(31.365)	--	138.421	(2.079)	76	765.990
Other property, plant and equipment	757.596	24.277	--	--	142.773	--	2.687	927.333
Construction in progress	125.621	140.360	--	--	27.984	--	(6.359)	287.606
	8.942.846	**276.398**	**(196.470)**	**--**	**2.034.675**	**(4.028)**	**7.185**	**11.060.606**
Accumulated depreciation (-)								
Land improvements	188.237	17.298	--	--	53.371	--	--	258.906
Buildings	870.058	69.107	--	--	240.230	(1.404)	22.178	1.200.169
Leasehold improvements	10.778	1.916	--	--	263	--	13	12.970
Machinery and equipment	1.808.387	140.079	(127.762)	44.967	442.634	(451)	(13.203)	2.294.651
Motor vehicles	141.588	10.504	(3.769)	1.435	23.867	--	(2.774)	170.851
Fixtures and fittings	432.805	22.449	(26.404)	--	106.484	(310)	51.983	587.007
Other property, plant and equipment	688.175	24.577	--	--	115.114	--	(49.310)	778.556
	4.140.028	**285.930**	**(157.935)**	**46.402**	**981.963**	**(2.165)**	**8.887**	**5.303.110**
Net Book Value	**4.802.818**							**5.757.496**

(*) Nurol L.L.C. adopted the revaluation method for its assets. The book value of the assets were revised in line with the expertise determined by the Group Management and the accumulated depreciation figures were revised accordingly.

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

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Other Property, Plant and Equipment (Continued)

	31.12.2020	Additions	Disposals	Revaluation	Foreign currency translation differences	Transfer	31.12.2021
Cost							
Land	108.761	--	--	--	58.983	--	167.744
Land improvements	283.891	10.166	(480)	--	220.572	--	514.149
Buildings	1.484.410	56.400	(17.849)	740	1.068.923	(2.549)	2.590.075
Leasehold improvements	25.652	10.268	(54)	--	467	(9.336)	26.997
Machinery and equipment	2.450.221	201.732	(21.117)	--	1.240.558	450	3.871.844
Motor vehicles	161.191	51.593	(12.291)	--	51.926	--	252.419
Fixtures and fittings	401.737	35.535	(23.273)	--	221.919	483	636.401
Other property, plant and equipment	459.227	9.802	(26.191)	--	314.758	--	757.596
Construction in progress	40.851	97.748	(1.670)	--	5.503	(16.811)	125.621
	5.415.941	**473.244**	**(102.925)**	**740**	**3.183.609**	**(27.763)**	**8.942.846**
Accumulated depreciation (-)							
Land improvements	75.354	53.453	(388)	--	59.930	(112)	188.237
Buildings	379.221	207.070	(7.619)	--	335.369	(43.983)	870.058
Leasehold improvements	12.014	398	(54)	--	336	(1.916)	10.778
Machinery and equipment	938.079	331.501	(14.784)	(22.556)	577.736	(1.589)	1.808.387
Motor vehicles	98.368	20.215	(10.555)	(2.295)	35.176	679	141.588
Fixtures and fittings	295.375	39.789	(15.704)	--	112.572	773	432.805
Other property, plant and equipment	397.048	65.128	(21.126)	--	295.899	(48.774)	688.175
	2.195.459	**717.554**	**(70.230)**	**(24.851)**	**1.417.018**	**(94.922)**	**4.140.028**
Net Book Value	**3.220.482**						**4.802.818**

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

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Mining Assets

	01.01.2022	Additions	Disposals	Foreign currency translation differences	30.06.2022
Acquisition Costs					
Mining Development Cost (*)	1.419.330	115.899	--	418.077	1.953.306
Mining Rehabilitation Cost	134.578	91.665	--	49.625	275.868
Acquisition of Mining Rights (**)	1.746.160	32.072	--	500.671	2.278.903
	3.300.068	**239.636**	**--**	**968.373**	**4.508.077**
Accumulated Depreciation (-)					
Mining Development Cost	462.924	74.160	--	140.858	677.942
Mining Rehabilitation Cost	49.573	15.596	--	16.031	81.200
Acquisition of Mining Rights	95.324	22.331	--	29.879	147.534
	607.821	**112.087**	**--**	**186.768**	**906.676**
Net Book Value	**2.692.247**				**3.601.401**

	31.12.2020	Additions	Disposals	Foreign currency translation differences	31.12.2021
Acquisition Costs					
Mining Development Cost (*)	716.696	152.260	--	550.374	1.419.330
Mining Rehabilitation Cost	71.277	8.566	--	54.735	134.578
Acquisition of Mining Rights (**)	135.216	1.507.107	--	103.837	1.746.160
	923.189	**1.667.933**	**--**	**708.946**	**3.300.068**
Accumulated Depreciation (-)					
Mining Development Cost	165.647	170.071	--	127.206	462.924
Mining Rehabilitation Cost	15.124	22.835	--	11.614	49.573
Acquisition of Mining Rights	36.765	30.327	--	28.232	95.324
	217.536	**223.233**	**--**	**167.052**	**607.821**
Net Book Value	**705.653**				**2.692.247**

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

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Mining Assets (Continued)

(*) Exploration, Drilling and Development Expenses in

As of 30 June 2022 and 31 December 2021, the details of Tümad Madencilik's exploration, drilling and development expenses in the field of mining are as follows:

	30.06.2022	31.12.2021
Lapseki Project	855.274	640.831
İvrindi Project	979.458	716.893
Other	118.567	61.606
	1.953.299	**1.419.330**

(**) Mining Rights:

Tümad Mining has 14 mining licenses in total. Information on licenses is as follows:

License (Registration) Number	Province	County	License Enforcement Date	Essence	Period
86082	Çanakkale	Lapseki	4.09.2009	operating license	25 years
88276	Balıkesir	İvrindi	21.01.2014	operating license	10 years
17798	Çanakkale	Lapseki	16.12.2019	operating license	10 years
27480	Çanakkale	Lapseki	15.11.2019	operating license	10 years
79099	Çanakkale	Lapseki	16.12.2019	operating license	10 years
69703	Çanakkale	Lapseki	16.12.2019	operating license	10 years
88919	Çanakkale	Çan	17.07.2018	operating license	10 years
61515	Çanakkale	Merkez	29.05.2019	operating license	10 years
200706189	Balıkesir	Gönen	17.09.2020	operating license	25 years
68955	Çanakkale	Lapseki	20.01.2020	operating license	15 years
201600397	Çanakkale	Ayvacık	28.02.2022	operating license	10 years
201200502	Çanakkale	Merkez	22.06.2021	operating license	10 years
201500002	Çanakkale	Merkez	09.12.2020	operating license	10 years
200903230	Çanakkale	Ayvacık	17.10.2014	operating license	10 years

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

20. INVESTMENT PROPERTIES

	01.01.2022	Additions	Disposals	Revaluation differences (*)	Foreign currency translation differences	Transfer	30.06.2022
Cost							
Land							
- Nurol İnşaat	615.354	--	--	--	--	(4.499)	610.855
Buildings						--	
- Nurol İnşaat	577.311	769	(7.056)	--	--	(467)	570.557
- Georgia Batumi Sheraton Hotel	674.088	--	--	--	122.030	--	796.118
- Turser (*)	490.826	3	--	245.000	--		735.829
- Kuşadası Asena Hotel	5.430	--	--	--	--	--	5.430
- Nurol Holding	19.176	--	--	--	--	--	19.176
- Karum Offices	12.172	--	--	--	--	--	12.172
	2.394.357	**772**	**(7.056)**	**245.000**	**122.030**	**(4.966)**	**2.750.137**
Nurol Gayrimenkul:							
- Nurol Plaza	71.050	--	--	--	--	--	71.050
- Nurol Tower	482.714	--	(50.330)	--	--	--	432.384
- Oasis Bodrum	18.530	--	--	--	--	--	18.530
- Oasis Outlet Bağcılar	287.638	--	--	--	--	--	287.638
- Nurol Residence	37.800	--	(9.150)	--	--	--	28.650
- Karum AVM	700	--	--	--	--	--	700
- Nurol Life	166.588	--	(8.136)	--	--	--	158.452
	1.065.020	**--**	**(67.616)**	**--**	**--**	**--**	**997.404**
Accumulated depreciation (-)							
Buildings							
- Nurol İnşaat	61.696	5.670	(159)	--	--	(6.836)	60.371
- Georgia Batumi Sheraton Hotel	151.065		--	--	52.905	(843)	203.127
- Turser	97.250	2.515	--	(2.516)	--	380	97.629
- Nurol Holding	266	10	--	--	--	--	276
- Karum Offices	2.789	--	--	--	--	112	2.901
- Kuşadası Asena Hotel	1.310	--	--	--	--	5	1.315
	314.376	**8.195**	**(159)**	**(2.516)**	**52.905**	**(7.182)**	**365.619**
Net Book Value	**3.145.001**						**3.381.922**

(*) Sheraton Hotel ve Convention Centre - Lugal belonging to Turser Turizm Servis ve Ticaret A.Ş., has been revalued with the expertise report in 2022 by Etik Gayrimenkul Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the "income from investment activities" account in the profit / loss statement in the accompanying consolidated financial statements.

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

20. INVESTMENT PROPERTIES (CONTINUED)

	31.12.2020	Additions	Disposals	Revaluation differences	Foreign currency translation differences	Transfer	31.12.2021
Cost							
Land							
- Nurol İnşaat	617.590	--	(2.236)	--	--	--	615.354
Buildings						--	
- Nurol İnşaat	574.272	148	(312)	--	--	3.203	577.311
- Georgia Batumi Sheraton Hotel	498.825	--	--	--	149.106	26.157	674.088
- Turser (*)	418.720	--	--	72.106	--	--	490.826
- Kuşadası Asena Hotel	5.430	--	--	--	--	--	5.430
- Nurol Holding	19.176	--	--	--	--	--	19.176
- Karum Offices	13.313	--	--	--	--	(1.141)	12.172
	2.147.326	**148**	**(2.548)**	**72.106**	**149.106**	**28.219**	**2.394.357**
Nurol Gayrimenkul:							
- Nurol Plaza	66.415	--	--	4.635	--	--	71.050
- Nurol Tower	439.479	--	(2.800)	46.035	--	--	482.714
- Oasis Bodrum	17.490	--	--	1.040	--	--	18.530
- Oasis Outlet Bağcılar	287.484	--	--	154	--	--	287.638
- Nurol Residence	37.045	--	--	755	--	--	37.800
- Karum AVM	600	--	--	100	--	--	700
- Nurol Life	187.981	--	(40.829)	19.436	--	--	166.588
	1.036.494	**--**	**(43.629)**	**72.155**	**--**	**--**	**1.065.020**
Accumulated depreciation (-)							
Buildings							
- Nurol İnşaat	44.882	9.007	(28)	--	--	7.835	61.696
- Georgia Batumi Sheraton Hotel	32.276	--	--	--	27.371	91.418	151.065
- Turser	96.893	5.251	--	(4.894)	--	--	97.250
- Nurol Holding	4.396	19	--	--	--	(4.149)	266
- Karum Offices	2.740	218	--	--	--	(169)	2.789
- Kuşadası Asena Hotel	1.247	63	--	--	--	--	1.310
	182.434	**14.558**	**(28)**	**(4.894)**	**27.371**	**94.935**	**314.376**
Net Book Value	**3.001.386**						**3.145.001**

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

21. DEPRECIATION AND AMORTIZATION

	01.01-30.06.2022	**01.01-30.06.2021**
Property, plant and equipment (Note 19)	285.930	253.652
Investment properties (Note 20)	8.195	266
Intangible assets (Note 22)	61.942	31.461
Mining assets depreciation (Note 19)	112.087	60.280
	468.154	**345.659**

The distribution of depreciation and amortization charges is as follows:

	01.01-30.06.2022	**01.01-30.06.2021**
Production costs	279.809	215.702
Cost of services	85.063	89.404
General administrative expenses	52.313	21.022
Marketing, selling and distribution expenses	10.051	4.594
Research and development expenses	40.918	14.294
Idle capacity expenses	--	673
	468.154	**345.689**

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

22. INTANGIBLE ASSETS

	01.01.2022	Additions	Disposals	Foreign currency translation differences	Transfer	30.06.2022
Cost						
Rights	247.988	15.848	(129)	44.819	(2.219)	306.307
Energy licenses (**)	514.938	--	--	--	--	514.938
Establishment expenses	64	--	--	--	--	64
Other development expenses (***)	241.049	54.875	--	69.531	--	365.455
Other intangible assets	180.581	1.229	(252)	50.889	--	232.447
	1.184.620	**71.952**	**(381)**	**165.239**	**(2.219)**	**1.419.211**
Accumulated amortization (-)						
Rights	194.732	16.132	(131)	37.644	(1.278)	247.099
Energy licenses (**)	22.028	9.046	--	--	--	31.074
Establishment expenses	64	--	--	--	--	64
Other development expenses (***)	143.979	16.509	--	17.069	(84.008)	93.549
Other intangible assets	327	20.255	--	26.483	83.581	130.646
	361.130	**61.942**	**(131)**	**81.196**	**(1.705)**	**502.432**
Net Book Value	**823.490**					**916.779**

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

22. INTANGIBLE ASSETS (CONTINUED)

	31.12.2020	Additions	Disposals	Revaluation (*)	Foreign currency translation differences	Transfer	31.12.2021
Cost							
Rights	144.552	28.681	(27)	--	75.238	(456)	247.988
Energy licenses (**)	407.390	174.460		(66.912)	--	--	514.938
Establishment expenses	64	--	--	--	--	--	64
Other development expenses (***)	191.525	64.108	(5.421)	--	163.719	(172.882)	241.049
Other intangible assets	310	7.475	(86)	--	--	172.882	180.581
	743.841	**274.724**	**(5.534)**	**(66.912)**	**238.957**	**(456)**	**1.184.620**
Accumulated amortization (-)							
Rights	111.344	21.876	(58)	--	61.583	(13)	194.732
Energy licenses (**)	84.413	14.015	--	(76.400)	--	--	22.028
Establishment expenses	64	--	--	--	--	--	64
Other development expenses (***)	54.157	41.813	--	--	48.009	--	143.979
Other intangible assets	279	134	(86)	--	--	--	327
	250.257	**77.838**	**(144)**	**(76.400)**	**109.592**	**(13)**	**361.130**
	493.584						**823.490**

(*) Nurol Göksu Elektrik Üretim A.Ş.'s Hydroelectric Power Plant was established in 2021 by Smart Corporate Valuation and Consultancy Inc. licensed by the CMB. It was re-evaluated with the expertise (expert) report given by the company. The valuation difference between the appraised amount and the recorded amount (according to the appraisal report) has been recorded in the "Tangible Fixed Assets Revaluation" account in the equity in the accompanying consolidated financial statements.

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

22. INTANGIBLE ASSETS (CONTINUED)

(**) Energy Licenses:

In 2013, the Group purchased the operating rights of Göksu Hydroelectric Power Plant through the privatization costing TRY 119.738 thousand (USD 52.500 thousand) for 49 years. Göksu Hydroelectric Power Plant was established in the province of Konya.

The Group established Enova Enerji Üretim A.Ş. with the joint venture of Özaltın Group for the purpose of energy production and sales in 2003. Enova Enerji Üretim A.Ş. owns the production license, which is related to production facility, dated 21 December 2006, amounting to TRY 22.893 thousand and obtained from EMRA.

(***) Nurol Makina Development Expenses:

Research and development centre application of Nurol Makina has been approved by the Ministry of Science, Industry and Technology and has begun operations in the Sincan Branch as of 01.08.2015; the final annual report was submitted to the Ministry of Industry and Technology in April 2018. With regards to the letter obtained from the Ministry and Technology dated 30 November 2018, the Company continues to benefit from the incentives and exemptions provided to research and development centres under Law No. 5746. There are no development expenses capitalized by the Company for the periods of 30 June 2022 and 31 December 2021.

Development expenses are comprised of armor recycling projects, armor modulation projects, personnel protection armor development projects, vehicle and structure armor development projects.

23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions	**30.06.2022**	**31.12.2021**
Provision for litigations	100.547	85.327
Provision for cost expenses	644.773	544.106
Provisions for non-cash loans	6.504	7.426
	751.824	**636.859**

Non-current provisions	**30.06.2022**	**31.12.2021**
Rehabilitation provision (*)	267.932	129.447
Other	1.400	1.090
	269.332	**130.537**

(*) The rehabilitation provision for the mining sites includes the Company's current values. The proportion of the future liabilities that will arise regarding the reinstatement of the nature separated from the mining sites, the production capacity, the duration stipulated in the mining areas, the validity of the mine operating licenses, the feasibility studies consist of the inputs used in the calculation of the rehabilitation provisions.

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

23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

	30.06.2022	**31.12.2021**
Legal cases in favor of the Group	10.296	148.820
Legal cases against the Group	139.489	99.580

As of 30 June 2022, the total amount of pending lawsuits against the Group is approximately TRY 139.489 thousand. As of 30 June 2022, the Group has set aside a provision of TRY 100.547 thousand for those who have the risk of litigation, according to the opinion of its legal counsel.

The letters of guarantee, checks and notes received by the Group are as follows:

	30.06.2022		**31.12.2021**	
	Original Currency	**TRY Equivalent**	**Original Currency**	**TRY Equivalent**
Letters of guarantee received				
- TRY	253.970	253.970	233.790	233.790
- USD	22.709	378.543	18.634	241.821
- EUR	118.750	2.080.753	27.927	410.039
Cheques and notes received				
- TRY	21	21	21	21
- USD	3	46	3	35
		2.713.333		**885.706**

As of 30 June 2022 and 31 December 2021, the tables regarding the Group's collateral/pledge/mortgage ("CPM") position are as follows:

		30.06.2022	**31.12.2021**
A	CPM's given in the name of own legal personality	23.573.637	17.620.933
B	CPM's given on behalf of the fully consolidated companies	17.435.774	12.884.300
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	--	--
		41.009.411	**30.505.233**

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

23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

	Original amount						30.06.2022
	TRY	**USD**	**EUR**	**DZD**	**KWD**	**RON**	**TRY Equivalent**
Letter of guarantee	1.060.350	203.512	322.156	930.735	9.000	98.042	10.583.126
Mortgages	2.327.025	238.000	65.000	--	--	--	7.433.184
Suretyship	--	333.393	--	--	--	--	5.557.328
	3.387.375	**774.905**	**387.156**	**930.735**	**9.000**	**98.042**	**23.573.638**

	Original amount						31.12.2021
	TRY	**USD**	**EUR**	**DZD**	**KWD**	**RON**	**TRY Equivalent**
Letter of guarantee	690.510	209.051	134.566	938.819	--	105.124	5.777.004
Mortgages	2.327.025	238.000	65.000	--	--	--	6.370.020
Suretyship	--	421.800	--	--	--	--	5.473.910
	3.017.535	**868.851**	**199.566**	**938.819**	**--**	**105.124**	**17.620.934**

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

23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Shares of Enova Enerji's shareholders were pledged in favor of TSKB and Akbank at a price of USD 150.000 thousand on a first-degree guarantee.

Enova Enerji's receivables from electricity sales contracts of Ceyhan HEPP facility after beginning its operations were mortgaged in favor of TSKB and Akbank in the amount of USD 99.000 thousand.

Enova Enerji declared and committed, during the investment period in three years after actual import and instalment of HEPP and equipment, TRY equivalent of USD 99.000 thousand distribution pledge of assets, pro rata payment to TSKB and Akbank.

On 16 July 2020, Tümad Madencilik signed 4-year refinancing agreement with the European Bank for Reconstruction and Development (EBRD) consortium of Akbank and Ziraat Bank in the amount of USD 255 million.

The following obligations arise in respect of the project financing agreement:

- The shares of Tümad Madencilik's shareholders have been pledged in the first degree in favor of Akbank, the "Security Agent".

- Tümad Madencilik has signed a creditor agreement relating to the project financing loan in which Lapseki and İvrindi Gold and Silver Production Facilities will be appointed as Collateral Representative in favor of Akbank once it has begun production.

- Three "Operating Licenses" of Tümad Madencilik in Lapseki and İvrindi are 1st degree pledged in the amount of USD 397.500 in favor of Akbank, the "Security Agent".

24. EMPLOYEE BENEFITS

Liabilities for employee benefits

	30.06.2022	31.12.2021
Due to personnel	73.891	21.594
Social security premiums payable	27.280	26.042
	101.171	**47.636**

Provisions for employee benefits

	30.06.2022	31.12.2021
Current provisions	88.836	48.063
Non current provisions	84.468	66.481
	173.304	**114.544**

Current provisions for employee benefits

	30.06.2022	31.12.2021
Unused vacation provision	88.836	48.063
	88.836	**48.063**

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

24. EMPLOYEE BENEFITS (CONTINUED)

Non-current provisions for employee benefits

	30.06.2022	31.12.2021
Provision for employee termination benefits	84.468	66.481
	84.468	**66.481**

Provision for employee termination benefits

In accordance with existing social legislation in Turkey, the Group and its subsidiaries incorporated in Turkey are required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group, and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

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.

Liability of employment termination benefits is not subject to any funding as there is not an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans.

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

25. OTHER ASSETS AND LIABILITIES

Other current assets	30.06.2022	31.12.2021
VAT carried forward	361.965	453.000
Receivables from tax administration	328.350	228.491
Advances given to subcontractors (*)	182.505	130.205
Advances given for business purposes	14.004	10.374
Accrued income	23.403	7.191
Other	1.056	261
	911.283	**829.522**

(*) TRY 69.374 thousand of advances given to subcontractors consists of the advances given to the subcontractors of Nurol İnşaat and TRY 112.769 thousand to the subcontractors of Tümad Madencilik.

Other current liabilities	30.06.2022	31.12.2021
Taxes and funds payable	277.805	172.166
Overdue and deferred tax and liabilities	5.180	3.152
Other (*)	209.372	283.641
	492.357	**458.959**

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

25. OTHER ASSETS AND LIABILITIES (CONTINUED)

(*) USD 12.545 thousand equivalent to TRY 209.110 thousand consists of the State rights of Tümad Madencilik. Pursuant to Article 3 of the Mining Law No. 3212 and Article 4 of the Mining Application Law, companies holding a mining license have to pay the State's dues.

Other non-current liabilities	**30.06.2022**	**31.12.2021**
Nurol LLC	76.939	62.569
	76.939	**62.569**

26. EQUITY

Share Capital

	Share rate (%)	**30.06.2022**	**31.12.2021**
Nurettin Çarmıklı	33,31	258.455	258.455
Figen Çarmıklı	33,31	258.455	258.455
M. Oğuz Çarmıklı	33,31	258.455	258.455
Eyüp Sabri Çarmıklı	<1	93	93
Gaye Çarmıklı	<1	93	93
Gürol Çarmıklı	<1	62	62
Gözde Çarmıklı	<1	62	62
Gürhan Çarmıklı	<1	62	62
Eda Çarmıklı Yolcu	<1	62	62
Saadet Ceyda Çarmıklı	<1	62	62
Oğuzhan Çarmıklı	<1	62	62
Müjgan Sevgi Kayaalp	<1	22	22
Aynur Türkan Çarmıklı	<1	39	39
Melih Kayaalp	<1	8	8
Semih Kayaalp	<1	8	8
	100	**776.000**	**776.000**
Inflation adjustment		(62.784)	(62.784)
	100	**713.216**	**713.216**

The issued share capital of Nurol Holding comprised of 776.000 shares of par value TRY 1 each.

Other Comprehensive Income/ (Expense) Not to be Reclassified to Profit or Loss

	30.06.2022	**31.12.2021**
Fixed assets revaluation fund	1.106.155	1.191.769
Actuarial gains/ losses	6.362	(3.918)
	1.112.517	**1.187.851**

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

26. EQUITY (CONTINUED)

Other Comprehensive Income/ (Expense) Not to be Reclassified to Profit or Loss (Continued)

Provision for employee termination benefits actuarial gain / (loss) funds

The amendment in IAS 19 "Employee Benefits" does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income. The gains and losses arising from the changes in the actuarial assumption have been accounted for by "Revaluation Funds" under the equity. The funds for actuarial gains / (losses) in the employee termination benefits is not in a position to be reclassified under profit and loss.

Comprehensive Income/ (Expense) to be Reclassified to Profit or Loss

	30.06.2022	31.12.2021
Foreign currency translation	4.519.813	4.452.233
Revaluation of financial assets available for sale	(39.448)	5.221
Cash flow hedge gains	106.326	5.778
	4.586.691	**4.463.232**

Restricted reserves

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below.

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Group's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Group's share capital. The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than those legal reserves cannot be used.

"Legal Reserves", "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of IFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

Non-Controlling Interests

Shares attributable to third parties in the shareholders' equity (including approved and paid-in capital) of the consolidated subsidiaries, which are not fully owned, are separately accounted for as non-controlling interest in the consolidated financial statements by reducing from related shareholders' equity components. Shares attributable to third parties in the net profit or loss for the periods of the consolidated subsidiaries, which are not fully owned, are separately accounted for as non-controlling interests, in the distribution of period profit / (loss) section of the consolidated statement of income. As of 30 June 2022 and 31 December 2021 movements of non-controlling interest is as follows:

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

26. EQUITY (CONTINUED)

Non-Controlling Interests (Continued)

31 December 2020 Minority Interest	**588.358**
Capital change	73.586
Minority share of other prior year profit and loss adjustments	179.296
Minority share of profit/loss for the period	(158.889)
31 December 2021 Minority Interest	**682.351**
Capital change	43.650
Minority share of other prior year profit and loss adjustments	50.330
Minority share of profit/loss for the period	2.281
30 June 2022 Minority Interest	**778.612**

27. REVENUE AND COST OF SALES

	01.01-30.06.2022	**01.01-30.06.2021**
Domestic sales	6.622.582	3.243.091
Export sales	2.371.725	1.092.564
Sales discount (-)	(15.841)	(4.201)
Revenue	**8.978.466**	**4.331.454**
Cost of sales (-)	**(5.264.040)**	**(2.753.543)**
Gross profit from trading activities	**3.714.426**	**1.577.911**
Revenue from financial sector activities	1.122.872	288.941
Cost of financial sector activities (-)	(385.835)	(135.570)
Gross profit from financial sector activities	**737.037**	**153.371**
Gross profit	**4.451.463**	**1.731.282**

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

28. GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES

	01.01-30.06.2022	**01.01-30.06.2021**
General administrative expenses	445.900	231.324
Marketing, selling and distribution expenses	370.614	66.048
Research and development expenses	126.505	49.840
	943.019	**347.212**

29. OTHER OPERATING INCOME AND EXPENSES

Other operating income	**01.01-30.06.2022**	**01.01-30.06.2021**
Unwind of provisions (Tümad) (*)	103.555	--
Incentive income	10.078	2.338
Scrap, raw material and material sales profits	7.762	2.239
Other income (Tümad)	3.928	7.880
Commission income	3.627	3
Provisions released	2.303	1.965
Nurol Dubai LLC insurance income	2.025	3.681
Other income (Nurol Gayrimenkul)	1.985	1.830
Other income (FNSS)	1.755	--
Insurance indemnity	1.270	241
Other income (Nurol Makina)	1.297	1.414
Rediscount income	111	1.783
Rediscount income	--	187
Other income (Nurolbank)	--	484
Other income (Nurol Dubai LLC)		230
Other	10.624	4.708
	150.320	**28.983**

(*) USD 4.674 thousand of the balance consists of the provision made and the difference in the realized payments related to the Government Rights share, which is paid in June of each year and covers 1 year due to the mining activities.

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

29. OTHER OPERATING INCOME AND EXPENSES (CONTINUED)

Other operating expense	**01.01-30.06.2022**	**01.01-30.06.2021**
Donations and grants	(38.117)	(336)
Provision expenses	(21.854)	(21.365)
Inventory count differences	(8.431)	--
Severance pay interest expense	(4.516)	(1.367)
Rediscount expenses	(1.686)	(5.475)
Insurance indemnity	(168)	(114)
Commission expenses	(163)	(195)
Idle capacity expenses	--	(673)
Scrap, raw material and material sales loss	--	(1)
Penalty expenses	--	(82.109)
Law amendment expenses	--	(972)
Other	(31.739)	(2.798)
	(106.674)	**(115.405)**

30. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	**01.01-30.06.2022**	**01.01-30.06.2021**
Value increases for investment property (Turser)	247.516	--
Value increases for investment property (Nurol GYO)	65.412	--
Profit on sale of property, plant and equipment	48.050	394
Securities sales income	10.289	13.079
Rent income	5.514	689
Dividend income	345	482
	377.126	**14.644**

Expense from investing activities	**01.01-30.06.2022**	**01.01-30.06.2021**
Securities sales expense (Nurolbank)	(33.619)	(12.595)
Loss on property, plant and equipment sales	(5.322)	(5.839)
	(38.941)	**(18.434)**

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

31. FINANCIAL INCOME AND EXPENSES

Financial income	**01.01-30.06.2022**	**01.01-30.06.2021**
Foreign exchange income	1.420.266	1.808.709
Interest income	77.061	98.605
Forward transaction income	219.485	--
Gain on fair value of FVTPL (*)	211.184	--
	1.927.996	**1.907.314**

(*) Consists of fair value gains of currency-protected deposit accounts of Tümad Madencilik.

Financial expenses	**01.01-30.06.2022**	**01.01-30.06.2021**
Foreign exchange expenses	(2.979.307)	(2.517.921)
Interest expenses	(2.305.347)	(1.174.443)
Letter of guarantee expenses	(21.187)	(17.931)
Bank commission expenses	(81.063)	(29.992)
Revaluation of derivative financial instruments	(126.603)	(205)
	(5.513.507)	**(3.740.492)**

32. 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.

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

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

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.

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.

Investment Discounts

The Group has tax incentives as a reduced tax rate in accordance with Article 32/A of the Corporate Tax Law (KVK). The reduced tax rate is 13%.

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. Under the new corporate tax system, income is accounted for in accordance with International Financial Reporting Standards (IFRS). The corporate tax rate in Georgia is 15%. Branch income is taxed at a general 15% rate upon 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:

Tax provision in the statement of the financial position	**30.06.2022**	**31.12.2021**
Current tax provision	349.655	201.589
	349.655	**201.589**

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

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

Tax provision in the statement of income	01.01-30.06.2022	01.01-30.06.2021
Provision for Corporate Tax for current period	(411.665)	(31.347)
Deferred tax income / (expense)	70.347	(61.642)
	(341.318)	**(92.989)**

Assets related to the current period taxes are as follows	30.06.2022	31.12.2021
Prepaid taxes (-) (*)	146.650	302.189
	146.650	**302.189**

(*) 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.

Long-term:	30.06.2022	31.12.2021
Prepaid taxes (-) (**)	132.027	149.188
Non-current VAT receivable	199.066	117.462
	331.093	**266.650**

(**) 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

Government Incentives and Donations

The decision of the Council of Ministers regarding the investment incentives of the existing mining facilities in Lapseki and Ivrindi of Tümad Madencilik, one of the Group Companies, within the scope of Government Grants, was published in the Official Gazette on 19 June 2012 and became valid. Investment Incentive Certificate states a total investment amount of TRY 306.891 thousand and TRY 625.000 thousand which can be adjusted with the completion of investment. As of 30 June 2022, within the scope of the certificate, the remaining balance is USD 3.259 thousand.

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.

Government Incentives

The decision of the Council of Ministers regarding existing mining facilities of Tümad Madencilik, one of the Group Companies in Lapseki and İvrindi, was published in the Official Gazette on 19 June 2012 and entered into force. It is in region 1 and has a 50% contribution rate to Tümad's investments. Investment Incentive Certificate indicates the total investment amount of 306.891 thousand TRY and 625.000 thousand TRY, which can be adjusted upon completion of the investment. As of 30 June 2022. the remaining balance is USD 3,259 thousand.

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

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

Deferred Tax (continued)

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

	30.06.2022	31.12.2021
Deferred tax assets	953.161	1.947.004
Deferred tax liabilities (-)	(1.335.354)	(2.228.443)
Deferred tax assets / (liabilities), net	**(382.193)**	**(281.439)**

Cumulative temporary differences	**30.06.2022**	**31.12.2021**
Depreciation adjustment, net	(2.173.039)	(6.363)
Expected credit loss, net	(52.335)	--
Provisions for employee benefits, net	53.074	91.931
Provisions, net	97.244	71.689
Ongoing constructions, net	1.267.670	813.100
Receivables from construction and project contracts, net	(672.749)	11.061
Transferred research and development incentive discount	147.338	957.601
Valuation of financial investments, net	144.669	136.498
Warranty and assembly expenses	14.636	1.090
Income accruals	--	(8.070)
Expense accrual	192.917	226.913
Expensed assets	27.196	72.073
Past year losses, net	--	1.493.448
Tax impact of expense of business advances	39.824	--
Affiliate provision expense, net	(14.542)	5.429
Loan interest accrual, net	(321.665)	10.486
For unused leave	20.326	15.141
Currency difference, net	12.323	(2.967)
Leasing adjustment	(642)	--
Adjustment for tangible and intangible assets	(215.458)	--
Revaluation of tangible and intangible assets	(57.503)	(2.372)
Cash capital increase	19.791	19.791
Rehabilitation provision	70.609	39.658
Presentation currency conversion differences	(160.673)	309.381
Provision for doubtful receivables, net	14.329	17.318
Unaccrued finance income, net	253	(2.829)
Trade and other receivables, net	4.622	(5.947.866)
Derivative financial instruments	213.651	435.029
Valuation of investment properties	(510.758)	(137.628)
Investment incentive	75.241	419.301
Carrying value and tax value net difference of inventories	--	(13)
The net difference in the carrying value and tax value of tangible and intangible assets, net	--	(451.464)
Differences in depreciation and amortization periods of tangible and intangible assets	--	(82.934)
Other	101.944	369.827
	(1.661.708)	**(1.125.741)**

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

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

Deferred tax assets / (liabilities)	**30.06.2022**	**31.12.2021**
Depreciation adjustment, net	(499.799)	(1.591)
Expected credit loss, net	(12.037)	--
Provisions for employee benefits, net	12.207	22.983
Provisions, net	22.366	17.922
Ongoing constructions, net	291.564	203.275
Receivables from construction and project contracts, net	(154.732)	2.765
Transferred research and development incentive discount	33.888	239.400
Valuation of financial investments, net	33.274	34.125
Warranty and assembly expenses	3.366	273
Income accruals	--	(2.018)
Expense accrual	44.371	56.728
Expensed assets	6.255	18.018
Past year losses, net	--	373.362
Tax impact of expense of business advances	9.160	--
Affiliate provision expense, net	(3.345)	1.357
Loan interest accrual, net	(73.983)	2.622
For unused leave	4.675	3.785
Currency difference, net	2.834	(742)
Leasing adjustment	(148)	--
Adjustment for tangible and intangible assets	(49.555)	--
Revaluation of tangible and intangible assets	(13.226)	(593)
Cash capital increase	4.552	4.948
Rehabilitation provision	16.240	9.915
Presentation currency conversion differences	(36.955)	77.345
Provision for doubtful receivables, net	3.296	4.330
Unaccrued finance income, net	58	(707)
Trade and other receivables, net	1.063	(1.486.967)
Derivative financial instruments	49.140	108.757
Valuation of investment properties	(117.474)	(34.407)
Investment incentive	17.305	104.825
Carrying value and tax value net difference of inventories	--	(3)
The net difference in the carrying value and tax value of tangible and intangible assets, net	--	(112.869)
Differences in depreciation and amortization periods of tangible and intangible assets	--	(20.734)
Other	23.447	92.457
	(382.193)	**(281.439)**

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

33. PAY EARNINGS PER SHARE

Earnings per share 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	4.185.203	858.334
Profit attributable to non-controlling interest	2.281	(57.901)
Profit attributable to equity holders of the parent	**4.182.922**	**916.235**
Weighted average number of shares with nominal value	776.000	776.000
Earnings per share	**5,39036**	**1,18072**

34. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital Risk Management

The risk related with each of the capital class and group capital cost is considered by the top management of the Group.

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

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:

	30.06.2022	**31.12.2021**
Total financial liabilities	29.254.740	25.010.150
Less: cash and cash equivalents	(5.187.365)	(6.277.009)
Net financial debt	**24.067.375**	**18.733.141**
Total equity	13.109.240	8.150.077
Less: revaluation of tangible fixed assets	(1.106.155)	(1.191.769)
Total financing used	**36.070.460**	**25.691.449**
Net financial debt / Total financing used	**%67**	**%73**

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

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.

Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net of doubtful provision in the financial statements accordingly.

Trade receivables consist of many customers operating in various industries and locations. Credit risk of the receivables from counterparties is evaluated periodically. The Group does not have a significant credit risk arising from any customer.

Liquidity Risk

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.

Market Risk

The Group is exposed to financial risks arising from changes in currency rate, interest rate and price risk which arise directly from its operations. The market risks that the Group is exposed to are measured on the basis of sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

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. This risk occurs due to purchases, sales and bank borrowings of the Group which are denominated in currencies other than the functional currency.

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

	30.06.2022	**31.12.2021**
Foreign currency assets	8.331.462	7.717.969
Foreign currency liabilities	(21.978.286)	(20.947.038)
Net foreign currency position	**(13.646.824)**	**(13.229.069)**

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

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

The Group's foreign currency position in terms of the original currency is as follows:

30.06.2022	**USD**	**EUR**	**GBP**	**RUB**	**DZD**	**AED**	**MAD**	**GEL**	**CHF**	**Other Currencies TRY Equivalent**	**TRY Equivalent**
1. Trade receivables	41.568	14.189	--	--	3.363.278	19.044	3.731	917	--	40.195	1.463.374
2a. Monetary financial assets, (cash and banks)	50.267	66.672	81	278	278.067	93.660	1.211	4.981	--	96.516	2.589.069
2b. Non-monetary financial assets	--	1.577	--	--	63.263	38.395	29	10	--	19.068	227.301
3. Other	56.079	46.168	--	--	244.415	--	--	285	--	8.849	1.782.147
4. Current assets (1+2+3)	147.915	128.606	81	278	3.949.023	151.099	4.971	6.193	--	164.628	6.061.891
5. Trade receivables	--	32.295	--	--	--	--	--	--	--	--	565.872
6a. Monetary financial assets	24.070	8.500	--	--	--	--	--	--	--	--	550.154
6b. Non-monetary financial assets	52	52.662	--	--	3.209	--	2.158	--	--	--	927.501
7. Other	10.829	--	--	--	--	--	--	8.023	--	--	226.045
8. Non-current assets (5+6+7)	34.951	93.457	--	--	3.209	--	2.158	8.023	--	--	2.269.572
9. Total assets (4+8)	182.866	222.062	81	278	3.952.232	151.099	7.129	14.216	--	164.628	8.331.462
10. Trade payables	31.816	13.567	(19)	--	2.271.382	164.065	151	448	6	--	1.770.546
11. Financial liabilities	190.561	11.339	--	--	--	49.948	--	--	--	--	3.600.550
12a. Other monetary liabilities	36.873	--	--	--	315.551	--	856.206	379	--	--	2.050.530
12b. Other non-monetary liabilities	--	719	--	--	322.815	--	--	18	--	--	49.592
13. Current liabilities (10+11+12)	259.250	25.625	(19)	--	2.909.748	214.013	856.357	845	6	--	7.471.218
14. Trade payables	--	89.199	--	--	--	--	--	--	--	--	1.562.954
15. Financial liabilities	691.467	--	--	--	--	84.469	--	--	--	--	11.907.241
16a. Other monetary liabilities	136	29.585	--	--	--	--	--	--	--	--	520.657
16b. Other non-monetary liabilities	18.925	10.650	--	--	39.990	2.121	--	--	--	--	516.217
17. Non-current liabilities (14+15+16)	710.528	129.434	--	--	39.990	86.590	--	--	--	--	14.507.068
18. Total liabilities (13+17)	969.778	155.059	(19)	--	2.949.738	300.603	856.357	845	6	--	21.978.286
19. Net assets of off-balance sheet derivative items	--	--	--	--	--	--	--	--	--	--	--
19a. Total amount of assets hedged											
19b. Total amount of liabilities hedged											
20. Net foreign assets / (liability) position	(786.912)	67.004	101	278	1.002.494	(149.504)	(849.228)	13.371	(6)	164.628	(13.646.824)
21.Net foreign currency asset / (liability) position(=1+2a+5+6a-10-11-12a-14-15-16a)	(834.948)	(22.035)	101	278	1.054.412	(185.778)	(851.415)	5.071	(6)	136.711	(16.244.009)
22. Fair value of derivative instruments used in foreign currency hedge	--	334	--	--	--	--	--	--	--	--	5.853
23. Hedged foreign currency assets	--	41	--	--	--	--	--	--	--	--	721

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

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

The Group's foreign currency position in terms of the original currency is as follows:

31.12.2021	USD	EUR	GBP	RUB	DZD	AED	MAD	GEL	Other Currencies TRY Equivalent	TRY Equivalent
1. Trade receivables	124.680	126.012	--	--	4.695	27	3	1	10.979	3.479.702
2a. Monetary financial assets, (cash and banks)	58.454	65.804	15	278	295.368	159.257	1.221	5.807	47.436	2.385.709
2b. Non-monetary financial assets	13.668	1.925	--	--	63.263	29.299	29	10	21.283	335.855
3. Other	42.037	32.539	--	--	146.237	93.067	--	293	22.734	1.387.898
4. Current assets (1+2+3)	238.839	226.280	15	278	509.563	281.650	1.253	6.111	102.432	7.589.164
5.Trade receivables	--	--	--	--	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	52	--	--	--	3.209	--	2.158	--	--	4.005
7. Other	7.034	--	--	--	--	--	--	7.988	--	124.801
8. Non-current assets (5+6+7)	7.086	--	--	--	3.209	--	2.158	7.988	--	128.806
9. Total assets (4+8)	245.925	226.280	15	278	512.772	281.650	3.411	14.099	102.432	7.717.970
10. Trade payables	14.461	54.373	26	--	7.807.242	175.649	85	678	--	2.335.793
11. Financial liabilities	56.146	371.467	--	--	--	38.192	--	--	--	6.316.808
12a. Other monetary liabilities	75.548	5.004	--	--	214.808	--	856.209	--	--	2.276.329
12b. Other non-monetary liabilities	6.418	143.356	--	--	421.517	--	--	7	--	2.227.489
13. Current liabilities (10+11+12)	152.573	574.200	26	--	8.443.567	213.841	856.294	685	--	13.156.419
14. Trade payables	1.505	120.439	--	--	--	--	--	--	--	1.787.857
15. Financial liabilities	177.082	198.093	--	--	--	91.677	--	36.015	--	5.679.783
16a. Other monetary liabilities	10.996	--	--	--	--	--	--	--	--	142.705
16b. Other non-monetary liabilities	--	--	--	--	11.681	17.498	--	28.047	--	180.273
17. Non-current liabilities (14+15+16)	189.583	318.532	--	--	11.681	109.175	--	64.062	--	7.790.618
18. Total liabilities (13+17)	342.156	892.732	26	--	8.455.248	323.016	856.294	64.747	--	20.947.037
19. Net assets of off-balance sheet derivative items	--	365.033	--	--	--	--	--	--	--	5.359.524
19a. Total amount of assets hedged	--	365.033	--	--	--	--	--	--	--	5.359.524
19b. Total amount of liabilities hedged	--	--	--	--	--	--	--	--	--	--
20. Net foreign assets / (liability) position	(96.231)	(301.418)	(10)	278	(7.942.476)	(41.366)	(852.883)	(50.648)	102.432	(7.869.545)
21.Net foreign currency asset / (liability) position(=1+2a+5+6a-10-11-12a-14-15-16a)	(152.603)	(557.560)	(10)	278	(7.721.987)	(146.234)	(855.070)	(30.885)	58.415	(12.673.865)

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

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

Foreign Currency Risk (Continued)

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially USD, EUR and AED). 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

Foreign currency sensitivity analysis table

30.06.2022				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	(1.442.874)	1.442.874	(1.442.874)	1.442.874
2- Hedged portion of USD risk (-)	--	--	--	--
3- USD net effect (1+2)	(1.442.874)	1.442.874	(1.442.874)	1.442.874
Change of EUR against TRY by 10%				
4- Net EUR assets/liabilities	(19.028)	19.028	(19.028)	19.028
5- Hedged portion of EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	(19.028)	19.028	(19.028)	19.028
Change of other currencies against TRY by 10%				
7- Net GBP assets/liabilities	(28)	28	(28)	28
8- Hedged portion of GBP risk (-)	--	--	--	--
9- GBP net effect (7+8)	(28)	28	(28)	28
Total (3+6+9)	**(1.461.930)**	**1.461.930**	**(1.461.930)**	**1.461.930**

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

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

Foreign Currency Risk (Continued)

Foreign currency sensitivity analysis table

31.12.2021				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	(137.372)	137.372	(137.372)	137.372
2- Hedged portion of USD risk (-)	--	--	--	--
3- USD net effect (1+2)	(137.372)	137.372	(137.372)	137.372
Change of EUR against TRY by 10%				
4- Net EUR assets/liabilities	171.037	(171.037)	171.037	(171.037)
5- Hedged portion of EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	171.037	(171.037)	171.037	(171.037)
Change of other currencies against TRY by 10%				
7- Net GBP assets/liabilities	8	(8)	8	(8)
8- Hedged portion of GBP risk (-)	--	--	--	--
9- GBP net effect (7+8)	8	(8)	8	(8)
	33.673	**(33.673)**	**33.673**	**(33.673)**

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

Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange. 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:

Financial Assets: The fair values of certain financial assets carried at cost in the financial statements, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for uncollectibility is estimated to be their fair values. The financial assets which are denominated in foreign currencies are evaluated by the foreign exchange rates prevailing on the date of balance sheet which approximate to market rates.

Financial Liabilities: Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings is considered to state their respective carrying values since the interest rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables is estimated to be their fair values. The financial liabilities which are denominated in foreign currencies are evaluated by the foreign exchange rates prevailing on the date of balance sheet which approximate to market rates.

36. EVENTS AFTER THE REPORTING DATE

None