NURUL HOLDİNG A.Ş.
AND ITS SUBSIDIARIES
CONSOLIDATED
FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
TOGETHER WITH THE
INDEPENDENT AUDITORS' REPORT

As Bağımsız Denetim ve YMM A.Ş.
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REF: 2020-110321-SPK-006

Nurol Holding A. Ş. and Its Subsidiaries
Consolidated Financial Statements As of January 2020-31 December 2020
Together With The İndependent Auditors' Report

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

A. Independent Audit of Financial Statements

1. 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 31 December 2020 and the consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2020 and of its financial performance and its cash flows for the years then ended in accordance with Turkish Financial Reporting Standards issued by Public Oversight Accounting and Auditing Standards Authority.

2. Basis for Opinion

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

3. Attention to Matters

The Group is affected by the chaos ongoing in Libya since the first quarter of 2011 and Iraq since July 2014. Due to the unfavourable progress in these two countries and increasing geopolitics risks in the Middle East, the risk perception for Turkey has deteriorated. The Group decided to cease its construction activities in Libya and Iraq partially because of the compelling reasons.

The Group management has classified the assets and liabilities of Nurol Libya Branch as discontinued operations as of 31 December 2020 financial statements in accordance with TFRS 5 (Note 38). Nurol Erbil and Baghdad projects were completed by the end of 2018 and most of the collections were realized.

4. Other Matters

Consolidated subsidiaries of the Group, FNSS Savunma Sistemleri A.Ş., Nurol Gayrimenkul Yatırım Ortaklığı A.Ş., Nurol Yatırım Bankası A.Ş., Enova Enerji Üretim A.Ş., Nurol Teknoloji Sanayi ve Madencilik A.Ş., Nurol Makina Sanayi A.Ş., Nurol BAE Systems Hava Sistemleri A.Ş., Turser Turizm Servis ve Ticaret A.Ş. ve Tümad Madencilik Sanayi ve Ticaret A.Ş. have been audited by another audit firm for the accounting period of 01 January - 31 December 2020. An "Unqualified Opinion" was given in the independent audit reports prepared by the audit firms.

The Group has restated its consolidated financial statements for the years ended 31 December 2019 and 31 December 2018, in accordance with the "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8) standard, and Details on the restatement of financial statements are included in the section on Accounting Policies, Changes in Estimates and Errors in Note 2 Basis Of Presentation of Financial Statements.

5. Key Audit Matters

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

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Recognition of revenue A significant portion of the Group's revenue is comprised of construction and project contracts (real estate development, construction contracts, armoured vehicle production etc.) As of 31 December 2020, the consolidated revenue of the Group is TL 8.953.405 thousand (31 December 2019: 9.074.940) is comprised of project contracts. Within the scope of revenue recognition, determining the results of construction projects that include project-specific conditions, especially the estimation of the cost to be incurred for the completion of the projects, the impact of the contract revenue on the uncertainties related to the results of future events and the accounting of the amounts related to the project amendments are based on the estimates and judgments of the management. Revenue recognition from construction and project contracts (together with the recognition of receivables from ongoing construction contracts and debts from ongoing construction contracts) has been identified as a key audit matter as it relies heavily on management's estimates and judgments.	<u>During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied:</u> - We have reviewed the terms and conditions of construction contracts which have significance in the determination of whether revenue is recognized for the related period and evaluation of estimates used by the management. - We evaluated and tested the operating effectiveness of controls over the relevant processes regarding the accuracy and timing of revenue recognized in the consolidated financial statements. - Samples have been selected regarding the costs incurred for ongoing construction projects by the Group and have been tested using supporting documents. - The contract revenue associated with construction contracts have been recalculated using the input method. - The cost budgets of construction contracts and their forecasts have been compared with the results of the previous year to examine whether it is reasonable. Based on our audit, the disclosures in the notes to the consolidated financial statements related to the realization of the Group's revenue are reviewed and the adequacy of the information included in the notes have been deemed appropriate with regards to TFRS 15 and other related standards.

5. Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
Property, Plant and Equipment, Intangible Assets and Investment Properties In the consolidated financial statements of the Group, property, plant and equipment, intangible assets and investment properties include a significant portion of the Group's assets. The Group calculates the depreciation by using the straight-line depreciation method and calculates property, plant and equipment by some estimates, also the Group management observe impairment for property, plant and equipment each period. The Group follows the investment properties with fair value. The accounting estimates used in calculating the depreciation of the Group are determined as the key audit matter due to the fact that the valuation methods applied for impairment and investment properties include important estimations and assumptions.	<u>The following audit procedures we have been applied:</u> - We have reviewed and evaluated the impairment test model for the Group's property, plant and equipment. - We have evaluated the consistency of the estimates used by the Group for property, plant and equipment, intangible assets and investment properties. - Depreciation calculation of the Group has been obtained and the depreciation has been recalculated. - The appropriateness of the valuation methods used by the valuation experts in the appraisal reports of the investment properties are evaluated. Based on our audit, the disclosures in the notes to the consolidated financial statements of the Group are reviewed and the adequacy of the information included in the notes have been deemed appropriate with regards to TFRSs..

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

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

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

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

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

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

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

• Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control).
• Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B) Report on Other Legal and Regulatory Requirements

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

According to paragraph four of article numbered as 402 of TCC (6102) at the accounting period of the Company as of January 1 – December 31, 2020, there is not any important matter encountered regarding the system of bookkeeping and financial statements.

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

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

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

Osman Tuğrul ÖZSÜT
Partner

Istanbul, 11 March, 2021

Nurol Holding A.Ş. and its Subsidiaries

Table of Contents

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

(All amounts in thousands unless otherwise indicated)

ASSETS	Notes	Audited Current Period 31 December 2020 TL	Audited Current Period 31 December 2020 USD	Restated Prior Period 31 December 2019 TL	Restated Prior Period 31 December 2019 USD
Current Assets					
Cash and cash equivalents	6	2.573.563	350.598	1.789.913	301.322
Financial investments	8	14.387	1.960	20.910	3.520
Trade receivables			--		
- Due from related parties	5	62.272	8.483	36.212	6.096
- Other trade receivables	7	2.016.716	274.738	2.395.802	403.320
Other receivables			--		
- Due from related parties	5	262.785	35.799	149.399	25.150
- Other receivables	13	45.643	6.218	32.732	5.510
Receivables from financial sector activities	9	1.989.798	271.071	1.581.014	266.155
Derivate financial instruments		44.260	6.030	107.508	18.098
Inventories	14	2.076.805	282.924	1.486.600	250.261
Receivables from ongoing construction works and projects	17	3.009.213	409.947	1.637.828	275.719
Prepaid expenses	15	323.025	44.006	179.507	30.219
Current income tax asset	34	212.242	28.914	165.561	27.871
Other current assets	27	447.305	60.937	401.020	67.510
Total non current assets prior to discontinued operations		**13.078.014**	**1.781.624**	**9.984.006**	**1.680.752**
Discontinued operations	38	186.435	25.398	141.401	23.804
Total Current Assets		**13.264.449**	**1.807.022**	**10.125.407**	**1.704.556**
Non Current Assets					
Financial investments					
Trade receivables					
- Due from related parties	5	--	--	--	--
- Other trade receivables	7	5.306	723	7.491	1.261
Other receivables					
- Due from related parties	5	25.864	3.523	--	--
- Other receivables	13	18.355	2.501	9.032	1.520
Receivables from financial sector activities	9	858.725	116.985	617.310	103.921
Derivate financial instruments		22.665	3.088	99.932	16.823
Investments	18	4.803	654	4.803	809
Investments recognized using the equity method	19	4.887.956	665.889	3.498.388	588.934
Receivables from ongoing construction works and projects		1.325.508	180.575	1.496.231	251.882
Investment properties		3.001.386	408.880	2.893.334	487.077
Property, plant and equipment	22	3.936.108	536.218	3.599.135	605.895
Intangible assets					
- Goodwill	20	73.537	10.018	73.537	12.380
- Other intangible assets	20	489.296	66.657	403.027	67.847
Prepaid taxes and funds	24	249.269	33.958	333.835	56.199
Prepaid expenses	34	15.708	2.140	16.962	2.855
Deferred tax assets	15	1.085.303	147.851	1.000.258	168.388
Total Non Current Assets		**15.999.789**	**2.179.659**	**14.053.275**	**2.365.792**
TOTAL ASSETS		**29.264.238**	**3.986.681**	**24.178.682**	**4.070.348**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

(All amounts in thousands unless otherwise indicated)

LIABILITIES	**Notes**	**Audited Current Period 31 December 2020 TL**	**Audited Current Period 31 December 2020 USD**	**Restated Prior Period 31 December 2019 TL**	**Restated Prior Period 31 December 2019 USD**
Current Liabilities					
Financial liabilities	10	6.701.358	912.929	4.009.907	675.046
Funds borrowed	11	1.120.098	152.592	904.639	152.291
Debt securities issued	12	972.790	132.524	1.263.268	212.664
Trade payables			--		
- Due to related parties	5	12.010	1.636	58.906	9.917
- Other trade payables	7	3.972.530	541.180	3.082.386	518.903
Liabilities for employee benefits	26	27.019	3.681	32.943	5.546
Other payables			--		
- Due to related parties	5	2.444	333	13.308	2.240
- Other payables	13	46.358	6.315	59.088	9.947
Derivative financial instruments		81.844	11.150	51.096	8.602
Advances received	16	1.234.483	168.174	882.889	148.630
Deferred income	15	8.198	1.117	909	153
Current income tax liabilities	34	42.221	5.752	21.091	3.551
Deferred contract revenue	17	126.376	17.216	115.330	19.415
Short term provisions			--		
- Provisions for employee benefits	26	30.952	4.217	24.558	4.134
- Other short term provisions	25	365.032	49.728	311.919	52.510
Other current liabilities	27	191.519	26.091	76.892	12.944
Total non current assets prior to discontinued operations		**14.935.232**	**2.034.635**	**10.909.129**	**1.836.492**
Discontinued operations	38	--	--	--	--
Total Current Liabilities		**14.935.232**	**2.034.635**	**10.909.129**	**1.836.492**
Non Current Liabilities					
Financial liabilities	10	6.951.639	947.025	7.638.737	1.285.939
Debt securities issued	12	893.214	121.683	390.305	65.706
Trade payables					
- Due to related parties	5	3.000	409	--	--
- Other trade payables	7	808.441	110.134	509.955	85.848
Other payables					
- Due to related parties	5	--	--	--	--
- Other payables	13	40	5	419	71
Advances received	16	817.480	111.366	828.348	139.448
Deferred income	15	459	63	227	38
Long term provisions					
- Provisions for employee benefits	26	51.559	7.024	45.415	7.645
- Other long term provisions		71.550	9.747	44.960	7.569
Other non current liabilities	27	--	--	38.667	6.509
Deferred tax liabilities	34	1.018.872	138.801	745.482	125.498
Total Non Current Liabilities		**10.616.254**	**1.446.258**	**10.242.515**	**1.724.271**
EQUITY					
Equity Attributable to Owners of the Parent					
Share capital	28	713.216	97.162	713.216	120.066
Other comprehensive income/expense not to be reclassified to profit					
- Currency translation differences	28	987.027	134.463	727.639	122.494
Other comprehensive income/expense not to be reclassified to profit					
- Actuarial gain / (loss)	28	2.743	374	3.092	521
- Currency translation differences	28	--	--	--	--
- Revaluation and reclassification gains / (loss)	28	961.393	130.971	846.933	142.577
- Change in fair value of available-for-sale financial assets	28	118.773	16.181	45.028	7.580
Restricted reserves	28	504.619	68.744	611.119	102.879
Hedge accounting from cash flow risk		(38.224)	(5.207)	57.424	9.667
Prior years' profit/(loss)	28	(446.406)	(60.814)	(459.399)	(77.337)
Net profit/(loss) for the period		321.137	45.854	(17.969)	(3.168)
Translation difference		--	(2.107)	--	143
Non Controlling Interests	28	588.474	80.168	499.955	84.165
Total Equity		**3.712.752**	**505.789**	**3.027.038**	**509.585**
Commitments and contingencies		--	--	--	--
TOTAL LIABILITIES AND EQUITY		**29.264.238**	**3.986.681**	**24.178.682**	**4.070.348**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019
(All amounts in thousands unless otherwise indicated)

	Notes	Audited Current Period 1 January - 31 December 2020 TL	Audited Current Period 1 January - 31 December 2020 USD	Restated Prior Period 1 January - 31 December 2019 TL	Restated Prior Period 1 January - 31 December 2019 USD
Sales income	29	8.499.241	1.213.588	8.631.941	1.522.066
Income of financial sector activities	29	454.164	64.849	442.999	78.114
		8.953.405	1.278.437	9.074.940	1.600.180
Cost of sales (-)	29	(6.327.570)	(903.500)	(6.807.830)	(1.200.421)
Cost of financial sector activities	29	(193.830)	(27.677)	(259.107)	(45.688)
		(6.521.400)	(931.176)	(7.066.937)	(1.246.110)
Gross profit from trading activity		2.171.671	310.088	1.824.111	321.645
Gross profit from financial sector activities		260.334	37.173	183.892	32.426
Gross profit		**2.432.005**	**347.261**	**2.008.003**	**354.070**
General administrative expenses (-)	30	(336.899)	(48.105)	(329.356)	(58.075)
Marketing, selling and distribution expenses (-)	30	(129.634)	(18.510)	(126.682)	(22.338)
Research and development expenses (-)	30	(67.581)	(9.650)	(65.575)	(11.563)
Income from other operating activities	31	162.616	23.220	99.906	17.616
Expenses from other operating activities (-)	31	(119.033)	(16.996)	(137.690)	(24.279)
Operating profit		**1.941.474**	**277.219**	**1.448.606**	**255.432**
Shares from profit / loss from investments revalued with the equity method	19	1.390.722	198.578	603.577	106.428
Income from investing activities	32	75.041	10.715	148.833	26.244
Expenses from investing activities (-)	32	(67.266)	(9.605)	(26.135)	(4.608)
Operating profit before financial income / (expenses)		**3.339.971**	**476.907**	**2.174.881**	**383.496**
Financial income	33	1.633.395	233.229	903.951	159.393
Financial expenses (-)	33	(4.315.200)	(616.158)	(3.124.387)	(550.922)
Profit / (loss) before tax from continued operations		**658.166**	**93.978**	**(45.555)**	**(8.033)**
Tax expenses from continued operations					
Tax	34	(44.652)	(6.376)	(26.853)	(4.735)
Deferred tax charge	34	(260.737)	(37.230)	230.685	40.677
Profit /(loss) from continued operations		**352.777**	**50.372**	**158.277**	**27.909**
Loss from discontinued operations	38	(689)	(98)	(6.912)	(1.219)
PROFIT FOR THE PERIOD		**352.088**	**50.274**	**151.365**	**26.690**
Distribution of profit					
Non controlling interest		30.951	4.419	169.334	29.859
Equity holders of the parent		321.137	45.854	(17.969)	(3.168)
EBITDA		**2.580.953**	**368.529**	**1.833.931**	**323.376**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019

(All amounts in thousands unless otherwise indicated)

Other Comprehensive Income	Audited Current Period 1 January - 31 December 2020 TL	Restated Prior Period 1 January - 31 December 2019 TL
Profit for the Period	**352.088**	**151.365**
Other Comprehensive Income / (Expense):		
Items not to be reclassified to profit or loss	**190.326**	**(276.664)**
Revaluation of property, plant and equipment	4.101	15.140
Revaluation of Sheraton Hotel (Turser)	120.484	--
Tax effect on revaluation of Sheraton Hotel (Turser)	(6.024)	--
Change in fair value of available-for-sale financial assets	73.745	33.119
Exemption of real estate and investment sales earning	(330)	(330)
Actuarial gains / loss on defined benefit plans	(612)	3.112
Prior period loss' adjustment	(1.038)	(327.705)
Items to be reclassified to profit or loss	**141.213**	**(91.653)**
Currency translation differences	258.182	3.316
Effect of exclusion from consolidation (Kulüp Salima)	--	30.053
Change in shares of investments revalued by equity method	--	(138.671)
Tübitak incentive fund	114	110
Hedge accounting from cash flow risk	(95.648)	86.516
Dividends paid	(51.145)	(61.788)
Sell and leaseback (Nurol Plaza)	--	(11.189)
Effect of exclusion from consolidation (Nurol Arabia & Iraq)	27.064	--
Nurol Holding & Gemad combination effect	2.646	--
Other Comprehensive Income / (Expense):	**331.539**	**(368.317)**
Total Comprehensive Income / (Expense):	**683.627**	**(216.952)**
Distribution of Total Comprehensive Income	**683.627**	**(216.952)**
- Non controlling interest	30.951	169.334
- Equity holders of the parent	652.676	(386.286)

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019
(All amounts in thousands unless otherwise indicated)

	Share capital	Actuarial gain / (loss)	Revaluation and classification acquisition / (losses)	Foreign currency translation differences	Change in fair value of available-for-sale financial assets	Restricted reserves	Hedge accounting from cash flow risk	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 2020	**713.216**	**3.092**	**846.933**	**727.639**	**45.028**	**611.119**	**57.424**	**(459.399)**	**(17.969)**	**2.527.083**	**499.955**	**3.027.038**
Transfer to general reserves	--	--	--	--	--	--	--	(17.969)	17.969	--	--	--
Transfer from general reserves	--	--	--	--	--	(110.016)	--	110.016	--	--	--	--
Dividends paid	--	--	--	--	--	--	--	(51.145)	--	(51.145)	--	(51.145)
Change in fair value of available-for-sale financial assets	--	--	--	--	73.745	--	--	--	--	73.745	--	73.745
Effect of exclusion from consolidation (Nurol Arabia & Iraq)	--	--	--	1.206	--	--	--	25.858	--	27.064	--	27.064
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	(724)	--	--	--	--	--	--	--	(724)	112	(612)
Revaluation of property, plant and equipments (Dubai LLC)	--	--	--	--	--	3.446	--	--	--	3.446	--	3.446
Revaluation of property, plant and equipments (Nurol GYO)	--	--	--	--	--	286	--	369	--	655	--	655
Tübitak incentive fund	--	--	--	--	--	114	--	--	--	114	--	114
Increase / decrease due to repurchase transactions of shares	--	--	--	--	--	--	--	--	--	--	--	--
Revaluation of Sheraton Hotel (Turser)	--	--	120.484	--	--	--	--	--	--	120.484	--	120.484
Revaluation of Sheraton Hotel (Turser)	--	--	(6.024)	--	--	--	--	--	--	(6.024)	--	(6.024)
Hedge accounting from cash flow risk	--	--	--	--	--	--	(95.648)	--	--	(95.648)	--	(95.648)
Prior period loss' adjustment	--	--	--	--	--	--	--	(1.038)	--	(1.038)	--	(1.038)
Exemption of real estate and investment sales earning	--	--	--	--	--	(330)	--	--	--	(330)	--	(330)
Nurol Holding & Gemad combination effect	--	375	--	--	--	--	--	2.271	--	2.646	--	2.646
Foreign currency translation differences	--	--	--	258.182	--	--	--	--	--	258.182	--	258.182
Minority interest	--	--	--	--	--	--	--	(55.369)	--	(55.369)	57.456	2.087
Net profit for the period	--	--	--	--	--	--	--	--	321.137	321.137	30.951	352.088
Balance at 31 December 2020	**713.216**	**2.743**	**961.393**	**987.027**	**118.773**	**504.619**	**(38.224)**	**(446.406)**	**321.137**	**3.124.278**	**588.474**	**3.712.752**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019
(All amounts in thousands unless otherwise indicated)

	Share capital	Actuarial gain / (loss)	Revaluation and classification acquisition / (losses)	Foreign currency translation differences	Change in fair value of available-for-sale financial assets	Restricted reserves	Hedge accounting from cash flow risk	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 2019	**713.216**	**284**	**851.771**	**743.969**	**11.909**	**275.265**	**80.776**	**150.564**	**113.728**	**2.941.482**	**303.476**	**3.244.958**
Transfer to general reserves	--	--	--	--	--	--	--	113.728	(113.728)	--	--	--
Transfer from general reserves	--	--	--	--	--	318.715	--	(318.715)	--	--	--	--
Dividends paid	--	--	--	--	--	--	--	(61.788)	--	(61.788)	--	(61.788)
Change in fair value of available-for-sale financial assets	--	--	--	--	33.119	--	--	--	--	33.119	--	33.119
Effect of exclusion from consolidation	--	(304)	(2.619)	--	--	--	--	32.976	--	30.053	19	30.072
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	3.112	--	--	--	--	--	--	--	3.112	--	3.112
Revaluation of property, plant and equipments	--	--	--	--	--	15.140	--	--	--	15.140	--	15.140
Tübitak incentive fund	--	--	--	--	--	110	--	--	--	110	--	110
Increase / decrease due to repurchase transactions of shares	--	--	(2.219)	--	--	2.219	--	(2.219)	--	(2.219)	--	(2.219)
Hedge accounting from cash flow risk	--	--	--	--	--	--	86.516	--	--	86.516	--	86.516
Prior period restatement adjustment	--	--	--	(19.646)	--	--	(109.868)	(189.874)	--	(319.388)	--	(319.388)
Prior period loss' adjustment	--	--	--	--	--	--	--	(8.317)	--	(8.317)	--	(8.317)
Exemption of real estate and investment sales earning	--	--	--	--	--	(330)	--	--	--	(330)	--	(330)
Foreign currency translation differences	--	--	--	3.316	--	--	--	--	--	3.316	--	3.316
Change in shares of investments revalued by equity method	--	--	--	--	--	--	--	(138.671)	--	(138.671)	--	(138.671)
Sell and leaseback (Nurol Plaza)	--	--	--	--	--	--	--	(11.189)	--	(11.189)	--	(11.189)
Minority interest	--	--	--	--	--	--	--	(25.894)	--	(25.894)	27.126	1.232
Net profit for the period	--	--	--	--	--	--	--	--	(17.969)	(17.969)	169.334	151.365
Balance at 31 December 2019	**713.216**	**3.092**	**846.933**	**727.639**	**45.028**	**611.119**	**57.424**	**(459.399)**	**(17.969)**	**2.527.083**	**499.955**	**3.027.038**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019
(All amounts in thousands unless otherwise indicated)

	Audited Current Period 1 January - 31 December 2020	Restated Prior Period 1 January - 31 December 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	321.137	(17.969)
Adjustments to reconcile net cash generated		
Depreciation and amortization charge	639.479	385.325
Provision for employee termination benefits	5.795	13.837
Revaluation of property, plant and equipments	4.101	15.140
Period profit from investments recognied using the equity method	(1.389.568)	(423.482)
Revaluation of investment property	12.753	62.008
Minority interest	33.150	170.585
Deferred tax asset / liability, (net)	209.475	(73.280)
Other provision	80.173	134.521
Foreign currency translation differences	253.043	(111.352)
Changes in net working capital		
Increases/decreases in inventories	(590.205)	(120.637)
Increases/decreases in trade receivables	355.210	(1.084.936)
Increases/decreases in other receivables	(161.484)	65.575
Changes in receivables from costs on ongoing construction contracts	(1.200.662)	(112.302)
Increases / decreases in prepaid expenses	(142.264)	154.485
Increases / decreases in other current assets	(46.285)	95.545
Increases/decreases in trade payables	1.141.734	1.350.185
Increases/decreases in other receivables	(20.973)	26.147
Changes in receivables from costs on uncompleted construction contracts	11.046	(155.823)
Increase/decreases related to other liabilities in relation with advances received	340.726	(400.209)
Actuarial gains/loss	--	--
Current income tax paid	37.885	(176.427)
Other current provisions	83.481	(19.813)
Other non current provisions	--	--
Discontinued operations	(45.034)	(11.553)
Net Cash Flows Generated From / (Used in) Operating Activities	(67.287)	(234.430)
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash flows generated from/used in financial liabilities	2.216.784	2.298.564
Cash flows generated from/used in non current financial liabilities	--	--
Cash flows generated from/used in financial sector activities	(434.740)	(168.622)
Cash flows generated from/used in derivative financial instruments, net	171.263	(58.522)
Change in fair value of available-for-sale financial assets	--	--
Dividends paid	(51.145)	(61.788)
Correction of prior years losses	(1.038)	(198.191)
Impact of adopting IFRS 9	--	--
Hedge accounting from cash flow risk	(95.648)	(23.352)
Rate change effect of deferred tax	--	--
Payların geri alım işlemleri nedeniyle meydana gelen artış / azalış	--	--
Net Cash Flows Generated From Financing Activities	1.805.476	1.788.089
C. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Proceeds from sales and acquisition of subsidiaries	--	35
Proceeds from investments recognized using the equity method	--	--
Financial investments	6.523	(5.812)
Change in fair value of available-for-sale financial assets	73.745	33.119
Effect of exclusion from consolidation (Kulüp Salima)	--	--
Effect of exclusion from consolidation	--	--
Changes in property, plant and equipments	(792.968)	(935.815)
Changes in intangible assets	(269.752)	(96.379)
Changes in investment properties	--	--
Tübitak incentive fund	114	110
Resructuring Law No: 7143	--	--
Effect of exclusion from consolidation (Kulüp Salima)	--	32.976
Effect of exclusion from consolidation (Nurol Arabia & Iraq)	25.858	--
Change in shares of investments revalued by equity method	--	(138.671)
Exemption of real estate and investment sales earning	(330)	(330)
Nurol Holding & Gemad combination effect	2.271	--
Sell and leaseback (Nurol Plaza)	--	(11.189)
Net Cash Flows Used in Investment Activities	(954.539)	(1.121.991)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**783.650**	**431.703**
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1.789.913**	**1.358.210**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2.573.563**	**1.789.913**

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

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

1. Organization and Nature of Activities of the Group

Nurol 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 and finance to name a few.

The Company is a member of Nurol Group and is ultimately controlled by the "Çarmıklı" family members.

The registered office address of the Company is Arjantin Caddesi, No:7, Gaziosmanpaşa Ankara.

The consolidated financial statements have been authorized for issue by the Board of Directors of the Group on 11 March 2020. The General Board and certain regulatory bodies have the power to amend the statutory financial statements and consolidated financial statements. after issuance.

<u>Consolidated Subsidiaries</u>

As of 31 December 2020 and 2019, the subsidiaries included in consolidation and the effective rates of ownership is as follows:

	Ownership rate (%)	
	31.12.2020	**31.12.2019**
Construction Group:		
Nurol İnşaat ve Ticaret A.Ş.	99,89	99,89
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. (*)	89,17	89,84
Energy Group:		
Nurol Enerji Üretim ve Pazarlama A.Ş.	99,85	99,85
Enova Enerji Üretim A.Ş.	49,96	49,96
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 Elektrik Enerjisi Toptan Satış A.Ş.	50,00	50,00
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.	99,83	99,83
Nurol Makina Sanayi A.Ş.	99,99	99,99
Nurol İleri Teknoloji Savunma Ürünleri Madencilik Sanayi Tic. A.Ş.	70,00	70,00
Gemad Madencilik Sanayi ve Ticaret A.Ş (**)	--	100,00
Service Group:		
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
Nurol BAE Systems Hava Sistemleri A.Ş.	51,00	51,00
Finance Group:		
Nurol Yatırım Bankası A.Ş.(***)	96,33	95,69
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

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

(*) ***Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. (“Nurol Gayrimenkul”)***

Based on the decision of the board of directors dated 5 March 2020 and numbered 4; Provided that the Company remains within the registered capital ceiling of TL 400,000,000, the issued capital of 205,000,000 TL, each consisting of shares with a nominal value of 1 TL, will have a total sales revenue of 360,000,000 TL, by completely limiting the pre-emptive rights of the current shareholders, in cash It was decided to be 295,000,000 TL by increasing 90,000,000 TL completely and free from any collusion.

The B group shares to be issued due to the capital increase are not privileged and tradable on the stock exchange, the sale price of the shares should be determined as 4 TL, all of the shares with a nominal value of 90,000,000 TL to be increased in private placements, without public offering, with the allocated sales method "Borsa İstanbul A.Ş.. share market, it was decided to be sold to Nurol Holding A.Ş. by wholesale method. On 17 March 2020, it was sold to Nurol Holding through a wholesale transaction in the stock market share market with the allocated sales method. The new version of the capital increase has been registered by the Istanbul Trade Registry Office on 16 April 2020.

In addition, Nurol Holding A.Ş., which will participate in the capital increase subject to the approval of the Capital Markets Board, within the framework of the allocated capital increase decided to be realized by the decision of the Company's Board of Directors dated 14 December 2020. 190.000.000 TL of capital advance has been paid to the Company's accounts on 28 December 2020 and has been accounted as capital advances under equity.

(**) ***Gemad Madencilik Sanayi ve Ticaret A.Ş (Gemad)***

All of the shares of "Gemad Madencilik Sanayi ve Ticaret A.Ş." shall be merged by Nurol Holding with all its assets and liabilities in accordance with the provisions of paragraph 1 of Article 155 and Article 156 of the Turkish Commercial Code numbered 6102. Decision of the Board of Directors dated 19 December 2020 and numbered 2019/16 was taken. The decision of the Board of Directors has been announced in the Turkish Trade Registry Gazette No. 10051 dated 3 April 2020.

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

Pursuant to the decision taken at the Ordinary General Assembly held on 22 June 2020, the paid-up capital of the Parent Bank was increased to 360,000,000 TL by being covered by internal resources. The Ordinary General Assembly Decision was announced in the Turkish Trade Registry Gazette No. 10109 dated 1 July 2020.

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 parent company, directly or indirectly, has a partnership ratio of more than 50% and more than 50%, or subsidiaries with voting rights or control over their operations are fully included in the consolidation. It is assumed that there is a controlling power if financial and business policies can be managed. The group is fully effective in the management of the companies mentioned above. These subsidiaries have been consolidated according to International Accounting Standards 27 (Consolidated Financial Statements and Accounting of Subsidiaries).

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 2019: 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.

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

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

Joint operations consolidated using the proportional consolidation method

As of 31 December 2020 and 2019, 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 (%)	
	31.12.2020	**31.12.2019**
Nurol - Cengiz Joint Venture	50	50
Nurol - Cengiz Hasankeyf Joint Venture	50	50
Gama - Nurol Joint Venture	50	50
Nurol - Özaltın - Makyol - Astaldi - Göçay Joint Venture (NÖMAYG)	25,17	25,17
Nurol - Yüksel - Özka - YDA Joint Venture	25	25
Nurol - Yüksel - YDA - Ozka 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

As of 31 December 2020 and 2019, the breakdown of personnel employed within the Group is as follows:

	Number of Personnel	
	31.12.2020	**31.12.2019**
Nurol İnşaat ve Ticaret A.Ş.	9.226	11.139
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	52	53
Nurol Enerji Üretim ve Pazarlama A.Ş.	3	3
Enova Enerji Üretim A.Ş.	31	35
Nurol Solar Enerji Üretim A.Ş.	8	16
Nurol Göksu Elektrik Üretim A.Ş.	18	18
Enova Elektrik Enerjisi Toptan Satış A.Ş.	6	4
FNSS Savunma Sistemleri A.Ş.	984	1.044
Tümad Madencilik Sanayi ve Ticaret A.Ş.	881	804
Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş.	311	135
Nurol Makina Sanayi A.Ş.	550	554
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	19	21
Botim İşletme Yönetim ve Ticaret A.Ş.	15	16
Nurol Havacılık A.Ş.	12	12
Nurol Sigorta Aracılık Hizmetleri A.Ş.	11	11
Nurol BAE Systems Hava Sistemleri A.Ş.	47	41
Turser Turizm Servis ve Ticaret A.Ş.	7	6
Bosfor Turizm İşletmecilik A.Ş.	16	16
Nurol Holding A.Ş.	132	138
Nurol Yatırım Bankası A.Ş.	66	66
	12.395	**14.132**

With 20 companies, 11 joint ventures, 10 foreign branches and subsidiaries within the Nurol Group of Companies, mainly in construction; operates in the defence, mining, finance, energy, tourism, trade and service sectors.

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

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.

Ongoing major projects of the Nurol İnşaat are as follows:

- Arifiye Sincan Tunnel Construction (Nurol İnşaat)
- Eyiste Viaduct Project (Nurol İnşaat)
- SilifkeMut Road Construction Work (Nurol İnşaat)
- İzmir Çiğli Tram Line (Nurol İnşaat),
- Gebze Orhangazi İzmir Highway (İzmit Gulf Crossing and Connection Roads Included) Build Operate Transfer Project (Nömayg Joint Venture)
- Gebze Orhangazi İzmir Highway, Balıkesir Kırkağaç Akhisar Sector (Nömayg Joint Venture).
- Ilısu Dam and Hydroelectric Power Plant Facilities Construction Project (Nurol Cengiz Joint Venture)
- Hasankeyf Group Highway Bridges 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)
- Boukhroufa Dam (Algeria),
- Souk Tlata Dam (Algeria),
- East West Highway – Tzi Ouzu City Connecting Highway (Algeria),
- Nusfalau – Suplacu de Barcau (Romania),
- Corniche Tower Project (Abu Dhabi),
- P20 The Cove Dubai Bay Building Project (Dubai),
- GA09 Golf Landscape Apartments Project (Dubai),
- P32 Parcel Dubai Bay Building Project (Dubai),
- GA14 Golf Link Villas Project (Dubai),
- Vista Beach Tower Project (Dubai),
- Riyadh City South Faz4 (Dubai),

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

Nurol Gayrimenkul Yatirim Ortakligi Anonim Sirketi was established on September 3, 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 10.82% (2019: 10.15%) of the Company shares as of December 31, 2020, 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.

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

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 Enerji Üretim A.Ş. was established. The Company is also interested in another important energy source for Turkey which is importing LPG and LPG storage and working on distribution projects on this issue. 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 Ceylan 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.

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 Goksu, has been taken into operation in 1959 for the purpose of utilizing 81 m fall river type. The installed 10.8 MW power of Nurol Göksu Power Plant has been increased to 11.2 MW with the application of EMRA, with a very high capacity utilization rate, it produces an average of 65 million kW / h of energy annually.

Enova Elektrik Enerjisi Toptan Satış A.Ş. (“Enova Toptan”)

Özaltın Makro Elektrik Enerjisi Toptan Satış A.Ş. was established on 20 November 2009 with and 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.

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

FNSS Savunma Sistemleri A.Ş. ("FNSS")

FNSS Savunma Sistemleri A.Ş. is a leading manufacturer and supplier for armoured vehicles and weapon systems for the Turkish Armed Forces and Allied 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 armoured 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 armoured 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 armoured 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;

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

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

Tümad Madencilik Sanayi ve Ticaret A.Ş., a subsidiary of Nurol Group of Companies, was established in Istanbul in 1989, and a branch was opened in Ankara at the end of 2011 and the headquarters of the company moved 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 16,433 hectares operating and research area in Turkey.

The company started the İvrindi Gold and Silver 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 project has reached its goal of working at full capacity in 2020, as planned. 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.

The company started to implement the Lapseki Gold and Silver Mine Enrichment Project in the county of Lapseki in Çanakkale province in 2014. The operation phase of the project, the construction phase of which was completed in 2016, started gold production in December 2017. Mining activities continue in Kestanelik and S mines at Lapseki Plant. In addition, in 2019, the underground mine was commissioned and ore production started. The ores taken from the open pits and underground mine are fed to the production facility and the facility is operating at full capacity. The capacity of the facility, where 750,000 tons / year of production is made with tank leaching, will be increased with the optimizations to be made.

As a result of the reserve development works carried out simultaneously with the commissioning of both projects, in 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.

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

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 armour systems for air land and sea platforms.

The Company operates in the research-development and production activities in the field of material technologies which include advanced technology ballistic ceramic materials and crusher rotor tips.

The Company primarily provides the security forces and the defence industry in the country with various armour needs in all areas and hybrid armour system solutions. In addition, suitable and successful solutions and sales are provided for international inquiries for ballistic projection.

The Company operates in three factories located in Gölbaşı, Kazan and Şaşmaz in Ankara, has a Facility Security, NATO Secret, National Secret, 17025 Ballistic Test Laboratory Accreditation.

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 Undersecretariat 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. The Company designs and manufactures the following facilities:

- Advanced testing and measurement equipment,
- Four and five axis CNC machine tools,
- Welding robot
- Large size lasers and plasma cutting machines,
- Horizontal and vertical lathes,
- Hydraulic and eccentric presses of various capacities, including 2000 tonnes,
- 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 Armoured 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 Makina is registered with the Istanbul Trade Registry Office with the registration number 196676-5 with the Board of Directors Decision No. 6 dated June 1, 2020 and registered in Aydınlı Sb Mahallesi Matraş Cad. No: 1/119 Tuzla İstanbul, Nurol Makina ve Sanayi A.Ş. It has been decided to close the Branch with the title of Istanbul Industry and Commerce Free Zone Branch.

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

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, equipments, 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.)

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., and Axa Sigorta A.Ş., Axa Hayat ve Emeklilik A.Ş., Gulf Sigorta A.Ş., Eureko Sigorta A.Ş., Chubb European Group Ltd., HDI Sigorta A.Ş., Dubai Starr Sigorta A.Ş., Generali Sigorta A.Ş., Groupama Sigorta A.Ş. Mapfre Sigorta A.Ş., Acıbadem Sigorta A.Ş., Zurich Sigorta A.Ş. and Ray Sigorta A.Ş.

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

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 Panels projects. The employer of the HUMS project is FNSS and the Hürjet Control Panels Project 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. The 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 1989. 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.

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 Financial Statements

Basis of Presentation

The Company and the Company's subsidiary established in Turkey, legal books keeps in accordance with the "Turkish Commercial Code No. 6102", tax legislation and the Uniform Chart of Accounts published by the "Ministry of Finance". Subsidiaries, Business Partnerships and Affiliates operating in foreign countries prepare their statutory financial statements in accordance with the laws and regulations of the countries in which they operate.

Companies in Turkey are subject to audit financial statements of TCC and the Public Oversight Accounting and Auditing Standards Board ("POA") is prepared by accordance with the accounting standards have been promulgated. The accompanying consolidated financial statements, which have been promulgated by POA Turkey Accounting Standards ("TAS") has been prepared accordingly. TAS; Turkey Accounting Standards and Turkey Financial Reporting Standards supplement made in relation to this area with the name of the published accounting standards and review of and published by POA and exceptional other standards, it consists of reviews and other regulations.

The consolidated financial statements are based on legal records and has been expressed in TL, according to Turkey Accounting Standards issued by the POA is subjected to a number of adjustments and reclassifications to be able to properly submit the status of the Group are prepared. These adjustments generally consist of deferred taxes, severance pay, provisions, expense for development expenses, hedging instruments, recording revenue in the correct period, separation of tangible fixed asset depreciation and intangible fixed asset amortization on economic life and pro-rata basis.

Consolidated financial statements have been prepared on the basis of historical cost. The historical cost value is the value of the costs incurred during the acquisition or creation of the asset. This value consists of the price paid to acquire and create the asset plus transaction costs. When an obligation is incurred or a liability is taken over, the historical cost of that obligation is the value of the consideration received to bear or assume the obligation minus transaction costs.

Presentation and Functional Currency

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the functional and presentation currency of the Group is accepted as Turkish Lira "TL".

The functional and reporting currency of Tümad Madencilik and Nurol Makina was accepted as Turkish Lira on 31 December 2017 and before. The functional currency of the company has been changed to USD within the scope of TAS 21 "Effects of Changes in Exchange Rates" as of 01 January 2018.

When Tümad Madencilik and Nurol Makina make an assessment within the framework of the principles specified in TMS 21; Most of the contracts signed were made in US Dollars. Since most of the research, development and production expenditures are tracked in USD and the currency in which most of the financing costs are realized is USD, the Group Management determines the functional and presentation currency by taking into account the indicators in paragraph 9 of TAS 21. for these two companies, it changed to US Dollars in 2018.

Foreign currency transactions and balances

Foreign currency transactions have been converted over the exchange rates valid on the dates of the transaction. Monetary assets and liabilities based on foreign currencies are converted using the exchange rates valid on the date of the statement of financial position. Exchange difference income or expense arising from foreign currency-based commercial transactions (trade receivables and debts) is included in the "other income / expenses from operating activities" account, while the exchange difference income or expense arising from the translation of other foreign currency-based monetary assets and liabilities is "finance income / expenses". reflected in the statement of profit or loss.

Non-monetary items in foreign currency measured with cost value are converted to functional currency using exchange rates on the first transaction date. Non-monetary items in foreign currency that are measured with their fair values are converted to functional currency using the exchange rates valid on the date the fair value was determined.

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

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

Basis of Presentation (Continued)

Presentation and Functional Currency (Continued)

Foreign currency transactions and balances (continued)
Foreign currency transactions are recognized at the current exchange rates on the transaction date. Assets and liabilities recorded in foreign currency are valued based on the exchange rates at the end of the period. Exchange differences arising from the valuation process are shown in the financial income and expenses in the income statement.

	31 December 2020	31 December 2019
TL / ABD$ – End of the year	7,3405	5,9402
TL / ABD$ – Average	7,0034	5,6712

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

In the financial statements of Subsidiaries, Business Partnerships and Affiliates operating in foreign countries prepared in accordance with the Group accounting policies; its assets and liabilities are converted to TL by using the exchange rate at the date of the statement of financial position, and the income and expenses by using the average exchange rates. Differences arising from the use of closing and average exchange rates are followed under the foreign currency translation differences item in equity.

Going Concern
The consolidated financial statements including the accounts of the parent Group, its subsidiaries, foreign branches and joint operations have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Comparative Information and Adjustment of Financial Statements of Previous Period
In order for allowing the determination of financial status and performance trends, the Group's current period financial statements were prepared as comparative with the previous period. In order to suitability with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are disclosed.

Accounting Policies, Changes in Estimates and Errors (Continued)

Accounting policy changes arising from the implementation of a new TAS / TFRS for the first time are applied retrospectively or prospectively in accordance with the transition provisions of the said TAS / TFRS, if any. Changes without any transition requirement, optional significant changes in accounting policies or identified accounting errors are applied retrospectively and the financial statements of the previous period are rearranged.

Changes in accounting estimates are applied in the current period when the change is made if they are related to only one period, and if they are related to future periods, they are applied both in the period of the change and prospectively.

In order to allow the determination of financial status and performance trends, the current period financial statements of the Group are prepared in comparison with the previous period. Comparative information is rearranged or classified when necessary in order to comply with the presentation of the current period financial statements. Financial statements have been rearranged as of 1 January 2019 and 31 December 2019.

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

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

Accounting Policies, Changes in Estimates and Errors (Continued)

ASSETS	(Reported) 31 December 2019	(Restated) 31 December 2019	Restate effect
Current Assets			
Cash and cash equivalents	1.789.905	1.789.913	(8)
Trade receivables from third parties	2.424.349	2.395.802	28.547
Other trade receivables from third parties	31.052	32.732	(1.680)
Derivate financial instruments	41.754	107.508	(65.754)
Inventories	1.809.183	1.486.600	322.583
Unbilled contract costs	3.134.060	2.662.503	471.557
Prepaid expenses	179.501	179.507	(6)
Other current assets	422.149	401.020	21.129
Non-Current Assets			
Derivate financial instruments	304.514	99.932	204.582
Unbilled contract costs	--	1.496.231	(1.496.231)
Prepaid expenses	16.965	16.962	3
Deferred tax assets	1.182.468	1.000.258	182.210

LIABILITIES	(Reported) 31 December 2019	(Restated) 31 December 2019	Restate effect
Current Liabilities			
Financial liabilities	4.009.905	4.009.907	(2)
Trade payables to related parties	288	58.906	(58.618)
Trade payables to third parties	3.082.573	3.082.386	187
Other payables to third parties	59.087	59.088	(1)
Deferred contract revenue	115.330	1.140.005	(1.024.675)
Non-Current Liabilities			
Advances received	828.350	828.348	2
Deferred tax liabilities	908.874	745.482	163.392

EQUITY	(Reported) 31 December 2019	(Restated) 31 December 2019	Restate effect
Equity Attributable to Owners of the Parent			
Actuarial gain / (loss)	3.089	3.092	(3)
Foreign currency translation differences	1.008.237	727.639	280.598
Restricted reserves	696.327	611.119	85.208
Hedge accounting from cash flow risk	167.292	57.424	109.868
Prior years' profit/(loss)	(354.736)	(459.399)	104.663
Net profit/(loss) for the period	40.905	(17.969)	58.874
Non-Controlling Interests	447.394	499.955	(52.561)

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

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

Accounting Policies, Changes in Estimates and Errors (Continued)

INCOME STATEMENT	(Reported) 31 December 2019	(Restated) 31 December 2019	Restate effect
Sales income	8.631.935	8.631.941	(6)
Income of financial sector activities	442.999	442.999	-
	9.074.934	**9.074.940**	**(6)**
Cost of sales (-)	(6.696.890)	(6.807.830)	110.940
Cost of financial sector activities	(259.107)	(259.107)	-
	(6.955.997)	**(7.066.937)**	**110.940**
Gross profit from trading activity	1.935.045	1.824.111	110.934
Gross profit from financial sector activities	183.892	183.892	-
Gross profit	**2.118.937**	**2.008.003**	**110.934**
General administrative expenses (-)	(345.909)	(329.356)	(16.553)
Research and development expenses (-)	(64.217)	(65.575)	1.358
Income from other operating activities	99.905	99.906	(1)
Expenses from other operating activities (-)	(135.847)	(137.690)	1.843
Operating profit	**1.546.187**	**1.448.606**	**97.581**
Financial income	1.042.685	903.951	138.734
Financial expenses (-)	(3.212.847)	(3.124.387)	(88.460)
Profit / (loss) before tax from continued operations	**102.300**	**(45.555)**	**147.855**
Tax expenses from continued operations			
Deferred tax charge	89.143	230.685	(141.542)
Profit /(loss) from continued operations	**164.590**	**158.277**	**6.313**
PROFIT FOR THE PERIOD	**157.678**	**151.365**	**6.313**
Distribution of profit			
Non-controlling interest	116.773	169.334	(52.561)
Equity holders of the parent	40.905	(17.969)	58.874
		-	

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

Accounting Policies, Changes in Estimates and Errors (Continued)

Comparative Information and Adjustment of Financial Statements of Previous Period (Continued)

FNSS

- The Group has determined that there is an error in the past deferred tax amounts in its examination, and the necessary corrections have been made.

- The Group noticed in its examination that the foreign exchange difference amounts arising from the forward were mistakenly accounted in the derivative instruments account within the scope of hedge accounting, and the related amounts were recognized in other comprehensive income.

- Income accruals included in other current assets were classified into trade receivables from unrelated parties, and VAT receivables were classified into other receivables from unrelated parties.

Nurol Makina

- The company's inventory items that should go to cost while recording revenue within the scope of business agreements extending to the previous years are accounted for under cost, and the deferred tax records arising from the transaction have been corrected.

- Classification of Nurol Holding's non-trade receivables to other receivables has been made due to the content of receivables.

- The company's inventory items that should go to cost while recording revenue within the scope of business agreements extending to the previous years are accounted for under cost, and the deferred tax records arising from the transaction have been corrected. In addition, the previous years' losses balance, the calculation of which was incorrect, was also recalculated and corrected.

- Prepaid expenses are classified as long and short.

- In the prior reporting, only liabilities from leasing transactions are shown in the short-term borrowings of the Company, and liabilities from leasing transactions are presented separately due to taxonomy. In addition, short-term loans shown in long-term parts of short-term borrowings are classified into short-term loans due to their content.

Nömayg

As of 13 August 2019, with the approval of the General Directorate of Highways, the provisional acceptance of the Gebze - İzmir Highway Construction Works project, which the Company has undertaken, has been made. With the provisional acceptance, in accordance with the ordinary partnership accounting, the profits of the previous years related to the project were reflected to the partners. In this context, the transfer of accumulated profits in question was reflected in the financial statements of the Company by offsetting the previous years profits with the amounts sent to the partners from the beginning of the project and accounted in the account of other receivables from related parties. The effects of foreign exchange differences arising during the mentioned transaction have also been accounted for.

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

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

Application of New and Revised International Financial Reporting Standards

31 December 2020 as of the date of preparation of financial statements for the end of the fiscal year taken as a basis accounting policies summarized below 1 January 2021 date, the current new and changed Turkey Accounting Standards ("TAS") / TFRS and IAS / TFRS review except as consistent with those used in the previous year has been applied. The effects of these standards and interpretations on the financial status and performance of the Group are explained in the relevant paragraphs.

a) The new standards, amendments and interpretations which are effective as at 1 January 2020

TFRS 3 (Amendments)	Definition of Business
TAS 1 and TAS 8 (Amendments)	Definition of Materiality
TFRS 9, TAS 39 and TFRS 7 (Amendments)	Indicator Interest Rate Reform
TFRS 16 (Amendments)	Amendments Regarding References to the Conceptual Framework in TFRS
Conceptual Framework (Amendments)	Amendments Regarding References to the Conceptual Framework in TFRS

Definition of a Business (Amendments to TFRS 3)

The definition of "business" is important as the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business group or just an asset group. The definition of "business" in the standard of TFRS 3 Business Combinations has been changed. With the change in question:

- Confirming that an enterprise should include inputs and a process; It has been clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquires a business or a group of assets.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after 1 January 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.
Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

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

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

Application of New and Revised International Financial Reporting Standards (Continued)

a) The new standards, amendments and interpretations which are effective as at 1 January 2020 (Continued)

Amendments to TFRS 16 *COVID-19 Related Rent Concessions*

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID 19 related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID 19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession will meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group has applied the practical expedient to all rent concessions that have met the above criteria. There were no COVID-19-related rent concessions prior to 1 June 2020.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*
Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16	*Interest Rate Benchmark Reform — Phase 2*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

23 January 2020, the POA issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

Application of New and Revised International Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective (Continued)

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the POA's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3.
At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied retrospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied prospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

With the amendment to TFRS 1, the subsidiary that started to apply TFRSs at a later date than the parent company in paragraph D16 (a) of the standard, including the cumulative translation differences in the scope of the exemption for the measurement of assets and liabilities, and Application costs of the starters have been reduced.

Amendments to TFRS 9 Financial Instruments

This amendment clarified the fees considered in the assessment of derecognition of a financial liability. The debtor includes fees paid or received between the debtor and the creditor, including fees paid or received by the debtor or creditor on behalf of others.

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

Application of New and Revised International Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective (Continued)

Annual Improvements to TFRS Standards 2018-2020 Cycle (Continued)

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform — Phase 2*

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows. The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

- It is assumed that the accumulated amount in the cash flow hedge fund is based on the alternative reference interest rate.

- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

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

Application of New and Revised International Financial Reporting Standards (Continued)

b) issued but not yet effective and not early adopted

Relief from discontinuing hedging relationships (Continued)

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

-As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as;
How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the parent group, Nurol Holding, its subsidiaries on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with POA Financial Reporting Standards applying uniform accounting policies and presentation. The results of subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

Subsidiaries
Subsidiary is consolidated from the date on which control is transferred to the Group until the date on which the control is transferred out of the Group.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and the carrying value of the investment held by the Parent is eliminated against the related equity accounts. All significant inter-company balances and transactions, including unrealized profits and losses are eliminated. The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

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

Summary of Significant Accounting Policies (Continued)

Principles of Consolidation (Continued)

Subsidiaries (Continued)

The Group reassesses whether or not it controls an investee when if facts and circumstances arise there are changes to one or more of the three elements of control listed above.

Even though the Group has voting rights less than a majority, if it has ability to manage the operation of the investee unintentionally, then the Group assess that it has control over that investee. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- comparison of voting rights of the Group and the others,
- potential voting rights held by the Group, and others,
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Group has, or does have, the current ability to direct the relevant activities at the time that decisions need to be made (including voting patterns at previous shareholders’ meeting).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Each item of profit or loss and other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to along with the Group accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income and expenses, profits and losses and cash flows relating to transactions between members of the Group are eliminated during consolidation.

The interests of the minority shareholders in the net assets and operating results of the Subsidiaries are shown as “non-controlling interests” in the consolidated financial statements.

Subsidiaries, of which financial statements and operating results, either individually or cumulatively not material with respect to consolidated financial statements as of 31 December 2020, are not included in the scope of consolidation, but classified as available-for-sale financial assets.

Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. As explained in Note 1 the Group’s interest in joint ventures is accounted for by way of proportionate consolidation; in other words, the Group includes its share of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements. Proportionate consolidation method principally has the similar procedures as the line by line consolidation method.

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

Summary of Significant Accounting Policies (Continued)

Principles of Consolidation (Continued)

Investments

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

Otoyol Yatırım İşletme A.Ş. and FNSS Middle East Co. LTD. which are the Group's investments were recognized using the equity method. In the equity method, investments are recognized with net asset amount in the consolidated balance sheets and the Group is share resulting from the operations of the investments is included in the consolidated income statements (Note 19).

In the accompanying financial statements, non-consolidated investments and joint ventures are carried at cost. Provision for impairment is set in the case they are carried under cost.

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:

- (iv) 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).
- (v) 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).
- (vi) Both entities are joint ventures of the same third party.
- (vii) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (viii) 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.
- (ix) The entity is controlled or jointly controlled by a person identified in (a).
- (x) 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 consolidated financial statements under the five-stage model below.

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

2. Basis of Presentation of the 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. Revenue obtained from sales of goods is accounted for when the conditions below are met:

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".

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.

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

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Construction contracts (Continued)

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

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

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

Service revenues
Revenue from the service provision contract is accounted for at the stage of completion of the contract.

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.

Interest income
Interest income is accrued in the related period at the effective interest rate that reduces the estimated cash inflows from the financial asset to the carrying value of the asset during the expected life of the remaining principal amount. The interest income accrual is not reflected in the records when the collection of loans allocated by the entity becomes suspicious.

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.

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

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Ongoing Project Activities (Continued)

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.

Financial income and financing costs
Financial income consists of bank deposit interest income and interest income derived from structured funds, and exchange rate gains on financial assets and liabilities (other than trade receivables and payables), which constitute a return segment used for financing purposes.

Financial expenses include the interest expenses of bank loans. Borrowing costs that are not directly attributable to the acquisition, construction or production of an asset are recognized in profit or loss using the effective interest rate method.

Foreign exchange gains and losses on financial assets and liabilities (other than trade receivables and payables) are reported net in the financial income or financial expenses according to the net position of exchange rate movements. Exchange rate differences and rediscount income on trade receivables and payables are reported in the main operations and exchange rate differences, in other income and rediscount expenses are reported in other expenses from the main operations.

Interest income is accounted using the effective interest method. Dividend income is recognized in profit or loss at the date the Group is entitled to receive payment.

Finance sector
Interest income and expenses are recognised in the income statement on an accrual basis. When loans and advances to customers are considered doubtful of collection by management, they are written down to their recoverable amount, and interest income is thereafter recognised based in the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission and placement fees are recognised as the related services are performed.

Gold sales revenues
Sales revenues consist of a combination of gold and silver dore 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.

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

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Ballistic and armour 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.

Rent income
The hotel has made lease agreements for health club service agreements and offices at the congress centre. The determined rent amounts and membership dues are fixed in the contracts. Costs received from customers or members are accounted for as income for the future years, and income earned during the membership or lease period is recognized as income.

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 stock piles, 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 amortisation 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 realisable value. Net realisable 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 14).

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

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

Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation except the buildings which are carried according to the revaluation model and any impairment in value. The initial cost of property, plant and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

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

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

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

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

	Useful Life
Buildings	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 TL 119,738 thousand ($ 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 TL dated 21 December 2006, obtained from the Energy Market Regulatory Board regarding the production facility.

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

2. Basis of Presentation of the 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 the 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 recognised 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 8 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	30 years
17798	Çanakkale	Lapseki	18.12.2019	operating license	10 years
27480	Çanakkale	Lapseki	15.11.2019	operating license	10 years
79099	Çanakkale	Lapseki	16.12.2019	operating license	10 years
69073	Çanakkale	Lapseki	16.12.2019	operating license	10 years

(*) with registration number 84474, 201201358 and 201400088 have been combined under registration number 88276.

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

Summary of Significant Accounting Policies (Continued)

Intangible Assets and Amortization (Continued)

- Internally generated intangible assets-research and development expenses

For the realization of intangible assets generated internally, the evaluation process as to whether the required criteria are met, the Group allocated the formation of the asset in question in the following phases:

research phase and
development phase

With regard to research and development expenses, adjustments have been made in TAS (Turkish Accounting Standards) 38. It is hoped that research and development expenses will have an economic useful life and will be capitalized if it can be measured. Otherwise, if the future benefits cannot be measured and the higher the uncertainty of future benefits, these expenses must be written-off. It can be seen as basic principle for written-off research expenses to be recognized in the period it occurs.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

- 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 is 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 Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Intangible Assets 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 derecognised 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 derecognised.

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.

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

Summary of Significant Accounting Policies (Continued)

Investment Properties (Continued)

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.

- 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;
- 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 recognises 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 recognised in profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognised 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 recognised in profit or loss. The amount recognised 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 recognised.

ii. Any remaining part of the increase is recognised 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.

Investment properties belonging to Turser Turizm Servis ve Ticaret A.Ş., one of the group companies, are Sheraton Otel ve Convention Center-Lugal have been revalued with the expert report dated 31 December 2020 by Net Kurumsal Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the registered amount (according to the appraisal report) has been recorded in the "Tangible Fixed Asset Revaluation" account in the equity in the attached consolidated financial statements.

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

Summary of Significant Accounting Policies (Continued)

Investment Properties (Continued)

As for Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. investment properties are valued every year and 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 32).

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 can not be determined reliably, at cost if any, after deducting the provision for depreciation in the consolidated financial statements.

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.

Finance Leases

The Group - as the leassee

Leases of property, plant and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are included in the property, plant and equipment at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset. An impairment loss is recognised when a decrease in the carrying amount of the leased property is identified. Interest expenses and foreign exchange losses related to the finance lease liabilities are accounted in the consolidated statement of income. Lease payments are deducted from finance lease liabilities.

The Group as the leasor

Nurol Yatırım Bankası A.Ş. which is subsidiary of the Group recognized as receivables, its net investments related to the leasing. The bank’s net investment in the lease income related to leasing activities are allocated to accounting periods to reflect a fixed interest rate.

2. Basis of Presentation of the 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.

Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated income statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised using a recalculated effective interest rate.

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

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

Summary of Significant Accounting Policies (Continued)

Derivative Financial Instruments and Hedging Activities (Continued)

Cash flow hedge (Continued)

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Foreign currency hedge of net investments in foreign operations

Gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial Assets

Classification
The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those with maturities greater than 12 months are classified as non-current assets. The Group's receivables are classified as "trade and other receivables" in the statements of financial position.

Available-for-Sale Financial Assets
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the related investments within 12 months of the balance sheet date.

Held to Maturity Financial Assets
Debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity, excluding the financial assets classified as originated loans and advances to customers are classified as "held-to-maturity financial assets". Held-to-maturity financial assets are carried at amortized cost using the effective yield method.

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

Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Recognition and Measurement
Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Loans and receivables are carried at amortized cost using the effective yield method.

Loans and receivables are accounted for at amortized cost using the effective interest rate method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed for translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in the income statement; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity. Held-for-trading derivative financial instruments are initially recognized in the financial statements at cost and are subsequently measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the statements of income. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. If the market for a financial asset is not active and the fair value of the financial asset cannot be measured reliably, aforementioned financial assets are accounted for cost minus impairment in the financial statements.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

Repurchase and Resale Transactions

Securities purchased under agreements to resell are recorded as cash and cash equivalents in the consolidated financial statements. The difference between the purchase and resale price of these repurchase agreements is treated as interest income and accrued over the life of the reverse repurchase agreement.

Loans and Advances to Customers

Financial assets generated as a result of lending money or providing a loan are classified as loans and advances to customers and are carried at amortised cost, less any impairment. All loans and advances are recognised in the consolidated financial statements when cash is transferred to customers.

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

Summary of Significant Accounting Policies (Continued)

Loans and Advances to Customers (Continued)

A credit risk provision for loan impairment is recognised if there is objective evidence that the Group will not be able to collect all the amounts due. The amount of the provision for impaired loans and loans under legal follow up is the difference between the carrying amount and the recoverable amount. The recoverable amount is the net present value of the expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the associated loan. The provision for loan impairment also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. The amount of provision is estimated based upon the Group's credit risk policy, the structure of the existing loan portfolio, historical patterns of losses in each component, the internal credit risk rating of the borrowers and the current economic climate in which the borrowers operate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a loan or receivable is uncollectible, it is written off against the allowance account for loans or receivables on the balance sheet. Subsequent recoveries of amounts previously impaired are credited against the allowance account on the balance sheet and accounted for as an income in the related provision account in the income statement.

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.

Financial Liabilities

Financial liabilities are recognized initially at fair value and at directly attributable transaction costs and after initial recognition; financial liabilities are subsequently measured at amortized cost by using the effective interest rate method. Effective interest rate method is the amortized cost method and allocation of the related interest expenses to the related periods. Effective interest rate is the rate reducing the future expected cash payments to present value of the financial liability within an expected life of the asset or in a shorter period.

Trade Payables

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

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. Bank deposits with original maturities of more than three months are classified under short-term financial investments.

2. Basis of Presentation of the 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 TL to 1 billion TL 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 TL 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 TL 95,948 thousand for TL 45,745 thousand capital of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. TL 50,204 thousand goodwill was paid during this purchase (Note 20).

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 "TL" unless otherwise expressed)

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

Summary of Significant Accounting Policies (Continued)

Events After the Reporting Date

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

Provisions, Contingent Assets and Liabilities

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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign Currency Transactions

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

	31.12.2020	**31.12.2019**
USD	7,3405	5,9402
EURO	9,0079	6,6506
GBP	9,9438	7,7765
DZD (Algerian Dinar)	0,0556	0,0499
LYD (Libyan Dinar)	5,4829	4,1566
GEL (Georgian Lari)	2,2434	2,0639
AED (United Arab Emirates Dirham)	2,0002	1,6186
MAD (Moroccan Dirham)	0,8240	0,6174
IQD (Iraq Dinar)	0,0050	0,0050
RON (Romanian Leu)	1,8373	1,3832

2. Basis of Presentation of the 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

a) Provision for severance pay
Provision for severance pay refers to the reduced value of the estimated total provision of possible future liabilities arising from the retirement of the Group employees in accordance with the Labor Law at the date of the statement of financial position.

TAS 19 "Employee Benefits" standard requires actuarial assumptions (net discount rate, turnover rate used for the probability of retirement, etc.) to be made within the scope of the calculation of the provision for severance pay. The difference between actuarial assumptions and actual adjustments and the effects of changes in actuarial assumptions constitute actuarial gains / losses. These actuarial gains / losses are accounted for under other comprehensive income.

b) Defined contribution plans
Group employees are obliged to pay a certain amount of contributions to social security institutions. The Group does not have any other payment obligations other than the contribution it pays. These premiums are reflected in personnel expenses in the period they are accrued.

c) Unused leave rights
Liabilities arising from unused leave rights are accrued during the period in which they are entitled.

Discontinued Operations

Discontinued operations are a division that a company has disposed of or classified as available-for-sale, whose operations and cash flows can be separated from the entire company. Activities to be disposed of; It refers to a separate field of activity or geographical area of activity, is part of a separate plan for sale or disposal, or is a subsidiary purchased for the purpose of selling. The Company evaluates the activities to be disposed with the lower of the carrying value of the related assets and liabilities and the current values of which the costs to be incurred for disposal are deducted.

Nurol İnşaat Libya Branch has been evaluated as "Discontinued Operation" as of 31 December 2018 and disclosed separately in the financial statements (Note 38).

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

Summary of Significant Accounting Policies (Continued)

EBITDA

EBITDA is defined as earnings before interest expense, income tax expense (benefit), depreciation and amortization. This information should be read with the statements of cash flows contained in the accompanying financial statements.

Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.Cash flows from operating activities represent cash flows arising from the operations of the Group. Cash flows related to investing activities represent the cash flows the Group uses in its investment activities (fixed investments and financial investments). Cash flows related to financing activities represent the resources the Group uses in its financing activities and the repayments of those resources.

Current Income Tax and Deferred Tax

The tax expense for the period comprises current and deferred tax. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the balance sheet date and adjustments provided for previous years’ income tax liabilities.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

Accounting Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of the statement of financial position date, disclosure of contingent assets and liabilities, and the amounts of income and expenses reported during the accounting period. Accounting evaluations, estimates and assumptions are continuously evaluated by considering past experience, other factors and reasonable expectations about future events under current conditions. Although these estimates and assumptions are based on the best knowledge of managements about current events and transactions, actual results may differ from their assumptions.

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

Accounting Estimates (Continued)

Deferred Tax
Deferred tax assets are recorded when it is determined that taxable income is likely to occur in the upcoming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over temporary differences. The Group management, as a result of its evaluation, has been recognized as a deferred tax asset for financial losses that can be used within a predictable period and within the framework of tax laws. (Note 34).

Provisions, Conditional Liability and Conditional Assets
Provisions are recognized in cases where the Group has a legal or structural obligation arising from past events, it is highly probable that the resources that provide economic benefits to fulfill this obligation will exit the business and a reliable estimate can be made about the amount of the obligation in question.

Contingent liabilities are not reflected in the financial statements if the situation requiring resource transfer is not highly probable and they are explained in the footnotes. Contingent assets, on the other hand, are not reflected in the financial statements and explained in footnotes if the possibility of generating economic gains is high. Provisions for lawsuits and warranties are classified within this scope (Note 25).

Provisions for Employee Benefits
Employee benefit plans are determined by actuarial calculations based on some assumptions including discount rates, future salary increases and employee turnover rates. Since these plans are long term, these assumptions contain significant uncertainties (Note 26).

Useful Lives of Tangible and Intangible Fixed Assets
Group management has made important assumptions in determining the useful economic lives of tangible and intangible fixed assets in line with the experiences of its technical team. (Note 21-24).

Fair Value Measurement of Investment Properties
The “Market Approach” method has been used in the years in which the fair value of real estate classified as investment property is calculated in the consolidated financial statements (Note 22).

Accounting of Project Costs
The percentage of completion method is used in the accounting of fixed price project contracts to estimate the project costs. The use of this method requires the Group to estimate the ratio of the service provided up to that day to the total service to be provided. The Group calculates the project costs remaining in the project contracts through in-house developed mechanisms. Factors such as increases in raw material prices, labor and other costs are included in these estimates based on the best estimate as of the balance sheet date. It is necessary to re-evaluate the remaining costs of the project contracts for unexpected increases that may occur in the following periods.

Capitalization of Development Costs
The Group capitalizes the development cost of the project in accordance with the accounting policies. The capitalization of costs is made on the basis of technological and management's assessment regarding the approval of the economic viability, often in product development project is carried out upon reaching specified milestones in the project management model. When determining the amount to be capitalized, management makes assumptions considering the expected future cash return of the project and the expected profit period.

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 “TL” unless otherwise expressed)

4. Segment Reporting

31 December 2020	Holding	Construction	Energy	Manufacturing	Service	Tourism	Mining	Finance (Bank)	Eliminations	Total
Total Assets	3.793.901	12.843.376	1.268.264	9.445.192	82.976	514.034	3.913.607	4.325.344	(6.922.456)	29.264.238
Total Liabilities	3.793.901	12.843.376	1.268.264	9.445.192	82.976	514.034	3.913.607	4.325.344	(6.922.456)	29.264.238

31 December 2019	Holding	Construction	Energy	Manufacturing	Service	Tourism	Mining	Finance (Bank)	Eliminations	Total
Total Assets	2.926.796	10.874.150	1.186.813	8.368.019	117.692	373.209	2.630.446	3.253.950	(4.527.718)	25.203.357
Total Liabilities	2.926.796	10.874.150	1.186.813	8.368.019	117.692	373.209	2.630.446	3.253.950	(4.527.718)	25.203.357

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

4. Segment Reporting (Continued)

1 January - 31 December 2020	**Holding**	**Construction**	**Energy**	**Manufacturing**	**Service**	**Tourism**	**Mining**	**Finance (Bank)**	**Eliminations**	**Total**
Revenue	60.551	3.450.177	358.627	2.411.188	26.880	46.561	2.411.703	--	(266.446)	8.499.241
Finance sector operating income	--	--	--	--	--	--	--	454.164	--	454.164
Cost of sales	(58.203)	(3.106.254)	(239.409)	(1.924.993)	(31.244)	(35.220)	(1.118.220)	--	185.973	(6.327.570)
Finance sector operating cost	--	--	--	--	--	--	--	(193.830)	--	(193.830)
Gross profit/(loss)	**2.348**	**343.923**	**119.218**	**486.195**	**(4.364)**	**11.341**	**1.293.483**	**260.334**	**(80.473)**	**2.432.005**
Operating expenses	(10.963)	(209.492)	(11.783)	(235.653)	(19.049)	(18.992)	(34.015)	(74.640)	80.473	(534.114)
Other operating income / (expenses), net	(7.647)	(17.618)	(486)	29.384	(538)	(938)	31.176	10.250	--	43.583
Operating profit/(loss)	**(16.262)**	**116.813**	**106.949**	**279.926**	**(23.951)**	**(8.589)**	**1.290.644**	**195.944**	**--**	**1.941.474**
Shares from profit / (loss) from investments revalued with the equity method	--	1.390.722	--	--	--	--	--	--	--	1.390.722
Income /(expenses) from investing activities, net	162.136	78.937	5.184	220	716	622	(1.345)	(65.824)	(172.871)	7.775
Financial income /(expenses), net	(338.949)	(1.573.137)	(180.542)	(293.339)	(724)	(86.254)	(208.860)	--	--	(2.681.805)
Profit/(loss) before tax from continued operations	**(193.075)**	**13.335**	**(68.409)**	**(13.193)**	**(23.959)**	**(94.221)**	**1.080.439**	**130.120**	**(172.871)**	**658.166**
Tax expense for the year	--	--	(6)	(2.548)	(1.126)	(31)	(19.724)	(21.217)	--	(44.652)
Deferred tax income/(expense)	(40.374)	70.924	(9.350)	35.609	(13.046)	(61)	(304.439)	--	--	(260.737)
Net profit/(loss) for the continued operations period	**(233.449)**	**84.259**	**(77.765)**	**19.868**	**(38.131)**	**(94.313)**	**756.276**	**108.903**	**(172.871)**	**352.777**

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

4. Segment Reporting (Continued)

1 January - 31 December 2019	Holding	Construction	Energy	Manufacturing	Service	Tourism	Mining	Finance (Bank)	Eliminations	Total
Revenue	48.140	4.471.146	268.164	3.247.769	35.061	90.273	686.690	--	(215.302)	8.631.941
Finance sector operating income	--	--	--	--	--	--	--	442.999	--	442.999
Cost of sales	(44.466)	(3.779.139)	(157.675)	(2.434.768)	(34.128)	(56.791)	(429.842)	--	128.979	(6.807.830)
Finance sector operating cost	--	--	--	--	--	--	--	(259.107)	--	(259.107)
Gross profit/ (loss)	**3.674**	**692.007**	**110.489**	**813.001**	**933**	**33.482**	**256.848**	**183.892**	**(86.323)**	**2.008.003**
Operating expenses	(12.860)	(135.635)	(12.373)	(321.136)	(15.978)	(25.475)	(16.318)	(68.161)	86.323	(521.613)
Other operating income / (expenses), net	(4.013)	(16.712)	(623)	(31.439)	(20)	(4.212)	23.752	(4.517)	--	(37.784)
Operating profit/(loss)	**(13.199)**	**539.660**	**97.493**	**460.426**	**(15.065)**	**3.795**	**264.282**	**111.214**	**--**	**1.448.606**
Shares from profit / (loss) from investments revalued with the equity method	--	603.577	--	--	--	--	--	--	--	603.577
Income /(expenses) from investing activities, net	291.632	157.247	29	1.167	912	(27.303)	--	(24.009)	(276.977)	122.698
Financial income /(expenses), net	(299.548)	(1.401.030)	(71.948)	(224.690)	810	(64.665)	(111.561)	--	(47.804)	(2.220.436)
Profit/(loss) before tax from continued operations	**(21.115)**	**(100.546)**	**25.574**	**236.903**	**(13.343)**	**(88.173)**	**152.721**	**87.205**	**(324.781)**	**(45.555)**
Tax expense for the year	--	--	(6)	(5.762)	(2.249)	(143)	--	(18.693)	--	(26.853)
Deferred tax income/(expense)	41.364	(14.440)	10.839	165.982	18.750	2.735	2.433	3.022	--	230.685
Net profit/(loss) for the continued operations period	**20.249**	**(114.986)**	**36.407**	**397.123**	**3.158**	**(85.581)**	**155.154**	**71.534**	**(324.781)**	**158.277**

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

5. Related Party Disclosures

a) Trade receivables from related parties	31.12.2020	31.12.2019
Çarmıklı Family	54.674	27.007
Otoyol Yatırım ve İşletme A.Ş.	4.415	5.897
Otoyol İşletme ve Bakım A.Ş.	1.546	1.150
Nurol Park Site Yönetimi	613	--
BAE Systems (Operations) Limited	487	477
Nurol Life Site Yönetimi	--	689
Other	537	992
	62.272	**36.212**

b) Trade payables to related parties	31.12.2020	31.12.2019
SGO İnşaat Sanayi ve Ticaret A.Ş.	10.143	--
Çarmad Madencilik Sanayi ve Ticaret Ltd. Şti.	1.331	8
BAE Systems (Operations) Limited	522	16
Nurol Tower Site Yönetimi	--	169
Otoyol Yatırım ve İşletme A.Ş.	--	58.618
Other	14	95
	12.010	**58.906**

c) Other receivables from related parties	31.12.2020	31.12.2019
Çarmıklı Family	256.134	145.862
Otoyol Yatırım ve İşletme A.Ş.	6.648	3.537
SGO İnşaat Sanayi ve Ticaret A.Ş.	3	--
	262.785	**149.399**

d) Other long-term receivables from related parties	31.12.2020	31.12.2019
Otoyol Yatırım ve İşletme A.Ş.	25.864	--
	25.864	**--**

e) Other current payables to related parties	31.12.2020	31.12.2019
Nurol Eğitim Kültür ve Spor Vakfı	17	--
Çarmıklı Family	7	13.308
Other (Sheraton)	2.420	--
	2.444	**13.308**

f) Other long-term payables to related parties	31.12.2020	31.12.2019
BAE Systems (Operations) Limited	3.000	--
	3.000	**--**

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

6. Cash and Cash Equivalents

	31.12.2020	**31.12.2019**
Cash	5.484	5.893
Banks		
- demand deposit	1.179.058	563.085
- time deposit	506.019	473.576
- blocked deposit	363.687	121.549
Due from banks and financial institutions	388.964	472.358
Central Bank deposit reserve (*)	128.832	149.683
Credit card receivables	1.519	3.769
	2.573.563	**1.789.913**

As of 31 December 2020, the Group has blocked deposits of 363.687 thousand TL in the assignment account for loan payment (2019: 121.549 thousand TL)

(*) 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 31 December 2020 and 2019, details of bank per company are as follows:

	31.12.2020	**31.12.2019**
Nurol Holding	58.056	29.754
Nurol İnşaat	475.295	448.715
Tümad Madencilik	851.322	15.579
FNSS	454.868	308.742
Nurol Gayrimenkul	112.331	139.092
Nurol Makina	27.038	146.194
Enova Enerji	14.786	9.896
Nurol Teknoloji	13.149	2.526
Turser	12.573	27.150
Nurol Bae	5.752	12.662
Nurol Göksu	2.546	2.288
Nurol Yatırım Bankası	4	3
Other	21.044	15.609
	2.048.764	**1.158.210**

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

7. Trade Receivables and Payables

Shor term trade receivables	**31.12.2020**	**31.12.2019**
Trade receivables		
- Nurol İnşaat ve Ticaret A.Ş.	11.919	2.429
- Nurol Algeria Branch	285.610	496.957
- Nurol LLC	152.817	276.877
- Nurol Gülermak Joint Venture	129.755	4.448
- Nurol Morocco Branch	3.075	2.304
- Nurol Mesa Joint Venture	2.381	1.430
- Nurol Georgia Branch	936	3.496
- Nurol Gülermak Makyol Joint Venture	472	148
- Nurol Cengiz Hasankeyf Joint Venture	54	78
- Nurol Cengiz Joint Venture	--	398
- Nurol Makina	701.944	685.977
- FNSS (*)	593.821	818.404
- Nurol BAE Systems	1.989	1.859
- Nurol Holding	263	135
Trade receivables from related parties (Note 5)	62.272	36.212
Other trade receivables	99.583	65.024
Note receivable (**)	32.097	35.836
Doubtful trade receivables	12.577	12.443
Provision for doubtful trade receivables (-)	(12.577)	(12.443)
Other	--	2
	2.078.988	**2.432.014**

Long term trade receivables	**31.12.2020**	**31.12.2019**
Long term trade receivables	1.778	1.410
Notes Receivable (**)	3.528	6.081
	5.306	**7.491**

(*) As of 31 December 2020, the amount of 180.514 TL of the trade receivables of the Group with a maturity of less than one year as of 31 December 2020, of the trade receivables of FNSS with a maturity of less than one year, is from the Undersecretariat of Defense Industry of Malaysia, the amount of TL 128.900 is from the Undersecretariat of Uman Defense Industry, TL 143.590 is from the Undersecretariat of Defense in Saudi Arabia, TL 73.947 is from the Defense Industry Presidency (2019: TL 265.389 is from Deftech Malaysia, 233.307 TL is from Uman Defense Ministry, 162.511 TL part is from Saudi Arabia Defense It consists of receivables from the Undersecretariat).

(**) As of 31.12.2020, TL 26,044 thousand of the short-term receivables consist of the bills received from Nurol Gayrimenkul for the units sold within the scope of Nurol Park, Nurol Life and Nurol Tower projects. 1.599 thousand TL of the long-term receivables consists of the bills received for the units sold within the scope of Nurol Park and Nurol Life Projects.

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

7. Trade Receivables and Payables (Continued)

Trade Payables

Short term Trade Payables	**31.12.2020**	**31.12.2019**
Trade payables		
- Nurol İnşaat ve Ticaret A.Ş.	68.125	47.581
- Nurol LLC	362.170	476.145
- Nurol Cezayir Branch	124.402	13.050
- Nurol Romania Branch	1.050	--
- Nurol Gülermak Makyol Joint Venture	41.096	7.210
- Nömayg Joint Venture	63	6.699
- Özgün Nurol Joint Venture	351	4.768
- Nurol Cengiz Joint Venture	338	3.458
- Gülsan Nurol Joint Venture	136	3.405
- Nurol Cengiz Hasankeyf Joint Venture	506	1.170
- Nurol Yüksel YDA Özka Joint Venture	7.315	1.098
- Nurol Gülermak Joint Venture	7.644	1.010
- Nurol Mesa Joint Venture	1.148	732
- Nurol Morocco Branch	100	93
- Nurol Gama Joint Venture	99	80
- Nurol Makina	615.627	759.164
- FNSS	922.037	472.406
- Tümad Madencilik	80.682	172.219
- Nurol Teknoloji	33.048	54.063
- Enova Enerji	51.197	38.738
- Nurol Göksu	203	134
Short-term portion of debts arising from the purchase of real estate	6.790	10.367
Current accounts of credit customers (Nurol Investment Bank)	1.598.528	963.645
Trade payables to related parties	12.010	58.906
Other trade payables	27.425	39.211
Notes payable	22.450	5.940
	3.984.540	**3.141.292**

Short term trade payables	**31.12.2020**	**31.12.2019**
Trade payables (*)	804.771	501.045
Notes payable (**)	3.670	8.910
	808.441	**509.955**

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

(**) Long-term debt securities consist of debt securities given by Tümad Madencilik for licenses obtained from Ocean Partners Investment Limited Group.

8. Financial Investments

	31.12.2020	31.12.2019
Current		
Available-for-sale financial investments (Rockland) (*)	11.234	11.856
Stock shares	3.153	9.054
	14.387	**20.910**

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

9. Receivables from Financial Sector Activities

	31.12.2020	31.12.2019
Short term		
Short term loan receivables	1.412.316	1.227.326
Assets held for sale (*)	296.500	223.545
Held for sale trading investments - Nurol Bank		
- Turkish government bonds -TL	39.179	11.937
Held for sale - Nurol Bank (**)		
- Debt instruments - TL (a)	112.115	67.205
- Equity instruments (b)	129.688	51.001
	1.989.798	**1.581.014**
Long term		
Long term loan receivables	839.464	600.415
Receivables from other financial operations	19.261	16.895
	858.725	**617.310**

(*) The valuation amount of the other investment properties in this account is 39.940 TL and the total investment property is 296.500 thousand TL (31 December 2019: the valuation amount of other fixed investment properties is 47.260 TL and the total investment property is 223.545 thousand TL).

(**) (a) Government bonds included in debt securities available for sale amounted to TL 7.237 thousand in Turkish Lira (31 December 2019: TL 477 thousand); private sector bonds in Turkish Lira amounting to TL 4,343 thousand
(31 December 2019: 3.866 thousand TL). Bank bills amounting to TL 6.137 thousand in Turkish Lira.
(31 December 2019: 6.314 thousand TL). Eurobond is worth 94.213 thousand TL in Turkish Lira.
(31 December 2019: 56,032 thousand TL).

(b) Nurol Yatırım Bankası holds 16,69% of the shares of Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.as of 31 December 2019 and the investment is accounted under available for sale investments, as the bank has no significant influence on the Group. As of the balance sheet date the shares are accounted for using the market price.

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

10. Financial Liabilities

Short term financial liabilities	**31.12.2020**	**31.12.2019**
Short term bank borrowings	6.486.230	3.808.202
Financial lease payables	132.638	106.688
Interest accruals	82.490	95.017
Total short term financial liabilities	**6.701.358**	**4.009.907**

Long term financial liabilities	**31.12.2020**	**31.12.2019**
Long term bank borrowings	6.742.806	7.388.980
Financial lease payables	208.833	249.757
Total long term financial liabilities	**6.951.639**	**7.638.737**
Total financial liabilities	**13.652.997**	**11.648.644**

The repayment schedule of the financial liabilities are as follows:

	31.12.2020	**31.12.2019**
Within 1 year	6.701.358	4.009.905
1 - 2 years	5.345.565	6.411.298
2 - 3 years	869.771	588.571
3 - 4 years	430.486	187.030
4 - 5 years	155.417	225.453
5 - 6 years	78.046	119.586
6 - 7 years	24.118	58.989
7 - 8 years	24.118	21.414
8 - 9 years	24.118	13.245
9 - 10 years	--	13.151
	13.652.997	**11.648.642**

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

10. Financial Liabilities (Continued)

As of 31 December 2020 and 2019 details of financial liabilities are as follows:

	Average	**Foreign currency**		**Amount “TL”**	
Shor term	**interest rate %**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Bank loans					
- TL	%7,5 - %20,02	--	--	2.590.726	944.901
- USD	%3,17 - %7,18	461.166	402.476	3.385.187	2.390.788
- EUR	%2-%4,8	40.231	30.614	362.397	203.604
Nurol LLC loans		73.886	107.008	147.920	268.909
Interest accruals		--	--	82.490	95.017
Financial lease payables					
- EUR		1.716	10.624	15.454	70.655
- USD		893	--	6.556	--
- TL		--	--	110.628	36.033
				6.701.358	**4.009.907**

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

10. Financial Liabilities (Continued)

	Average	**Foreign currency**		**Amount "TL"**	
Long term	**interest rate %**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Bank loans					
- TL	%10,06 - %12,04	--	--	15.939	658.179
- USD	%4,03 - %6,52	479.419	449.503	2.765.461	2.670.139
- EUR	%3,11 - %5,98	122.825	4.729	90.079	31.452
Nurol LLC loans		99.890	105.750	199.979	158.272
Georgia loans (GEL)		21.458	27.685	48.139	44.364
Financial lease payables					
- EUR		5.539	26.824	49.896	178.393
- USD		495	--	3.636	--
- TL		--	--	155.302	71.364
Reclassified financial liabilities (*)					
- TL	%12,50	--	--	1.853.184	2.800.760
- USD	%3,07 - %7,09	--	88.847	753.711	527.770
- EUR	%4,30 - %6,91	--	74.887	1.016.313	498.044
				6.951.639	**7.638.737**

(*) 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, guarantee cheques and suretyships of shareholders' and Nurol Holding given for bank loans by Nurol İnşaat are listed in Provisions, Contingent Assets and Liabilities (Note 25).

11. Funds Borrowed

	31.12.2020			31.12.2019		
	TL	**Foreign currency**	**Total**	**TL**	**Foreign currency**	**Total**
Funds borrowed	365.170	682.614	1.047.784	409.922	463.010	872.932
Obligations under repurchase agreements	2.203	70.111	72.314	3.538	28.169	31.707
			1.120.098			**904.639**

The effective interest rate for borrowed funds is 2.58% in USD Dollars. (31 December 2019: 4.73%), 2.06% in Euros (31 December 2019: 1.75%), and 16.45% in Turkish Lira. (31 December 2019: 10.70%). Borrowed funds have fixed interest rates as of 31 December 2020 and 2019.

As of 31 December 2020 and 2019, 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 31 December 2020 (31 December 2019: None).

12. Debt Securities Issued

	31.12.2020			31.12.2019		
	TL	**Foreign Currency**	**Total**	**TL**	**Foreign Currency**	**Total**
<u>Short term</u>						
Debt bills issuance (**)	722.790	--	722.790	763.268	--	763.268
Securities issuance (*)	250.000	--	250.000	500.000	--	500.000
			972.790			**1.263.268**

	31.12.2020			31.12.2019		
	TL	**Foreign Currency**	**Total**	**TL**	**Foreign Currency**	**Total**
<u>Long term</u>						
Debt bills issuance (**)	--	37.158	37.158	--	29.761	29.761
Securities issuance (*)	780.000	76.056	856.056	300.000	60.544	360.544
			893.214			**390.305**

(*) As of 31 December 2019, Nurol Holding has issued bonds and securities in the amount of TL 1.030 million through Nurol Yatırım Bankası A.Ş.

(**) Nurol Yatırım Bankası issued a 10-year maturity and 10% fixed interest rate Eurobond with a nominal value of US $ 10,000 on 31 December 2016. On 27 December 2016, he made six-month coupon payments and received a loan of US $ 5,000 from the World Business Capital with an interest rate of 6.65%, a 10-year maturity, a variable interest rate and a quarterly interest payment (31 December 2019 - US $ 15,000).

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

12. Debt Securities Issued (Continued)

(**) The non-redemption of the issues made by the Bank as of 31 December 2020 are listed below;

Issue Type	Issue Date	Due Date	Days	Nominal Value	Interest Rate
Bono	27.05.2020	26.05.2021	364	50.000.000	9,00%
Bond	1.06.2020	1.06.2022	730	50.000.000	9,00%
Bond	25.06.2020	27.06.2022	732	50.000.000	9,25%
Bond	11.09.2020	13.09.2022	732	50.000.000	14,00%
Bono	16.09.2020	13.01.2021	119	50.000.000	14,00%
Bono	25.09.2020	28.01.2021	125	50.000.000	14,25%
Bono	6.11.2020	5.02.2021	91	50.000.000	15,75%
Bono	18.11.2020	23.02.2021	97	100.000.000	16,50%
Bond	26.11.2020	28.11.2022	732	50.000.000	15,75%
Bono	3.12.2020	4.03.2021	91	50.000.000	17,00%
Bono	16.12.2020	31.03.2021	105	70.000.000	17,50%
Bono	24.12.2020	8.04.2021	105	100.000.000	18,00%
Bono	11.12.2020	13.05.2021	153	100.000.000	18,40%
Bono	21.12.2020	22.03.2021	91	50.000.000	17,50%

13. Other Receivables and Payables

Other short-term receivables	**31.12.2020**	**31.12.2019**
Due from related parties	262.785	149.399
Advances given to personnel	4.933	5.084
Deposits and guarantees given		
- Nurol LLC	20.056	17.903
- Nurol Gama Joint Venture	14	30
- Nurol Morocco Branch	3	18
- Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	6.356	5.808
- FNSS	--	1.545
- Nurol Makina	24	119
- Other deposits and guarantees given	252	215
Other doubtful receivables		
- Nurol Holding	314	156
- Nurol İnşaat	433	216
Other doubtful receivables	59	60
Provision for doubtful other receivables (-)	(806)	(432)
Other	14.005	2.010
	308.428	**182.131**

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

13. Other Receivables and Payables (Continued)

Other long-term receivables	**31.12.2020**	**31.12.2019**
Long-term receivables from related parties (Note 5)	25.864	--
Deposits and guarantees given	18.355	9.032
	44.219	**9.032**

Other long-term payables	**31.12.2020**	**31.12.2019**
Due to related parties (Note 5)	2.444	13.308
Deposits and guarantees received	35.612	53.451
Other	10.746	5.637
	48.802	**72.396**

Other long-term payables	**31.12.2020**	**31.12.2019**
Due to related parties (Note 5)	3.000	--
Deposits and guarantees received	40	419
	3.040	**419**

14. Inventories

	31.12.2020	**31.12.2019**
Raw materials		
- FNSS	53.926	67.813
- Nurol Makina (*)	445.907	273.839
- Nurol İnşaat ve Ticaret A.Ş.	50.068	40.664
- Nurol Teknoloji .(****)	82.055	71.604
- Tümad (*****)	107.052	86.288
- Other Group Companies	32	33
Semi-finished Goods		
- Nurol İnşaat ve Ticaret A.Ş. (***)	308.950	112.441
- Nurol Makina (*)	56.560	111.066
- Nurol Teknoloji .(****)	39.535	5.573
- Tümad (*****)	180.390	70.841
Finished Goods		
- Nurol İnşaat ve Ticaret A.Ş.(***)	213.308	42.404
- Nurol Makina (*)	12.033	--
- Nurol Teknoloji .(****)	161.074	199.499
- Tümad	454	521
Trade goods		
- Nurol Georgia	826	1.312
- Other Group Companies	1.369	1.465
Nurol real estate goods (**)	269.033	360.814
Other stocks	94.233	40.423
	2.076.805	**1.486.600**

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

14. Inventories (Continued)

(*) Raw Materials and semi-finished goods of the Company is comprised of purchases made with regards to the projects executed for the Ministry of Defence.

(**) TL 269.033 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.

	31.12.2020	**31.12.2019**
Nurol Park Project	188.617	216.951
Nurol Life Project	55.340	95.236
Nurol Tower Project	25.076	48.627
	269.033	**360.814**

(***) 6.484 thousand TL of the semi-finished products balance of Nurol İnşaat consists of Zekeriyaköy villas and 302.466 thousand TL of it consists of Mesa Nurol Yeşilyaka villas. 209,894 thousand TL of the finished goods balance consists of Mesa Nurol Yeşilyaka villas.

(****) The first articles and materials of Nurol Teknoloji are mainly; It consists 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, armored cabin and visor produced with the first materials and materials.

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

15. Prepaid Expenses and Deferred Income

Prepaid expenses in short term assets	**31.12.2020**	**31.12.2019**
Order advances given for inventories		
- Nurol İnşaat	3.412	926
- FNSS	207.786	87.084
- Nurol Makina	28.864	15.447
- Nurol Gayrimenkul	12.917	11.684
- Tümad Madencilik	596	7.621
- Other	13.427	494
Prepaid expenses (*)	56.023	56.251
	323.025	**179.507**

Prepaid expenses in long term assets	**31.12.2020**	**31.12.2019**
Advances given for tangible and intangible assets	26	28
Prepaid expenses (*)	15.682	16.934
	15.708	**16.962**

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

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

15. Prepaid Expenses and Deferred Income (Continued)

Short term deferred income	**31.12.2020**	**31.12.2019**
Deferred income	8.198	909
	8.198	**909**

Long term deferred income	**31.12.2020**	**31.12.2019**
Deferred income	459	227
	459	**227**

16. Advances Received

Short term advances received	**31.12.2020**	**31.12.2019**
FNSS	734.900	436.043
Nurol Makina	251.777	264.960
Nurol Park ve Nurol Life Project (Nurol Gayrimenkul)	141.204	39.047
Nurol Teknoloji	73.067	81.968
Nurol Algeria	28.057	
Mesa Nurol Yeşilyaka Villas (Nurol İnşaat)	3.781	763
Ümraniye-Ataşehir-Göztepe Subway Project (Nurol - Gülermak)	--	58.210
Other Group Companies	1.697	1.898
	1.234.483	**882.889**

Long term advanced received	**31.12.2020**	**31.12.2019**
FNSS	597.298	653.278
Mesa Nurol Yeşilyaka Villas (Nurol İnşaat)	82.448	91.208
Nurol Makina Turkey	1.603	6.700
Nurol Tower Project (Nurol Gayrimenkul	135.178	76.621
Other	953	541
	817.480	**828.348**

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

17. Receivables and Payables from Ongoing Construction and Project Contracts

A. Receivables from project contracts

	31.12.2020			31.12.2019	
	%	Construction Receivables	Construction Payables	Construction Receivables	Construction Payables
Nurol İnşaat:					
Ilısu Dam and HEPP Pr. (Nurol Cengiz J.V.)	98%	--	--	90.401	--
İzmit (NÖMAYG)	100%	--	--	--	11.385
Hasankeyf Bridges (Nurol Cengiz Hasankeyf Joint Venture)	75%	5.655	--	9.487	--
Ümraniye-Ataşehir-Göztepe Metro Construction (Nurol Gülermak Joint Venture)	4%	44.048	(2.107)	74.019	2.178
Yusufeli Group Dam Bridges Construction (Gülsan Nurol Joint Venture)	32%	18.779	--	44.569	--
İzmir Çiğli Tram Line (Nurol Construction)		1.454			
Silifke Mut Road Project (Nurol İnşaat)	5%	86.043	--	22.813	--
Eyiste Viaduct Construction (Nurol İnşaat)	48%	201.769		90.068	--
Ordu Çevreyolu Highway landslide reclamation supply works	20%	9.574	--	33.138	--
Nurol LLC projects	--	496.090	128.483	345.659	101.767
		863.412	**126.376**	**710.154**	**115.330**

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

17. Receivables and Payables from Ongoing Construction and Project Contracts (Continued)

B. Receivables from project contracts

Details of the Revenues from Ongoing Project Contracts as follows:

FNSS	**31.12.2020**	**31.12.2019**
Ongoing project contract revenue	12.199.024	8.219.027
	12.199.024	**8.219.027**
Minus: Total invoiced progress payment at the end of the period	(9.028.625)	(6.262.633)
	(9.028.625)	**(6.262.633)**
Revenues from Ongoing Project Contracts	**3.170.399**	**1.956.394**

Nurol Makina

	31.12.2020	**31.12.2019**
Ongoing project contract revenue	2.063.831	1.492.186
	2.063.831	**1.492.186**
Minus: Total invoiced progress payment at the end of the period	(1.762.920)	(1.024.675)
	(1.762.920)	**(1.024.675)**
Revenues from Ongoing Project Contracts	**300.911**	**467.511**

18. Investments

	31.12.2020	**31.12.2019**
Rize İnşaat Yatırım San. ve Tic. A.Ş.	1.523	1.523
Otoyol İşletme ve Bakım A.Ş.	1.297	1.297
Otoyol Deniz Taşımacılığı A.Ş.	1.510	1.510
FİNANSCORP P.L.C.	16	16
Çarmad Mad.San ve Tic Ltd.Şti.	12	12
Nurol Maroc Sarl AU	39	39
Other	406	406
	4.803	**4.803**

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

19. Investments Recognized Using the Equity Method

	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Otoyol Yatırım ve İşletme A.Ş.	25.95	25.95	4.884.424	3.493.702
FNSS Middle East Co Ltd.	50	50	3.532	4.686
			4.887.956	**3.498.388**

As of 31 December 2020, the recorded value of Otoyol Yatırım İşletme A.Ş.in Nurol İnşaat is in the amount of TL 4.884.424 thousand (31 December 2019: TL 3,493,702 thousand) which the Group has valued using the equity method and has a share of 25.95% (31 December 2019: 25.95%). As of 31 December 2020, total equity is in the amount of TL 18.822.444 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.

As of 31 December 2020 and 2019, profit share of investments recognized using the equity method of the Group is TL 1,390,722 thousand and TL 603,577 thousand, respectively. The summary financial information of investments recognised using the equity method is summarized as follows:

	Assets	**Liabilities**	**Equity**	**Net Sales**	**Net Profit for the Period**
Otoyol Yatırım ve İşletme A.Ş.	55.609.686	36.787.242	18.822.444	5.277.069	2.547.149
FNSS Middle East Co Ltd.	5.450	--	9.245	--	--
	55.615.136	**36.787.242**	**18.831.689**	**5.277.069**	**2.547.149**

20. Goodwill

	31.12.2020	**31.12.2019**
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**

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 31 December 2020 as a result of the impairment tests realised on the basis of cash generating units.

a- Otoyol Yatırım ve İşletme A.Ş.
Goodwill included in the consolidated financial statements as of 31 December 2020 and 2019 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 TL 23,333 thousand has been paid.

b- *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 TL 95,948 thousand for the capital TL 45,745 thousand of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. Goodwill in the amount of TL 50,204 thousand has been paid for this purchase.

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

21. Property, Plant and Equipment

a) Other Property, Plant and Equipment

	31.12.2019	Additions	Disposals	Exclusion from consolidation	Foreign currency translation differences	Transfer	31.12.2020
Cost							
Land	119.367	--	(15.264)	--	13.925	(9.267)	108.761
Land improvements	201.556	35.065	(32)	--	47.301	--	283.890
Buildings	1.187.471	64.485	(27.951)	--	237.694	16.178	1.477.877
Leasehold improvements	27.333	723	--	--	113		28.169
Machinery and equipment	2.089.965	77.973	(23.356)	(32)	290.685	24.580	2.459.815
Motor vehicles	148.775	3.709	(3.133)	--	11.911	(69)	161.193
Fixtures and fittings	332.974	29.321	(3.247)	(27)	40.632	2.086	401.739
Other property, plant and equipment	414.839	12.595	(23.569)	--	55.362	--	459.227
Construction in progress	21.607	38.766	(637)		2.551	(21.436)	40.851
	4.543.887	**262.637**	**(97.189)**	**(59)**	**700.174**	**12.072**	**5.421.522**
Accumulated depreciation (-)							
Land improvements	37.821	28.721	(32)	--	8.847	--	75.357
Buildings	229.460	125.704	(1.723)	--	42.783	(12.541)	383.683
Leasehold improvements	7.077	1.045	--	--	69	(121)	8.070
Machinery and equipment	635.549	201.408	(16.467)	(32)	105.023	26	925.507
Motor vehicles	84.767	14.404	(3.092)	--	6.705	4.158	106.942
Fixtures and fittings	228.674	28.234	(2.363)	(24)	28.097	11.843	294.461
Other property, plant and equipment	310.715	56.851	(14.283)	--	43.764	--	397.047
	1.534.063	**456.367**	**(37.960)**	**(56)**	**235.288**	**3.365**	**2.191.067**
Net Book Value	**3.009.824**						**3.230.455**

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

21. Property, Plant and Equipment (Continued)

b) Other Property, Plant and Equipment (Continued)

	31.12.2018	Additions	Disposals	Discontinued operations (Libya)	Foreign currency translation differences	Transfer	31.12.2019
Cost							
Land	117.266	13.843	--	(4.500)	6.719	(13.961)	119.367
Land improvements	59.897	16.163	(284)	(2.891)	7.157	121.514	201.556
Buildings	783.564	23.777	(17.708)	(73.005)	85.572	385.271	1.187.471
Leasehold improvements	27.854	1.579	--	(2.139)	55	(16)	27.333
Machinery and equipment	1.438.251	143.644	(34.544)	(21.433)	77.136	486.911	2.089.965
Motor vehicles	217.524	6.042	(4.611)	(161)	6.189	(76.208)	148.775
Fixtures and fittings	251.083	29.552	(14.872)	(9.323)	20.917	55.617	332.974
Other property, plant and equipment	296.522	20.421	--	(15)	46.711	51.200	414.839
Construction in progress	567.558	390.963	(10.980)	--	71.799	(997.733)	21.607
	3.759.519	**645.984**	**(82.999)**	**(113.467)**	**322.255**	**12.595**	**4.543.887**
Accumulated depreciation (-)							
Land improvements	25.693	11.285	(281)	(1.848)	3.000	(28)	37.821
Buildings	196.166	52.525	(1.643)	(32.488)	19.202	(4.302)	229.460
Leasehold improvements	10.808	891	--	(4.656)	37	(3)	7.077
Machinery and equipment	509.779	129.556	(25.218)	(14.256)	36.837	(1.149)	635.549
Motor vehicles	126.600	13.940	(4.364)	(182)	7.085	(58.312)	84.767
Fixtures and fittings	167.677	25.625	(12.539)	(8.016)	11.515	44.412	228.674
Other property, plant and equipment	173.750	65.701	--	--	24.141	47.123	310.715
	1.210.473	**299.523**	**(44.045)**	**(61.446)**	**101.817**	**27.741**	**1.534.063**
Net Book Value	**2.549.046**						**3.009.824**

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

21. Property, Plant and Equipment (Continued)

c) Mining Assets

	31.12.2019	Additions	Disposals	Foreign currency translation differences	31.12.2020
Acquisition Costs					
Mining Development Cost (*)	513.462	82.194	--	121.040	716.696
Mining Rehabilitation Cost	44.960	15.718	--	10.599	71.277
Acquisition of Mining Rights (**)	108.998	523	--	25.695	135.216
	667.420	**98.435**	**--**	**157.334**	**923.189**
Accumulated Depreciation (-)					
Mining Development Cost	54.551	98.237	--	12.859	165.647
Mining Rehabilitation Cost	3.672	10.586	--	866	15.124
Acquisition of Mining Rights	19.886	12.191	--	4.688	36.765
	78.109	**121.014**	**--**	**18.413**	**217.536**
Net Book Value	**589.311**				**705.653**

	31.12.2018	Additions	Disposals	Foreign currency translation differences	31.12.2019
Acquisition Costs					
Mining Development Cost (*)	395.442	66.960	--	51.060	513.462
Mining Rehabilitation Cost	7.687	36.280	--	993	44.960
Acquisition of Mining Rights (**)	48.343	55.188	(775)	6.242	108.998
	451.472	**158.428**	**(775)**	**58.295**	**667.420**
Accumulated Depreciation (-)					
Mining Development Cost	20.664	31.219		2.668	54.551
Mining Rehabilitation Cost	778	2.794		100	3.672
Acquisition of Mining Rights	11.536	7.214	(353)	1.489	19.886
	32.978	**41.227**	**(353)**	**4.257**	**78.109**
Net Book Value	**418.494**				**589.311**

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

21. Property, Plant and Equipment (Continued)

b) Mining Assets (Continued)

(*) Exploration, Drilling and Development Expenses in

As of 31 December 2020 and 2019, the details of Tümad Madencilik's exploration, drilling and development expenses in the field of mining are as follows:

	31.12.2020	31.12.2019
Lapseki Project	45.593	41.478
İvrindi Project	48.940	42.637
Other	3.104	2.323
	97.637	**86.438**

(**) Mining Rights:

Tümad Mining has 8 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	30 years
17798	Çanakkale	Lapseki	18.12.2019	operating license	10 years
27480	Çanakkale	Lapseki	15.11.2019	operating license	10 years
79099	Çanakkale	Lapseki	16.12.2019	operating license	10 years
69073	Çanakkale	Lapseki	16.12.2019	operating license	10 years

(*) Licenses with registration numbers 84474, 201201358 and 201400088 were combined under registration number 88276.

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

22. Investment Properties

	31.12.2019	Additions	Disposals	Revaluation differences	Foreign currency translation differences	Transfer	31.12.2020
Cost							
Land							
- Nurol İnşaat	648.825	--	(31.234)	--	--	--	617.591
Offices							
- Nurol İnşaat	574.272	--	--	--	--	--	574.272
- Georgia Batumi Sheraton Hotel	485.122	--	--	--	13.703	--	498.825
- Turser (*)	287.671	--	--	120.484	--	10.564	418.719
- Kuşadası Asena Hotel	8.565	--	--	--	--	(3.135)	5.430
- Nurol Holding	19.176	--	--	--	--	--	19.176
- Karum Offices	13.313	--	--	--	--	--	13.313
	2.036.944	**--**	**(31.234)**	**120.484**	**13.703**	**7.429**	**2.147.326**
Nurol Real Estate:							
- Nurol Plaza	63.680	470	--	2.265	--	--	66.415
- Nurol Tower	427.764	--	(7.665)	19.380	--	--	439.479
- Oasis Bodrum	14.160	--	--	3.330	--	--	17.490
- Oasis Outlet	286.950	--	--	534	--	--	287.484
- Nurol Residence	34.940	--	--	2.105	--	--	37.045
- Karum Mal	515	--	--	85	--	--	600
- Nurol Life	200.348	--	(4.171)	(8.196)	--	--	187.981
	1.028.357	**470**	**(11.836)**	**19.503**	**--**	**--**	**1.036.494**
Accumulated depreciation (-)							
Buildings							
- Nurol İnşaat	25.409	10.240	--	--	--	9.259	44.908
- Georgia Batumi Sheraton Hotel	39.088	--	--	--	2.421	(9.233)	32.276
- Turser	98.222	380	--	--	--	(1.709)	96.893
- Nurol Holding	4.618	--	--	--	--	(222)	4.396
- Karum Offices	2.499	244	--	--	--	(3)	2.740
- Kuşadası Asena Hotel	2.131	63	--	--	--	(973)	1.221
	171.967	**10.927**	**--**	**--**	**2.421**	**(2.881)**	**182.434**
Net Book Value	**2.893.334**						**3.001.386**

(*) Investment properties belonging to Turser Turizm Servis ve Ticaret A.Ş., one of the group companies, are Sheraton Otel ve Convention Center-Lugal have been revalued with the expert report dated 31 December 2020 by Net Kurumsal Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the registered amount (according to the appraisal report) has been recorded in the “Tangible Fixed Asset Revaluation” account in the equity in the attached consolidated financial statements.

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

22. Investment Properties (Continued)

	31.12.2018	Additions	Disposals	Revaluation differences	Foreign currency translation differences	Transfer	31.12.2019
Cost							
Land							
- Nurol İnşaat	636.578	--	--	--	--	7.747	644.325
- Kulüp Salima	4.500	--	--	--	--	--	4.500
Buildings							
- Nurol İnşaat	576.263	--	--	--	--	(1.991)	574.272
- Georgia Batumi Sheraton Hotel	478.689	--	--	--	6.433	--	485.122
- Turser	287.671	--	--	--	--	--	287.671
- Kuşadası Asena Hotel	5.430	3.135	--	--	--		8.565
- Nurol Holding	14.860	--	--	--	--	4.316	19.176
- Karum Offices	13.394	319	(400)	--	--	--	13.313
	2.017.385	**3.454**	**(400)**	**--**	**6.433**	**10.072**	**2.036.944**
Nurol Real Estate:							
- Nurol Plaza	61.280	--	--	2.400	--	--	63.680
- Nurol Tower	418.481	428	(1.955)	10.810	--	--	427.764
- Oasis Bodrum	12.315	--	--	1.845	--	--	14.160
- Oasis Outlet Bağcılar	283.290	--	--	3.660	--	--	286.950
- Nurol Residence	34.100	39	(2.615)	3.416	--	--	34.940
- Karum AVM	460	--	--	55	--	--	515
- Nurol Life	195.865	--	--	4.483	--	--	200.348
	1.005.791	**467**	**(4.570)**	**26.669**	**--**	**--**	**1.028.357**
Accumulated depreciation (-)							
Buildings							
- Nurol İnşaat	25.435	26	--	--	--	(52)	25.409
- Georgia Batumi Sheraton Hotel	28.929	9.233	--	--	1.184	(258)	39.088
- Turser	98.222	--		--	--	--	98.222
- Nurol Holding	2.310	--	--	--	--	2.308	4.618
- Karum Offices	2.150	240	--	--	109	--	2.499
- Kuşadası Asena Hotel	972	63	--	--	63	1.033	2.131
	158.018	**9.562**	**--**	**--**	**1.356**	**3.031**	**171.967**
Net Book Value	**2.865.158**						**2.893.334**

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

23. Depreciation and Amortization

	01.01-31.12.2020	**01.01-31.12.2019**
Property, plant and equipment (Note 21)	456.367	299.523
Investment properties (Note 22)	10.927	9.562
Intangible assets (Note 24)	51.171	35.013
Mining assets depreciation	121.014	41.227
	639.479	**385.325**

The distribution of depreciation and amortization charges is as follows:

	01.01-31.12.2020	**01.01-31.12.2019**
Production costs	328.555	192.706
Cost of services	221.243	137.202
General administrative expenses	51.005	39.056
Marketing, selling and distribution expenses	8.626	2.922
Research and development expenses	27.882	11.855
Idle capacity expenses	2.168	1.584
	639.479	**385.325**

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

24. Intangible Assets

	31.12.2019	Additions	Disposals	Foreign currency translation differences	Transfer	31.12.2020
Cost						
Rights	238.015	19.909	--	15.997	(112.458)	161.463
Energy licenses (*)	239.805	63.872	--	--	103.712	407.389
Establishment expenses	64	--	--	--	--	64
Other development expenses (**)	106.211	45.558	(1.042)	32.080	(10.755)	172.052
Other intangible assets	310	--	--	--		310
	584.405	**129.339**	**(1.042)**	**48.077**	**(19.501)**	**741.278**
Accumulated amortization (-)						
Rights	69.818	15.937	(266)	12.671	(1.241)	96.919
Energy licenses	67.472	15.502	--	--	757	83.731
Establishment expenses	64	--	--	--	--	64
Other development expenses	43.798	19.679	207	7.305	--	70.989
Other intangible assets	226	53	--	--	--	279
	181.378	**51.171**	**(59)**	**19.976**	**(484)**	**251.982**
Net Book Value	**403.027**					**489.296**

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

24. Intangible Assets (Continued)

	31.12.2018	Additions	Disposals	Exclusion from consolidation	Foreign currency translation differences	Transfer	31.12.2019
Cost							
Rights	195.961	49.733	(3.386)	(13.534)	7.063	2.178	238.015
Energy licenses (*)	239.805	--	--	--	--	--	239.805
Establishment expenses	64	--	--	--	--	--	64
Other development expenses (**)	92.323	27.413	--	--	14.457	(27.982)	106.211
Other intangible assets	313	92	(107)	--	12		310
	528.466	**77.238**	**(3.493)**	**(13.534)**	**21.532**	**(25.804)**	**584.405**
Accumulated amortization (-)							
Rights	46.006	19.766	(3.002)	(208)	6.819	437	69.818
Energy licenses	67.472	--	--	--	--	--	67.472
Establishment expenses	64	--	--	--	--	--	64
Other development expenses	26.984	15.189	--	--	1.625	--	43.798
Other intangible assets	186	58	(20)	--	2	--	226
	140.712	**35.013**	**(3.022)**	**(208)**	**8.446**	**437**	**181.378**
Net Book Value	**387.754**						**403.027**

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

24. Intangible Assets (Continued)

(*) Energy Licenses:
In 2013, the Group purchased the operating rights of Göksu Hydroelectric Power Plant through the privatization costing TL 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 TL 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 01.09.2015; 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 30.11.2018, 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 31 December 2020 and 2019.

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

25. Provisions, Contingent Assets and Liabilities

Short Term provisions	**31.12.2020**	**31.12.2019**
Provision for litigations	44.045	33.894
Provision for cost expenses	260.649	203.198
Provision for warranty and installation expenses	54.104	72.506
Provisions for non-cash loans	6.234	2.321
	365.032	**311.919**

Long Term provisions	**31.12.2020**	**31.12.2019**
Rehabilitation provision (*)	71.276	44.960
Provision for warranty expenses	274	--
	71.550	**44.960**

(*) The rehabilitation provision that leaves 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 consists of the inputs used in the calculation of the rehabilitation provisions.

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

25. Provisions, Contingent Assets and Liabilities (Continued)

	31.12.2020	**31.12.2019**
Legal cases in favour of the Group	34.100	92.177
Legal cases against the Group	25.354	375.948

As of 31 December 2020, the amount of the legal cases which is filed against the Group and is still ongoing is approximately TL 25,354,948 thousand. The Group as of 31 December 2020 provided provision for an amount of TL 4,121 thousand based on the opinion of the legal advisors related to the cases which have a risk to result against the Group.

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

	31.12.2020		**31.12.2019**	
	Original Currency	**TL Equivalent**	**Original Currency**	**TL Equivalent**
Letters of guarantee received				
-TL	141.071	141.071	41.372	41.372
-USD	35.307	259.175	32.458	192.804
-EUR	27.537	248.054	35.897	238.378
Cheques and notes received				
-TL	21	21	21.000	21.000
-USD	3	20	3	18
		648.341		**493.572**

Collaterals, pledges and mortgages "CPM" given by the Group as of 31 December 2020 and 2019 are as follows:

		31.12.2020	**31.12.2019**
A	CPM's given in the name of own legal personality	11.248.379	9.512.658
B	CPM's given on behalf of the fully consolidated companies	9.947.045	8.725.732
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	--	--
		21.195.424	**18.238.390**

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

25. Provisions, Contingent Assets and Liabilities (Continued)

			Original amount				**31.12.2020**
	TL	**USD**	**EUR**	**DZD**	**KWD**	**RON**	**TL Equivalent**
Letter of guarantee	550.218	280.031	140.792	1.199.888	238	42.414	4.024.413
Mortgages	2.302.025	238.000	30.000	--	--	--	4.319.301
Suretyship	--	395.704	--	--	--	--	2.904.665
	2.852.243	**913.735**	**170.792**	**1.199.888**	**238**	**42.414**	**11.248.379**

			Original amount				**31.12.2019**
	TL	**USD**	**EUR**	**DZD**	**MAD**	**KWD**	**TL Equivalent**
Letter of guarantee	398.846	306.643	180.768	1.475.993	6.270	238	3.511.008
Mortgages	2.182.900	247.750	30.000	--	--	--	3.854.103
Suretyship	--	358.675	2.548	--	--	--	2.147.547
	2.581.746	**913.068**	**213.316**	**1.475.993**	**6.270**	**238**	**9.512.658**

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

25. Provisions, Contingent Assets and Liabilities (Continued)

The share of Enova Energy concerning shareholders has been pledged pro rata in the first degree, in favour of TSKB and Akbank in the amount of USD 150,000 thousand.

Enova Enerji’s receivables from electricity sales contracts of Ceyhan HEPP facility after beginning its operations were mortgaged in favour 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, TL equivalent of USD 99,000 thousand distribution pledge of assets, pro rata payment to TSKB and Akbank.

On 15 December 2017, the Group signed a project financing agreement with European Bank for Reconstruction and Development (“EBRD”), Ziraat Bank and Akbank consortium for a total of USD 200,000,000 in cash.

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 favour 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 favour of Akbank once it has begun production.

- 1st degree chattel mortgage in the amount of TL equivalent of USD 315,000,000 is allocated over all the property, plant and equipment of Tümad Madencilik in favour of Akbank, the “Security Agent”.

- All bank accounts of Tümad Madencilik were pledged in favour of Akbank, the “Security Agent”.

- Three “Operating Licences” of Tümad Madencilik in Lapseki and İvrindi are 1st degree pledged in the amount of USD 450,000,000 in favour of Akbank, the “Security Agent”.

26. Employee Benefits

Current liabilities for employee benefits	**31.12.2020**	**31.12.2019**
Due to personnel	11.813	13.448
Social security premiums payable	15.206	19.495
	27.019	**32.943**

Current provisions for employee benefits	**31.12.2020**	**31.12.2019**
Unused vacation provision	30.952	24.558
	30.952	**24.558**

Non-current provisions for employee benefits	**31.12.2020**	**31.12.2019**
Provision for employee termination benefits	51.559	45.415
	51.559	**45.415**

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

26. Employee Benefits (Continued)

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 have completed a one-year service period and have been terminated without any valid reason, who have been called to serve in the military, who have died, who have completed their service or who have reached retirement age.

In Turkey, such payments are calculated on the basis of 30 days' pay limited to a maximum of TL 7.117 thousand (31 December 2019: TL 6.380 thousand) per year of employment at the rate of pay applicable at the date of retirement or termination, as of 31 December 2020. Such payments are not required to be funded. Therefore, no fund is reserved for such payments in the accompanying financial statements.

Liability of employment termination benefits is not subject to any funding as there isn't 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. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss / (gain) are accounted in the comprehensive income statement under the "Revaluation Funds"

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements As of 31 December 2020, 2019 and 2018, the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

The estimated rate of severance pay amounts that will not be paid as a result of voluntary leave of employment and will remain in the Group is also taken into consideration. The retirement pay ceiling is revised every six months, and as of 1 January 2021, the ceiling amount of TL 7.638,96 thousand will be taken into account in calculating the severance pay provision of the Group.

	31.12.2020	**31.12.2019**
Discount rate	%13,00	%12,00
Annual inflation rate	%9,00	%7,00
Real discount rate	%3,54	%3,70

27. Other Assets and Liabilities

Other current assets	**31.12.2020**	**31.12.2019**
VAT carried forward	204.869	128.918
Receivables from tax administration	158.220	204.772
Advances given to subcontractors (*)	59.187	47.244
Advances given for business purposes	19.745	20.023
Accrued income	5.259	63
Other	25	--
	447.305	**401.020**

(*) TL 16,754 thousand of advances given to subcontractors consists of the advances given to the subcontractors of Nurol İnşaat

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

27. Other Assets and Liabilities (Continued)

Other current liabilities	**31.12.2020**	**31.12.2019**
Taxes and funds payable	67.662	60.871
Law of 6736 and 7143 restructuring of public receivables	--	3
Stock count differences	123.857	16.018
	191.519	**76.892**

Other non current liabilities	**31.12.2020**	**31.12.2019**
Nurol LLC	--	38.667
	--	**38.667**

28. Equity

a. Share Capital

		Share Rate		**Share Rate**
	31.12.2020	**(%)**	**31.12.2019**	**(%)**
Nurettin Çarmıklı	258.455	33,31	258.455	33,31
Erol Çarmıklı	258.455	33,31	258.455	33,31
M. Oğuz Çarmıklı	258.455	33,31	258.455	33,31
Eyüp Sabri Çarmıklı	93	0,01	93	0,01
Gaye Çarmıklı	93	0,01	93	0,01
Gürol Çarmıklı	62	0,01	62	0,01
Gözde Çarmıklı	62	0,01	62	0,01
Gürhan Çarmıklı	62	0,01	62	0,01
Eda Çarmıklı Yolcu	62	0,01	62	0,01
S. Ceyda Çarmıklı	62	0,01	62	0,01
Oğuzhan Çarmıklı	62	0,01	62	0,01
M. Sevgi Kayaalp	23	0,00	23	0,00
A. Türkan Çarmıklı	39	0,01	39	0,01
Melih Kayaalp	8	0,00	8	0,00
Semih Kayaalp	8	0,00	8	0,00
	776.001	**100**	**776.001**	**100**
Inflation adjustment	(62.785)		(62.785)	
	713.216	**100**	**713.216**	**100**

The issued share capital of Nurol Holding comprised of 776,001 shares of par value TL 1 each.

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

28. Equity (Continued)

b. Other Comprehensive Income Not to be Reclassified to Profit or Loss

	31.12.2020	**31.12.2019**
Non-current assets revaluation fund	961.393	846.933
Actuarial loss / gain fund	2.743	3.092
Revaluation gain /(loss) of available-for-sale financial assets	118.773	45.028
	1.082.909	**895.053**

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.

c. Restricted Reserves

	31.12.2020	**31.12.2019**
Legal reserves	103.707	99.945
Statue reserves	43.952	43.952
Extraordinary reserves	356.960	467.222
	504.619	**611.119**

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 that 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.

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

28. Equity (Continued)

d. 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 31 December 2020 and 2019 movements of non-controlling interest is as follows:

31 December 2018 Minority Interest	**303.476**
Revaluation fund minority share	27.145
Period profit minority share	169.334
31 December 2019 Minority Interest	**499.955**
Revaluation fund minority share	57.568
Period profit minority share	30.951
31 December 2020 Minority Interest	**588.474**

29. Revenue and Cost of Sales

	01.01-31.12.2020	**01.01-31.12.2019**
Domestic sales	5.866.989	4.838.158
Export sales	2.638.887	3.839.950
Sales discount (-)	(6.635)	(46.167)
Revenue	**8.499.241**	**8.631.941**
Cost of sales (-)	**(6.327.570)**	**(6.807.830)**
Gross profit from trading activity	**2.171.671**	**1.824.111**
Income of financial sector activities	454.164	442.999
Cost of financial sector activities (-)	(193.830)	(259.107)
Gross profit from financial sector activities	**260.334**	**183.892**
Gross profit	**2.432.005**	**2.008.003**

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

30. General Administrative Expenses, Marketing, Selling and Distribution Expenses and Research and Development Expenses

	01.01-31.12.2020	**01.01-31.12.2019**
General administrative expenses	336.899	329.356
Marketing, selling and distribution expenses	129.634	126.682
Research and development expenses	67.581	65.575
	534.114	**521.613**

31. Other Operating Income and Expenses

Other Operating Income	**01.01-31.12.2020**	**01.01-31.12.2019**
Provisions no longer required	61.887	4.275
Deductions to subcontractors	24.082	--
Other income from Nurol Bank (fair value of investment properties	20.193	4.169
Incentive revenues	11.731	5.851
Nurol Dubai LLC insurance revenues	7.520	1.295
Scrap, raw material and material sales profits	6.425	3.169
Income from related parties	5.238	962
Other incomes (Tümad)	2.124	--
Tümad Mining Rights Sales Revenues	--	24.031
Rediscount income	2.116	1.821
Other incomes (Nurol Bank)	1.896	20.078
Price difference revenues	1.597	23.155
Commission income	246	580
Prior period incomes	134	--
Inventory count differences	22	44
Other	17.405	10.476
	162.616	**99.906**

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

31. Other Operating Income and Expenses (Continued)

Other Operating Expenses	**01.01-31.12.2020**	**01.01-31.12.2019**
Donations and grant	(37.208)	--
Commission expenses	(33.283)	(34.838)
Provision expenses	(20.656)	(32.338)
Tümad other expenses	(9.119)	(8.262)
Litigation, penalties and other provision expenses	(4.121)	(2.446)
Severance pay interest expense	(2.899)	(3.567)
Idle capacity expenses	(2.170)	(6.531)
Law no 7143 and 7194 on the restructuring of receivables	(1.226)	(23.947)
Related party expenses	(201)	--
Rediscount expenses	(40)	(431)
Prior period expense	(12)	(4)
Scrap, raw material and material sales profits	--	(35)
Nurol Teknoloji project cancellation expenses	--	(6.295)
Other	(8.097)	(18.996)
	(119.033)	**(137.690)**

32. Income and Expenses from Investing Activities

Income from investing activities	**01.01-31.12.2020**	**01.01-31.12.2019**
Profit on sale of property, plant and equipment	53.959	3.212
Value increase of investment property	19.503	26.670
Rent income	1.104	805
Securities sales income	457	488
Dividend income	18	317
Profit on sales investments / subsidiaries	--	117.341
	75.041	**148.833**

Income from investing activities	**01.01-31.12.2020**	**01.01-31.12.2019**
Loss on marketable securities (Nurol Yatırım Bankası)	(65.914)	(24.036)
Loss on property, plant and equipment sales	(1.352)	(2.099)
	(67.266)	**(26.135)**

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

33. Financial Income and Expenses

Financial income	**01.01-31.12.2020**	**01.01-31.12.2019**
Foreign exchange income	1.507.381	711.073
Interest income	126.014	192.878
	1.633.395	**903.951**

Financial expenses	**01.01-31.12.2020**	**01.01-31.12.2019**
Foreign exchange expenses	(2.313.058)	(1.108.089)
Interest expenses	(1.941.479)	(1.933.721)
Letter of guarantee expenses	(16.280)	(10.711)
Bank commission expenses	(44.383)	(71.858)
Revaluation of derivative financial instruments	--	(8)
	(4.315.200)	**(3.124.387)**

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

Turkey:

The Group is subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent group and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

In Turkey, the corporation tax rate is 22% for 2020 (2019: 22%). However, in accordance with the Provisional Article 10 added to the Corporate Tax Law, the corporate tax rate of 20% will be calculated as 22% for the corporate earnings for the taxation periods of the years 2018, 2019 and 2020 (for the accounting periods that start within the related year for the institutions that are assigned special account period).

The corporate tax rate is applied to the tax base that will result in the deduction of non-deductible expenses in accordance with the tax legislation of the corporation’s commercial income, the exemption in the tax laws (such as the exemption of participation profits) and deductions (such as investment discount).

Advance (prepaid) corporation taxes are payable on quarterly profits at the rate of 22%. Such taxes after deduction of the taxes prepaid quarterly must be declared by the 14th of the second month following any tax period and paid by the 17th. Advance corporation tax may be offset against other debts to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Group file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

Tax losses that are reported in the Corporation Tax return can be carried forward and deducted from the corporation tax base for a maximum of five consecutive years.

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

A 75% portion of the gains derived from the sale of investments and real property which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and must not be withdrawn from the entity for a period of 5 years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realized. However, profits from the sale of investments and immovable held for a minimum of two years will be exempt from taxes.

Dividends paid to non-resident corporations which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Investment Allowance
Investment allowances are not applicable after 1 January 2006. If companies' taxable incomes are not sufficient, the amount of unused investment allowance as of 31 December 2005 and the incentive allowances incurred from 1 January 2006 onwards can be transferred to the following years in order to be deducted from the taxable revenues of the following years.

Law No. 6009 published on 1 August 2010 allows for unused investment allowances to be used in future periods without limitation. A 20% corporate tax is calculated on earnings after deducting investment incentives. The arrangements made with the Law No. 6009 came into force in 1 August 2010 to be applied on income for the year 2010.

The United Arab Emirates:
As of 1 January 2018, VAT rate is 5%.

Georgia:
The standard VAT rate is 18% and applies to the economic sale of all goods and services supplied in Georgia. Under the new corporate tax system, revenue is accounted for according to international financial reporting standards (IFRS). The corporate tax rate in Georgia is 15%. Branch income is taxed at an overall 15% rate on distribution.

Saudi Arabia:
Nurol Saudi Arabia LLC does not have any ongoing projects. The Group will be subjected to corporation tax of 20%, social security premiums and other taxes. The Group does not have any VAT obligation.

Algeria:
The Group does not have any exemption on tax and pays income tax every March (corporation tax and income tax). Income tax rate is 19%. 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 17%.

Morocco:
The Group does not have any exemption on tax and pays income tax every March (corporation tax and income tax). Income tax rate is 30%. The Group is to state VAT information to the tax office of the previous month, to the19th of the current month and pay till the end of the current month. VAT rate is 20%.

Iraq:
The effective corporate tax system for legal entities (excluding partnerships) in Iraq is based on a 15% corporate tax rate at all income levels without a progressive tax scale. As far as we know, there are no local, provincial or provincial income taxes in Iraq. One of the most important issues that determine whether a group is taxable in Iraq is whether the foreign group is doing business in Iraq or with Iraq. In 2009, with the instruction no. 2/2008 and the amendment directive 2014 1, the Iraqi tax administration provided a clearer distinction between work in Iraq and work with Iraq. The Iraqi tax law does not include a provision covering the use of implicit capital.
The tax liabilities included in the financial statements comprised:

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

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

Tax provision in the statement of the financial position	31.12.2020	31.12.2019
Current tax provision	42.221	21.091
	42.221	**21.091**

Tax provision in the statement of income	01.01-31.12.2020	01.01-31.12.2019
Provision for Corporate Tax for current period	(44.652)	(26.853)
Deferred tax income / (expense)	(260.737)	230.685
	(305.389)	**203.832**

Assets related to the current period taxes are as follows	31.12.2020	31.12.2019
Prepaid taxes (-) (*)	212.242	165.561
	212.242	**165.561**

(*) 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 22% (2019: 22%). This prepaid corporation tax can be recovered by deduction from future corporation tax liabilities. Recovery by deduction from other taxes is also possible.

Non-current	31.12.2020	31.12.2019
VAT receivable (Tümad)	57.168	--
Prepaid taxes (-) (**)	85.863	228.723
Non-current VAT receivable	106.238	105.112
	249.269	**333.835**

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

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with POA and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for POA and statutory tax purposes.

The corporate tax rate used in the calculation of deferred tax assets and liabilities is 22% for the temporary timing differences expected to be reversed in 2018, 2019 and 2020 and 20% for the temporary timing differences expected to be reversed after 2021 (2019: 20%).

As of 31 December 2020, 22% tax rate is used on temporary differences expected to be realized and/or closed within 3 years (in 2018, 2019 and 2020), since the tax rate for 3 years has changed from 22% as of 1 January 2018. However, since the effective corporate tax rate is 20% after 2020, 20% tax rate is used for the effective differences expected to occur after 2020 and / or closing.

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

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

Government Incentives and Donations

For the existing mining facilities of Tümad Madencilik, one of the Group Companies, in Lapseki and İvrindi, T.C. There is an Investment Incentive Certificate dated 17.02.2017, numbered 127691 and an Investment Incentive Certificate dated 24.09.2018 and numbered 138360, approved by the Ministry of Economy. Within the scope of these incentive certificates;

- In Çanakkale Lapseki, the exchange rate determined within the scope of the investment incentive certificate is USD $ / TL 3.2; totalling USD $ 52,334 thousand (TL 167,469 thousand), including USD $ 10,835 thousand for buildings, USD $ 36,283,713 for machinery and equipment, and USD $ 5,214 thousand for other expenses,

- In Balıkesir İvrindi, the exchange rate determined under the investment incentive certificate is USD $ / TL 4.5; totalling USD $ 138,888 thousand (TL 625,000), including USD $ 22,222 thousand for buildings, USD $ 105,648 thousand for machinery and equipment, and USD $ 11,017 thousand for other expenses,

Machinery, equipment, software and intangible rights have a discount right according to the Corporate Tax legislation. In this context, the Group recorded a deferred tax asset amounting to USD $ 24.183 thousand over the reduced corporate tax application of the investment incentive certificate to be utilized in the future in its consolidated financial statements as of 31 December 2020. The remaining amount is USD $ 29,796 thousand.

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

	31.12.2020	**31.12.2019**
Deferred tax assets	1.085.303	1.000.258
Deferred tax liabilities (-)	(1.018.872)	(745.482)
Deferred tax assets / (liabilities), net	**66.431**	**254.776**

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

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

Cumulative temporary differences	**31.12.2020**	**31.12.2019**
Carrying value and tax value net difference of inventories	2.137.480	1.251.332
Investment incentive	1.258.688	2.087.600
Prior years losses	646.901	600.099
Transferring research and development incentive discount	520.786	205.232
Other provisions	305.009	277.527
Expense accruals	112.591	16.899
Presentation currency conversion variances	98.917	--
Derivative financial instruments	86.571	36.882
Provisions for employee benefits	75.870	60.574
Provisions for litigation	33.206	12.158
Cash capital increase	25.359	--
Tangible and intangible fixed assets carried value and tax value net difference	20.605	15.624
Rehabilitation money	13.750	3.336
Tax effect of business advances expense	9.411	--
Unused vacation provision	7.895	8.137
Doubtful debt provision	6.315	9.049
Expense post assets	4.775	11.014
Expenses from ongoing contracts	4.537	386.084
Credit interest accrual	3.852	22.976
Affiliate provision expense	3.461	3.495
Credit interest accrual	2.930	549
Warranty and assembly expenses	1.088	--
Financial expenses not accrued (net)	750	929
Presentation currency conversion variances	--	(696.889)
Time deposit interest accrual	(6)	2.093
Exchange rate differences	(722)	(319)
Income accruals	(5.002)	(26.017)
Tax effect of prepaid loan interest	(5.269)	--
Unaccrued finance income (net)	(6.923)	(3.077)
Affiliates	(19.971)	(19.971)
Real estate provision	(21.491)	--
Valuation of financial investments	(26.879)	536
Derivative financial instruments	(35.490)	--
Revenues from ongoing contracts	(45.754)	(834.475)
Tangible and intangible fixed assets carried value and tax value net difference	(300.430)	(207.652)
Valuation of investment properties	(253.471)	(223.350)
Depreciation adjustment	(736.868)	(50.246)
Trade and other receivables	(3.581.051)	(1.967.800)
Other	566	(167)
	341.986	**982.162**

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

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

Deferred tax assets / (liabilities)	**31.12.2020**	**31.12.2019**
Carrying value and tax value net difference of inventories	427.496	275.293
Investment incentive	271.621	459.272
Prior years losses	124.177	132.022
Transferring research and development incentive discount	104.157	45.151
Other provisions	60.982	61.056
Expense accruals	24.770	3.718
Presentation currency conversion variances	19.783	--
Derivative financial instruments	18.090	1.681
Provisions for employee benefits	15.678	13.329
Provisions for litigation	7.189	2.675
Cash capital increase	5.072	--
Tangible and intangible fixed assets carried value and tax value net difference	4.158	3.437
Rehabilitation money	3.025	734
Tax effect of business advances expense	1.882	--
Unused vacation provision	1.692	1.790
Doubtful debt provision	1.389	1.990
Expense post assets	1.045	2.423
Expenses from ongoing contracts	998	--
Loan interest accrual	823	725
Affiliate provision expense	762	769
Loan interest accrual	646	4.448
Warranty and assembly expenses	218	--
Financial expenses not accrued (net)	165	204
Presentation currency conversion variances	(1)	(23.247)
Time deposit interest accrual	(1)	461
Exchange rate differences	(159)	(70)
Income accruals	(1.004)	(4.253)
Tax effect of prepaid loan interest	(1.054)	--
Unaccrued finance income (net)	(1.523)	(2.145)
Investments	(4.394)	(4.394)
Real estate provisions	(4.600)	--
Valuation of financial investments	(5.914)	118
Derivative financial instruments	(7.098)	--
Revenues from ongoing contracts	(10.066)	(183.584)
Tangible and intangible fixed assets carried value and tax value net difference	(60.086)	(45.684)
Valuation of investment properties	(55.161)	(49.137)
Depreciation adjustment	(162.111)	(11.054)
Trade and other receivables	(716.210)	(432.930)
Other	(5)	(22)
	66.431	**254.776**

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

35. 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.

	01.01-31.12.2020	01.01-31.12.2019
Profit for the period	321.137	(17.969)
Profit attributable to non controlling interest	30.951	169.334
Profit attributable to equity holders of the parent	**352.088**	**151.365**
Weighted average number of shares with nominal value	776.001	776.001
Earnings per share	**0.4138**	**(0.0232)**

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

I. Capital Management Policies and Procedures

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:

	31.12.2020	31.12.2019
Total financial liabilities	16.639.099	14.206.856
Less: cash and cash equivalents	(2.573.563)	(1.789.913)
Net financial debt	14.065.536	12.416.943
Total equity	3.712.751	3.027.038
Less: revaluation of tangible fixed assets	(961.393)	(846.933)
Total financing used	16.816.894	14.597.048
Net financial debt / Total financing used	**%84**	**%85**

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

II. 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.

a. 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.

b. 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.

c. 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.

c1. Foreign currency risk

The Group is exposed to foreign currency risk arising from the translation of foreign currency denominated assets and liabilities to TL. 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.

	31.12.2020	**31.12.2019**
Foreign currency assets	2.119.117	4.415.654.405
Foreign currency liabilities	(13.194.846)	(6.211.608.651)
Net foreign currency position	**(11.075.729)**	**(1.795.954.246)**

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

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

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

31.12.2020	**USD**	**EUR**	**GBP**	**RUB**	**DZD**	**AED**	**MAD**	**GEL**	**LYD**	**CHF**	**Other Currencies TL Equivalent**	**TL Equivalent**
1. Trade receivables	10.462	13.525	49	--	5.134.102	76.401	3.067	417	22.904	--	--	766.584
2a. Monetary financial assets, (cash and banks)	18.744	5.013	121	274	395.093	168.114	92	1.099	--	--	7.883	552.642
2b. Non monetary financial assets	597	35	--	--	63.203	14.190	29	130.061	11.071	--	--	389.105
3. Other	27.546	1.045	11	--	1.530.676	14	--	311	--	--	--	297.599
4. Current assets (1+2+3)	57.349	19.618	181	274	7.123.074	258.719	3.188	131.888	33.975	--	7.883	2.005.930
5. Trade receivables	--	--	--	--	--	--	2.158	--	--	--	--	1.778
6a. Monetary financial assets	63	60	--	--	--	--	--	--	--	--	--	998
6b. Non monetary financial assets	--	--	--	--	3.209	--	--	--	18	--	--	277
7. Other	9.038	33	--	--	--	--	--	19.388	--	--	--	110.133
8. Non-current assets (5+6+7)	9.100	93	--	--	3.209	--	2.158	19.388	18	--	--	113.186
9. Total assets (4+8)	66.450	19.711	181	274	7.126.283	258.719	5.346	151.276	33.993	--	7.883	2.119.117
10. Trade payables	59.015	90.721	54	--	6.964.918	181.067	121	494	--	6	5.443	2.007.277
11. Financial liabilities	462.059	41.947	--	--	--	73.954	--	--	--	--	--	3.917.514
12a. Other monetary liabilities	104	--	--	--	--	--	855.740	--	--	--	--	705.913
12b. Other non monetary liabilities	205	1.834	--	--	837.754	--	--	9	9.776	--	--	118.252
13. Current liabilities (10+11+12)	521.383	134.502	54	--	7.802.672	255.021	855.861	503	9.776	6	5.443	6.748.957
14. Trade payables	--	89.700	--	--	--	--	--	--	--	--	--	808.009
15. Financial liabilities	479.913	128.365	--	--	--	99.980	--	21.456	--	--	--	4.927.213
16a. Other monetary liabilities	--	--	--	--	--	--	--	--	--	--	--	--
16b. Other non monetary liabilities	158	63.432	--	--	1.259	23.174	--	40.874	--	--	--	710.667
17. Non-current liabilities (14+15+16)	480.071	281.497	--	--	1.259	123.154	--	62.330	--	--	--	6.445.889
18. Total liabilities (13+17)	1.001.454	415.999	54	--	7.803.931	378.175	855.861	62.833	9.776	6	5.443	13.194.846
19. Net assets of off balance sheet derivative items	--	--	--	--	--	--	--	--	--	--	--	--
19a. Total amount of assets hedged	--	468.971	--	--	--	--	--	--	--	--	3.827	4.228.271
19b. Total amount of liabilities hedged	--	--	--	--	--	--	--	--	--	--	--	--
20. Net foreign assets / (liability) position	(935.006)	72.683	127	274	(677.648)	(119.456)	(850.515)	88.443	24.216	(6)	6.267	(6.847.458)
21.Net foreign currency asset / (liability) position(=1+2a+5+6a-10-11-12a-14-15-16a)	(971.824)	(332.135)	116	274	(1.435.723)	(110.486)	(850.544)	(20.434)	22.904	(6)	2.440	(11.043.925)

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

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

31.12.2019	**USD**	**EUR**	**GBP**	**RUB**	**SAR**	**DZD**	**AED**	**MAD**	**GEL**	**LYD**	**KWD**	**Other Currencies TL Equivalent**	**TL Equivalent**
1. Trade receivables	111.219	16.244	61	--	--	9.959.064	171.060	3.067	2.801	22.904	308	--	1.653.770
2a. Monetary financial assets, (cash and banks)	70.949	23.157	48	220	1	49.439	167.646	424	3.612	--	--	4.601	862.039
2b. Non monetary financial assets	515	68	--	--	--	610.174	137	--	130.762	--	--	--	306.004
3. Other	185.831	25.433	--	--	84	215.327	--	45.237	--	11.071	--	4.477	1.363.421
4. Current assets (1+2+3)	368.514	64.902	109	220	85	10.834.004	338.843	48.728	137.175	33.975	308	9.078	4.185.234
5. Trade receivables	158	--	--	--	--	--	--	2.284	--	--	--	--	2.355
6a. Monetary financial assets	34	96	--	--	--	--	--	--	--	--	--	--	837
6b. Non monetary financial assets	--	--	--	--	--	--	--	--	--	--	--	--	--
7. Other	9.218	--	--	--	--	--	--	--	82.963	--	--	--	227.229
8. Non-current assets (5+6+7)	9.410	96	--	--	--	--	--	2.284	82.963	--	--	--	230.421
9. Total assets (4+8)	377.924	64.998	109	220	85	10.834.004	338.843	51.012	220.138	33.975	308	9.078	4.415.655
10. Trade payables	189.635	27.133	2	--	--	261.519	274.198	150	1.057	--	14	26.449	1.792.808
11. Financial liabilities	132.079	32.645	--	--	--	--	107.008	--	--	--	--	4	1.174.894
12a. Other monetary liabilities	31.841	--	--	--	--	1.756.884	--	345	--	--	--	--	276.972
12b. Other non monetary liabilities	184	14.322	--	--	--	--	--	--	--	--	--	--	96.340
13. Current liabilities (10+11+12)	353.739	74.100	2	--	--	2.018.403	381.206	495	1.057	--	14	26.453	3.341.014
14. Trade payables	--	75.575	--	--	--	--	--	--	--	--	--	--	502.619
15. Financial liabilities	151.081	105.750	--	--	--	--	--	--	--	--	--	--	1.600.753
16a. Other monetary liabilities	--	--	--	--	--	--	23.104	--	--	--	--	--	37.396
16b. Other non monetary liabilities	8.247	102.365	--	--	29	--	--	--	--	--	--	--	729.827
17. Non-current liabilities (14+15+16)	159.329	283.690	--	--	29	--	23.104	--	--	--	--	--	2.870.595
18. Total liabilities (13+17)	513.067	357.790	2	--	29	2.018.403	404.310	495	1.057	--	14	26.453	6.211.609
19. Net assets of off balance sheet derivative items	--	324.927		--	--	--	--	--	--	--	--	79.351	2.240.311
19a. Total amount of assets hedged	--	324.927	--	--	--	--	--	--	--	--	--	79.351	2.240.311
19b. Total amount of liabilities hedged	--	--	--	--	--	--	--	--	--	--	--	--	--
20. Net foreign assets / (liability) position	--	32.135	107	220	56	8.815.601	(65.467)	50.517	219.081	33.975	294	61.976	444.356
21.Net foreign currency asset / (liability) position(=1+2a+5+6a-10-11-12a-14-15-16a)	(135.144)	(201.607)	107	220	1	7.990.100	(65.604)	5.280	5.356	22.904	294	(21.852)	(2.866.442)

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

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

c1. 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

	31.12.2020			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%				
1- USD net assets / liabilities	(754.974.822)	754.974.822	(754.974.822)	754.974.822
2- Hedged portion of USD risk (-)	--	--	--	--
3- USD net effect (1+2)	(754.974.822)	754.974.822	(754.974.822)	754.974.822
Change of EUR against TL by 10%				
4- Net EUR assets/liabilities	(17.133.573)	17.133.573	(17.133.573)	17.133.573
5- Hedged portion of EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	(17.133.573)	17.133.573	(17.133.573)	17.133.573
Change of other currencies against TL by 10%				
7- Net AED assets/liabilities	(27.591)	27.591	(27.591)	27.591
8- Hedged portion of AED risk (-)	--	--	--	--
9- AED net effect (7+8)	(27.591)	27.591	(27.591)	27.591
Total (3+6+9)	**(772.135.986)**	**772.135.986**	**(772.135.986)**	**772.135.986**

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

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

c1. Foreign currency risk (Continued)

Foreign currency sensitivity analysis table

31.12.2019				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%				
1- USD net assets / liabilities	(88.306)	88.306	(88.306)	88.306
2- Hedged portion of USD risk (-)	--	--	--	--
3- USD net effect (1+2)	(88.306)	88.306	(88.306)	88.306
Change of EUR against TL by 10%				
4- Net EUR assets/liabilities	(2.001)	2.001	(2.001)	2.001
5- Hedged portion of EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	(2.001)	2.001	(2.001)	2.001
Change of other currencies against TL by 10%				
7- Net AED assets/liabilities	(12)	12	(12)	12
8- Hedged portion of AED risk (-)	--	--	--	--
9- AED net effect (7+8)	(12)	12	(12)	12
Total (3+6+9)	**(90.319)**	**90.319**	**(90.319)**	**90.319**

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

Fair values

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:

i) 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.

ii) 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 are 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.

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

38. Discontinued Operations

a) Nurol Libya Branch

The Group management has decided to close the Libya Branch's activities due to the fact that they are not sustainable on the basis of commercial profitability. Therefore, its assets and liabilities are classified as assets and liabilities held for sale in accordance with TFRS and TFRS 5 in the financial statements dated 31 December 2020. In 2020, the Group management liquidated the Iraq Branch, Libya Branch was classified as discontinued operations, and the summary information regarding its assets and liabilities are as follows:

Assets held for sale	**31.12.2020**	**31.12.2019**
Cash and cash equivalents	57	106
Trade receivables	125.578	95.202
Deposits and guarantees given	60.800	46.093
	186.435	**141.401**

Liabilities held for sale	**31.12.2020**	**31.12.2019**
Financial liabilities	--	--
Trade payables	--	--
Other liabilities	--	--
	--	**--**

The details of the income statement as of 31 December 2020 regarding the discontinued operations of the Libya Branch are as follows (31 December 2019: Libya and Iraq Branch):

	01.01.-31.12.2020	**01.01.-31.12.2019**
Sales	--	--
Cost of sales (-)	--	--
Gross operational loss		**--**
Operation expenses	(689)	(6.912)
Operational loss	**(689)**	**(6.912)**
Financial income / (expenses), net	--	--
Loss before tax	**(689)**	**(6.912)**
Tax income / (expenses)	--	--
Loss for the period	**(689)**	**(6.912)**

Nurol İnşaat gave letters of guarantee in the amount of EUR 13,092 thousand and USD 2,338 thousand to various government institutions in connection with construction operations in Libya.

39. Events After the Reporting Date

Nurol Gayrimenkul Yatırım Ortaklığı has issued TL 295.000.000 of issued capital in accordance with the decisions taken at the Board of Directors meeting dated as December 14, 2020 and numbered as 2020/18 and the meeting of the Capital Market Decision Body dated as February 11, 2021 and numbered as 7/194 and published in the weekly bulletin no. 2021/7. It has been decided to increase the nominal capital amount to be calculated according to the share sales price to be determined within the framework of Borsa İstanbul A.Ş.'s Procedure for Wholesale Purchase Transactions with a total sales amount of TL 190.000.000 by restricting the rights completely and to meet the request for approval of the issuance document to be issued to Nurol Holding A.Ş. by allocated sales method without public offering of all group B shares to be issued as a result of the capital increase.