ENKA İNŞAAT VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Interim Financial Statements as at and for the Six-Months Period Ended with Independent Auditor's Review Report

30 June 2022

KPMG Bağımsız Denetim ve
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Independent Auditor's Report on Review of Consolidated Interim Financial Information

To the Board of Directors of Enka İnşaat ve Sanayi Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Enka İnşaat ve Sanayi Anonim Şirketi ("the Company") and its subsidiaries and joint operations (collectively referred to as "the Group") as at 30 June 2022, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standards 34 "*Interim Financial Reporting*" ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Gökhan Atılgan, SMMM
Partner

16 August 2022
Istanbul, Turkey

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

(Amounts are expressed in thousands of U.S. Dollars ("USD") unless otherwise stated.)

ASSETS	Note	Reviewed 30 June 2022	Audited 31 December 2021
Current Assets		**3,775,566**	**5,106,690**
Cash and cash equivalents		1,293,084	2,061,707
Financial investments		1,502,546	2,207,993
Trade receivables		322,786	275,795
Other receivables			
Other receivables from related parties		2	2
Other receivables from third parties		13,706	13,512
Inventories		321,593	255,739
Prepaid expenses		231,189	185,854
Costs and estimated earnings in excess of billings on uncompleted contracts	5	18,243	22,371
Other current assets		52,835	63,417
		3,755,984	5,086,390
Assets held for sale		19,582	20,300
Non-Current Assets		**4,871,968**	**3,995,644**
Financial investments		1,588,616	995,731
Trade receivables		-	8,759
Investment properties	6	2,424,671	2,030,204
Property, plant and equipment		786,258	887,418
Intangible assets			
Other intangible assets		56,371	58,682
Deferred tax assets		14,745	13,239
Prepaid expenses		1,199	1,533
Other non-current assets		108	78
TOTAL ASSETS		**8,647,534**	**9,102,334**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

(Amounts are expressed in thousands of U.S. Dollars ("USD") unless otherwise stated.)

LIABILITIES	**Note**	**Reviewed 30 June 2022**	**Audited 31 December 2021**
Current Liabilities		**1,657,519**	**1,755,791**
Short-term borrowings		63,993	48,311
Current portion of long-term borrowings		7,131	12,041
Trade payables		263,253	348,309
Payables to employees		22,745	21,143
Other payables			
Payables to related parties		8	8
Payables to third parties		18,040	14,934
Billings in excess of costs and estimated earnings on uncompleted contracts	5	474,749	547,396
Deferred income		658,119	602,671
Taxation on income		43,929	27,368
Provisions			
Provisions for employee benefits		9,590	9,167
Other provisions		41,998	53,839
Other current liabilities		53,964	70,604
Non-Current Liabilities		**591,748**	**604,959**
Long-term borrowings		134,606	104,628
Other payables		26,362	24,520
Deferred income		3,178	3,128
Provisions for employee benefits		9,593	9,172
Deferred tax liabilities		418,009	463,511
EQUITY		**6,398,267**	**6,741,584**
Equity Attributable to Equity Holders of the Parent		**6,336,090**	**6,674,694**
Share capital	10	2,751,959	2,727,682
Treasury Shares	10	(129,012)	(129,468)
Revaluation surplus		111,415	110,445
Currency translation difference		(1,024,904)	(1,429,824)
Other reserves		(700)	(700)
Legal reserves and accumulated profit		4,627,332	5,396,559
Non-Controlling Interests		**62,177**	**66,890**
TOTAL LIABILITIES AND EQUITY		**8,647,534**	**9,102,334**

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts are expressed in thousands of U.S. Dollars ("USD") unless otherwise stated.)

	Note	Reviewed 1 January- 30 June 2022	Reviewed 1 January- 30 June 2021	Not Reviewed 1 April- 30 June 2022	Not Reviewed 1 April- 30 June 2021
CONTINUING OPERATIONS					
Revenue	4	1,619,063	1,048,343	796,215	562,789
Cost of revenues (-)	4	(1,213,065)	(692,605)	(584,611)	(408,628)
GROSS PROFIT		**405,998**	**355,738**	**211,604**	**154,161**
Administrative expenses (-)	4	(53,635)	(38,324)	(31,541)	(15,194)
Marketing, selling and distribution expenses (-)	4	(10,814)	(15,782)	(4,007)	(6,915)
Other operating income	4	21,379	16,011	14,948	9,026
Other operating expenses (-)	4	(25,862)	(28,128)	(15,603)	(11,719)
PROFIT FROM OPERATIONS		**337,066**	**289,515**	**175,401**	**129,359**
Income from investing activities	4,11	149,845	228,925	80,390	160,031
Expenses from investing activities (-)	4,11	(868,001)	(29,925)	(603,697)	36,643
OPERATING PROFIT BEFORE FINANCE EXPENSES		**(381,090)**	**488,515**	**(347,906)**	**326,033**
Financial income	4	86,842	36,009	52,057	1,676
Financial expenses (-)	4	(29,240)	(26,488)	(19,897)	(10,609)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**(323,488)**	**498,036**	**(315,746)**	**317,100**
Current tax expense (-)		(89,329)	(66,806)	(47,692)	(48,038)
Deferred tax income / (expense)		78,249	(23,917)	64,754	(17,519)
NET PROFIT (LOSS) FOR THE PERIOD		**(334,568)**	**407,313**	**(298,684)**	**251,543**
Attributable to:					
Non-controlling interest		559	2,201	1,178	1,352
Equity holders of the parent		(335,127)	405,112	(299,862)	250,191
		(334,568)	**407,313**	**(298,684)**	**251,543**
Earning / (Loss) per share from continuing operations					
- ordinary share certificate (full USD)		(0.06)	0.07	(0.05)	0.04
Weighted average number of shares (1 dollar weighted average shares)		5,853,669,629	5,853,669,629	5,853,669,629	5,853,669,629

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts are expressed in thousands of U.S. Dollars ("USD") unless otherwise stated.)

	Reviewed 1 January- 30 June 2022	Reviewed 1 January- 30 June 2021	Not Reviewed 1 April- 30 June 2022	Not Reviewed 1 April- 30 June 2021
NET PROFIT FOR THE PERIOD	**(334,568)**	**407,313**	**(298,684)**	**251,543**
Other Comprehensive Income / (Expense):				
Items that will not be reclassified subsequently to profit or loss	**970**	**(1,672)**	**2,073**	**(182)**
Changes in currency translation difference in revaluation fund of property	970	(1,672)	2,073	(182)
Items that may be reclassified subsequently to profit or loss	**263,043**	**(111,923)**	**418,789**	**21,847**
Changes in currency translation difference	263,045	(111,996)	418,892	21,570
Gains (Losses) on financial assets measured at fair value through other comprehensive income	(2)	73	(103)	277
OTHER COMPREHENSIVE INCOME / (LOSS)	**264,013**	**(113,595)**	**420,862**	**21,665**
TOTAL COMPREHENSIVE INCOME	**(70,555)**	**293,718**	**122,178**	**273,208**
Attributable to:				
Non-controlling interest	(4,713)	4,814	(2,648)	7,182
Equity holders of the parent	(65,842)	288,904	124,826	266,026
	(70,555)	**293,718**	**122,178**	**273,208**

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts are expressed in thousands of U.S. Dollars ("USD") unless otherwise stated.)

	Share capital	Treasury Shares	Revaluation surplus	Currency translation difference	Other reserves	Legal reserves and accumulated profit	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	**2,727,682**	**(129,468)**	**111,729**	**(1,350,943)**	**(1,009)**	**5,335,550**	**6,693,541**	**76,588**	**6,770,129**
Total other comprehensive income	-	-	(2,123)	(9,409)	73	(104,749)	(116,208)	2,613	(113,595)
Profit for the period	-	-	-	-	-	405,112	405,112	2,201	407,313
Total comprehensive income	-	-	(2,123)	(9,409)	73	300,363	288,904	4,814	293,718
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	22	-	-	(22)	-	-	-
Dividends paid	-	-	-	-	-	(243,870)	(243,870)	(558)	(244,428)
Balance at 30 June 2021	**2,727,682**	**(129,468)**	**109,628**	**(1,360,352)**	**(936)**	**5,392,021**	**6,738,575**	**80,844**	**6,819,419**
Balance at 1 January 2022	**2,727,682**	**(129,468)**	**110,445**	**(1,429,824)**	**(700)**	**5,396,559**	**6,674,694**	**66,890**	**6,741,584**
Total other comprehensive income	-	-	970	404,920	-	(136,605)	269,285	(5,272)	264,013
Profit for the period						(335,127)	(335,127)	559	(334,568)
Total comprehensive income	-	-	970	404,920	-	(471,732)	(65,842)	(4,713)	(70,555)
Increase (Decrease) through Treasury Share Transactions	-	456	-	-	-	-	456		456
Share capital increase	24,277	-	-	-	-	(24,277)	-	-	-
Dividends paid	-	-	-	-	-	(273,218)	(273,218)	-	(273,218)
Balance at 30 June 2022	**2,751,959**	**(129,012)**	**111,415**	**(1,024,904)**	**(700)**	**4,627,332**	**6,336,090**	**62,177**	**6,398,267**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts are expressed in thousands of U.S. Dollars ("USD") unless otherwise stated.)

	Reviewed 1 January- 30 June 2022	Reviewed 1 January- 30 June 2021
Cash flows from operating activities		
Profit for the period	(334,568)	407,313
Adjustments to reconcile net income to net cash used in operating activities:		
- Adjustments related to depreciation and amortisation	41,089	46,827
- Adjustments related to provision for employment	809	336
- Adjustments related to allowance for doubtful receivables	-	87
- Adjustments related to provision for litigations	2,433	4,749
- (Income) / loss from fair value of forward transactions	(4,059)	7,631
- Adjustments to related to interest expense	2,731	1,473
- Adjustments to related to interest income	(42,577)	(43,466)
- Adjustments to related to dividend income	(15,228)	(11,947)
- Adjustments to related to provision for inventory impairment, net	(611)	(727)
- Adjustments to related to gain on sale or disposal of property, plant and equipment, net	(4,373)	(7,477)
- Adjustments to related to fair value increase in investment properties	81,526	-
- Adjustments to related to valuation of investment securities	664,992	(112,223)
- Interest accrual	240	48
- Tax expense	11,080	90,723
	403,484	383,347
Movements in working capital		
Change in trade and other receivables	(38,233)	(119)
Change cost and estimated earnings in excess of billings on uncompleted contracts	4,128	(5,754)
Change in inventory	(65,244)	(19,319)
Change in other current assets and other non current assets	(33,927)	(19,026)
Change in trade and other payables	(85,055)	113,417
Change in billings in excess of cost and estimated earnings on uncompleted contracts	(72,647)	47,743
Change provision for liabilities and other liabilities	35,616	166,957
	(255,362)	283,899
Income taxes paid	(72,769)	(61,460)
Employee termination benefits paid	(343)	(855)
Net cash generated from operating activities	**75,010**	**604,931**
Cash flows from investing activities		
Purchases of financial investments	(1,148,853)	(226,866)
Sale of financial investments	596,424	225,101
Proceeds on disposal or sale of property, plant and equipment	14,225	28,080
Purchases of property, plant and equipment, intangible assets and investment properties	(41,931)	(96,124)
Interest received	35,611	41,803
Dividend received	15,228	11,947
Net cash used in investing activities	**(529,296)**	**(16,059)**
Cash flows from financing activities		
Addition to borrowings	24,105	7,485
Repayments of borrowings	(15,086)	(48,801)
Sale of treasury shares	456	-
Interest received	6,726	1,615
Interest paid	(2,764)	(1,473)
Dividend paid to non-controlling interests	-	(558)
Dividend paid	(273,218)	(243,870)
Net cash used in financing activities	**(259,781)**	**(285,602)**
Translation reserve	(54,556)	(46,875)
Net increase / (decrease) in cash and cash equivalents	**(768,623)**	**256,395**
Cash and cash equivalents at beginning of the period	2,061,707	1,349,709
Cash and cash equivalents at end of the period	**1,293,084**	**1,606,104**

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

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP

Enka İnşaat ve Sanayi Anonim Şirketi ("the Group") was established on 4 December 1967 and registered in İstanbul, Turkey, under the Turkish Commercial Code. The address of the headquarters and registered office of Enka İnşaat is Balmumcu, Zincirlikuyu Yolu No:10, 34349 Enka Binası Beşiktaş, İstanbul, Turkey.

As of 28 June 2002, Enka İnşaat merged legally with its publicly traded shareholder company, Enka Holding Yatırım Anonim Şirketi ("Enka Holding"), which were under the common control of Tara Holding Anonim Şirketi and Tara and Gülçelik families. As of 30 June 2022, 8.70% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange ("ISE").

As of 30 June 2022, the average numbers of white and blue-collar personnel are respectively 4,493 and 16,626 (31 December 2021 – 4,838 and 14,624).

For the purpose of the condensed consolidated interim financial statements, Enka İnşaat, its consolidated subsidiaries and its joint operations are hereinafter referred to as "the Group".

The Group operates in geographical areas below:

i. *Turkey*: engaged in diverse types of construction activities including construction of industrial and social buildings, motorways and construction and operation of natural gas fired electrical energy generation facilities. Additionally, the Group is operating in trading activities.

ii. *Russian Federation, Georgia, Turkmenistan and Kazakhstan:* engaged in construction activities and also in investment and development of real estate properties and shopping malls in Moscow, Russia.

iii. Engaged in construction activities in Gabon, Kenya, Djibouti, Mauritania and Libya in Africa; Saudi Arabia, Sri Lanka, India, Oman, Iraq and Afghanistan in Asia; Mexico in North America and Paraguay in South America and Bahamas in Carribean.

iv. *Europe*: engaged in construction and trading activities in Romania, the Netherlands, Switzerland, Greece, Germany, Serbia, Kosovo, United Kingdom and Italy.

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of accounting

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Uniform Chart of Accounts published by the Ministry of Treasury and Finance. The consolidated financial statements are presented in U.S. Dollars ("USD") and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

Enka İnşaat and its subsidiaries which are incorporated in Turkey, maintain their books of accounts in accordance with the Turkish Commercial Code and Tax Law and the foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries where they are registered.The Company prepares its statutory consolidated financial statements in Turkish Lira ("TL") in accordance with Turkish Financial Reporting Standards ("TFRS") issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") according to the Article 5 of the Communiqué as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board ("CMB") dated 13 June 2013 related to "Capital Market Communiqué on Principles Regarding Financial Reporting". The consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including requirements of IAS 34 "Interim Financial Reporting". IAS consists of International Accounting Standards, International Financial Reporting Standards ("IFRS") and related appendices and interpretations.

The condensed consolidated interim financial statements have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss, investment properties, land and buildings which are measured at fair values.

Approval of the financial statements:

The condensed consolidated interim financial statements are approved by the Company's Board of Directors on 16 August 2022. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

<u>Functional and presentation currency</u>

As significant amount of construction operations of Enka İnşaat which form main part of the operations of the Group are carried out in U.S. Dollar or indexed to U.S. Dollar, this currency has been determined as the functional and the presentation currency of the Group in line with IAS 21. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies (i.e. any currency other than the functional currency) are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the Power companies' operating in Turkey, was changed from U.S. Dollar to TL due to the changes in operations or activity in the economic environment as of 31 December 2019.

The functional currencies of foreign subsidiaries operating in Russia (Moscow Krasnye Holmy (MKH), Limited Liability Company Mosenka (Mosenka) and Limited Liability Company Enka TC (Enka TC) are Ruble. The functional currency of jointly managed subsidiaries established in Romania, Kosovo and Albania and Enka Pazarlama are the Euro. The functional currency of some subsidiaries incorporated in Turkey is TL. These companies reporting to Enka İnşaat in the currency of their respective currencies.

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of presentation (cont'd)

Functional and presentation currency (cont'd)

The assets and liabilities of the subsidiaries, joint operations and branches whose functional currency is other than U.S. Dollars are translated into U.S. Dollars at the rate of exchange ruling at the balance sheet date and their consolidated statement of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as currency translation difference.

Within Turkey, official exchange rates of the Turkish Lira (TL) are determined by the Central Bank of Turkey (CBT) and are generally considered to be a reasonable approximation of market rates.

As of 30 June 2022, 31 December 2021 and 30 June 2021, the buying rates and average rates for one U.S. Dollar can be summarized as below:

	30 June 2022	31 December 2021	30 June 2021
U.S. Dollars/TL – as of balance sheet date	16.6614	13.3290	8.7052
U.S. Dollars/TL – yearly average	14.8517	8.8680	7.8693

Inflation accounting

The functional currencies of the Power companies' operating in Turkey, was changed from U.S. Dollar to TL due to the changes in operations or activity in the economic environment as of 31 December 2019. The inflation accounting effects of the Companies operating in Turkey are insignificant as of 30 June 2022.

Comparative information and reclassification of prior year consolidated financial statements

The Group prepares comparative condensed consolidated interim financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative condensed consolidated interim financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed. In the current year, there is no such reclassification.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of presentation (cont'd)

Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the parent company, its joint operations and its subsidiaries as at 30 June 2022. The condensed consolidated interim financial statements of the joint operations and the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

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.

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. 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:

• the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

• potential voting rights held by the Group, other vote holders or other parties;

• rights arising from other contractual arrangements; and

• any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All significant intra-group transactions and balances between Enka İnşaat and its consolidated subsidiaries and joint operations are eliminated.

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Non-controlling interests represent the portion of consolidated statement of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Changes in the accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements.

2.3 Changes in Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current period but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively. There is no material change in accounting estimates of the Group in the current period.

When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated. The Group did not detect any significant accounting error in the current year.

2.4 Standards and intepretations issued but not yet effective

Standards issued but not yet effective and not early adopted

A number of new standards and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

IFRS 17 Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)

In December 2021, IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. IFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2023.

The Group does not expect that application of these amendments to IFRS 17 will have significant impact on its consolidated financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Standards and interpretations issued but not yet effective (cont'd)

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

IFRS 4 has been amended by IASB to reduce the impact of the differing effective dates of the new insurance contracts standard and IFRS 9. These amendments to IFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying IFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39; or ii) an optional temporary exemption from applying IFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2023. These companies will be permitted to continue to apply existing requirements for financial instruments in IAS 39.

The Group does not expect that application of these amendments to IFRS 4 will have significant impact on its consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, IASB issued *Classification of Liabilities as Current or Non-Current* which amends IAS 1 *Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities in the statement of financial position.

The amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:
(a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
(b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
(c) Clarifying how lending conditions affect classification; and
(d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, according to the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023.

The Group does not expect that application of these amendments to IAS 1 will have significant impact on its consolidated financial statements

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021.
The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.
The amendments are consistent with the refined definition of material previously:

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Standards and interpretations issued but not yet effective (cont'd)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (cont'd)

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 January 2023, but companies can apply it earlier.
The Group does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2) will have significant impact on its consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
The Group does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2) will have significant impact on its consolidated financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes.

The amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Standards and interpretations issued but not yet effective (cont'd)

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes (cont'd)

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Group does not expect that application of these amendments to Amendments to IAS 12 will have significant impact on its consolidated financial statements.

Amendments are effective on 1 January 2022

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2022:

1. Annual Improvements to IFRS Standards 2018–2020 -Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture
2. Reference to the Conceptual Framework – Amendments to IFRS 3 *Business Combinations*
3. Property, Plant and Equipment – Proceeds before Intended Use: Amendments to IAS 16 Property, Plant and Equipment
4. Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

These newly adopted amendments to standards have not been a significant impact on the consolidated financial statements of the Group.

2.5 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3. CHANGES IN OPERATIONAL SEASON

The Group's operations related to construction slow down during the winter season and differ significantly from other operational areas.

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

4. SEGMENTAL INFORMATION

The Group's operating businesses are organized and managed separately according to the nature of services and products provided and has four reportable segments as follows: construction, rental, energy and trading.

a) Business segments

	1 January - 30 June 2022					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	830,066	168,688	106,992	513,317	-	1,619,063
Inter-segment revenues	19,693	-	2,970	-	(22,663)	-
Cost of revenues (-)	(616,075)	(56,621)	(79,686)	(460,683)	-	(1,213,065)
Inter-segment cost of revenues (-)	(19,693)	-	(2,970)	-	22,663	-
Gross profit	213,991	112,067	27,306	52,634	-	405,998
Administrative expenses (-)	(36,394)	(9,878)	(3,999)	(3,364)	-	(53,635)
Marketing expenses (-)	(3,240)	(2,059)	(3,825)	(1,690)	-	(10,814)
Other operating income	15,742	801	4,166	670	-	21,379
Other operating expenses (-)	(19,454)	(772)	(1,190)	(4,446)	-	(25,862)
Profit from operations	170,645	100,159	22,458	43,804	-	337,066
Invesment income	149,651	17	-	177	-	149,845
Investment expenses (-)	(785,470)	(82,529)	-	(2)	-	(868,001)
Profit from operations before financial income / (expenses)	(465,174)	17,647	22,458	43,979	-	(381,090)
Financial income	34,499	3,742	146	48,572	(117)	86,842
Financial expenses (-)	(19,942)	(5,718)	(3,464)	(233)	117	(29,240)
Profit / (loss) before tax	(450,617)	15,671	19,140	92,318	-	(323,488)
Current tax expense (-)	(31,780)	(19,099)	(3,680)	(34,770)	-	(89,329)
Deferred taxation income/ (expenses)	40,881	14,019	(437)	23,786	-	78,249
Profit / (loss) for the period from continuing operations	(441,516)	10,591	15,023	81,334	-	(334,568)

	30 June 2022				
	Construction contracts	Rental	Trade	Energy	Consolidated
Segment assets	5,381,527	2,576,861	186,713	502,433	8,647,534
Total assets	5,381,527	2,576,861	186,713	502,433	8,647,534
Segment liabilities	1,545,947	489,588	74,239	139,493	2,249,267
Total liabilities	1,545,947	489,588	74,239	139,493	2,249,267

	1 January - 30 June 2022				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	27,684	11,172	1,196	1,559	41,611
Intangible assets	100	38	179	3	320
Total capital expenditures	27,784	11,210	1,375	1,562	41,931
Depreciation expense	27,145	729	886	9,503	38,263
Amortisation expense	2,737	44	30	15	2,826

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

	1 April - 30 June 2022					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	449,497	95,525	68,222	182,971	-	796,215
Inter-segment revenues	12,644	-	2,186	-	(14,830)	-
Cost of revenues (-)	(335,839)	(32,006)	(49,751)	(167,015)	-	(584,611)
Inter-segment cost of revenues (-)	(12,644)	-	(2,186)	-	14,830	-
Gross profit	113,658	63,519	18,471	15,956	-	211,604
Administrative expenses (-)	(25,860)	(3,918)	(597)	(1,166)	-	(31,541)
Marketing expenses (-)	(601)	(941)	(2,465)	-	-	(4,007)
Other operating income	12,008	630	1,798	512	-	14,948
Other operating expenses (-)	(13,105)	(553)	(463)	(1,482)	-	(15,603)
Profit from operations	86,100	58,737	16,744	13,820	-	175,401
Invesment income	80,285	6	-	99	-	80,390
Investment expenses (-)	(523,673)	(80,051)	-	27	-	(603,697)
Profit from operations before financial income / (expenses)	(357,288)	(21,308)	16,744	13,946	-	(347,906)
Financial income	24,554	(307)	(628)	28,494	(56)	52,057
Financial expenses (-)	(13,896)	(3,035)	(2,877)	(145)	56	(19,897)
Profit before tax	(346,630)	(24,650)	13,239	42,295	-	(315,746)
Current tax expense (-)	(24,389)	(10,953)	(3,281)	(9,069)	-	(47,692)
Deferred taxation income/ (expenses)	26,989	14,681	101	22,983	-	64,754
Profit for the period from continuing operations	(344,030)	(20,922)	10,059	56,209	-	(298,684)

	1 April - 30 June 2022				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
<u>Capital expenditures</u>					
Investment Property					
Property, plant and equipment & investment property	16,187	3,754	926	1,531	22,398
Intangible assets	19	15	108	-	142
Total capital expenditures	16,206	3,769	1,034	1,531	22,540
Depreciation expense	11,570	508	442	4,124	16,644
Amortisation	1,469	22	18	7	1,516

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4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

	1 January - 30 June 2021					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	719,590	148,886	117,233	62,634	-	1,048,343
Inter-segment revenues	2,566	-	25,348	-	(27,914)	-
Cost of revenues (-)	(482,300)	(46,834)	(87,573)	(75,898)	-	(692,605)
Inter-segment cost of revenues (-)	(2,566)	-	(25,348)	-	27,914	-
Gross profit	237,290	102,052	29,660	(13,264)	-	355,738
Administrative expenses (-)	(23,609)	(6,697)	(3,746)	(4,272)	-	(38,324)
Marketing expenses (-)	(7,778)	(2,513)	(4,620)	(871)	-	(15,782)
Other operating income	13,316	172	2,477	46	-	16,011
Other operating expenses (-)	(24,425)	(794)	(1,990)	(919)	-	(28,128)
Profit from operations	194,794	92,220	21,781	(19,280)	-	289,515
Invesment income	225,523	-	-	3,402	-	228,925
Investment expenses (-)	(29,925)	-	-	-	-	(29,925)
Profit from operations before financial income / (expenses)	390,392	92,220	21,781	(15,878)	-	488,515
Financial income	19,323	2,931	4,647	9,299	(191)	36,009
Financial expenses (-)	(15,178)	(1,463)	(8,758)	(1,280)	191	(26,488)
Profit before tax	394,537	93,688	17,670	(7,859)	-	498,036
Current tax expense (-)	(28,199)	(31,220)	(5,959)	(1,428)	-	(66,806)
Deferred taxation income/ (expenses)	(15,912)	(2,077)	840	(6,768)	-	(23,917)
Profit for the period from continuing operations	350,426	60,391	12,551	(16,055)	-	407,313

	31 December 2021				
	Construction contracts	Rental	Trade	Energy	Consolidated
Segment assets	6,176,779	2,107,074	233,285	585,196	9,102,334
Total assets	6,176,779	2,107,074	233,285	585,196	9,102,334
Segment liabilities	1,602,667	411,275	102,739	244,069	2,360,750
Total liabilities	1,602,667	411,275	102,739	244,069	2,360,750

	1 January - 30 June 2021				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
Capital expenditures					
Property, plant and equipment & investment property	69,743	17,825	674	7,728	95,970
Intangible assets	147	7	-	-	154
Total capital expenditures	69,890	17,832	674	7,728	96,124
Depreciation expense	24,818	544	932	17,940	44,234
Amortisation expense	2,521	20	23	29	2,593

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4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

	1 April - 30 June 2021					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	345,090	75,644	79,518	62,537	-	562,789
Inter-segment revenues	1,491	-	11,902	-	(13,393)	-
Cost of revenues (-)	(264,109)	(22,760)	(59,041)	(62,718)	-	(408,628)
Inter-segment cost of revenues (-)	(1,491)	-	(11,902)	-	13,393	-
Gross profit	80,981	52,884	20,477	(181)	-	154,161
Administrative expenses (-)	(10,235)	(1,088)	(798)	(3,073)	-	(15,194)
Marketing expenses (-)	(2,267)	(1,367)	(2,785)	(496)	-	(6,915)
Other operating income	7,046	144	1,802	34	-	9,026
Other operating expenses (-)	(9,536)	(740)	(782)	(661)	-	(11,719)
Profit from operations	65,989	49,833	17,914	(4,377)	-	129,359
Invesment income	157,277	(144)	-	2,898	-	160,031
Investment expenses (-)	36,643	-	-	-	-	36,643
Profit from operations before financial income / (expenses)	259,909	49,689	17,914	(1,479)	-	326,033
Financial income	(3,655)	2,790	78	2,554	(91)	1,676
Financial expenses (-)	(6,946)	(507)	(2,941)	(306)	91	(10,609)
Profit before tax	249,308	51,972	15,051	769	-	317,100
Current tax expense (-)	(19,659)	(23,645)	(4,210)	(524)	-	(48,038)
Deferred taxation income/ (expenses)	(7,252)	(1,647)	(117)	(8,503)	-	(17,519)
Profit for the period from continuing operations	222,397	26,680	10,724	(8,258)	-	251,543

	1 April - 30 June 2021				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
Capital expenditures					
Property, plant and equipment & investment property	43,876	13,041	591	7,564	65,072
Intangible assets	19	5	-	-	24
Total capital expenditures	43,895	13,046	591	7,564	65,096
Depreciation expense	12,479	323	201	8,619	21,622
Amortisation expense	1,217	13	11	14	1,255

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4. SEGMENTAL INFORMATION (cont'd)

b) Geographical segments

	1 January - 30 June 2022					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	802,952	492,883	32,050	291,178	-	1,619,063
Inter-segment sales	22,663	-	-	-	(22,663)	-
Capital expenditures	15,934	18,123	183	7,691	-	41,931

	30 June 2022					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	4,526,797	3,523,939	48,662	548,136	-	8,647,534

	1 April - 30 June 2022					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	361,853	257,981	20,736	155,645	-	796,215
Inter-segment sales	14,830	-	-	-	(14,830)	-
Capital expenditures	10,460	9,499	133	2,448	-	22,540

	1 January - 30 June 2021					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	378,760	347,869	52,265	269,449	-	1,048,343
Inter-segment sales	27,914	-	-	-	(27,914)	-
Capital expenditures	15,070	33,155	24	47,875	-	96,124

	31 December 2021					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	5,433,338	3,017,837	59,082	592,077	-	9,102,334

	1 April - 30 June 2021					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	255,510	185,985	29,711	91,583	-	562,789
Inter-segment sales	13,393	-	-	-	(13,393)	-
Capital expenditures	9,957	24,025	-	31,114	-	65,096

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5. CONSTRUCTION CONTRACTS

The Group's construction contract details as of 30 June 2022 and 31 December 2021 is as follows:

	30 June 2022	31 December 2021
Costs incurred on uncompleted contracts	2,334,065	2,425,669
Recognized profit less recognized losses to date, net	557,293	454,351
	2,891,358	2,880,020
Less: Progress billing	(3,347,864)	(3,405,045)
	(456,506)	(525,025)

	30 June 2022	31 December 2021
Costs and estimated earnings in excess of billings on uncompleted contracts (net)	18,243	22,371
Billings in excess of costs and estimated earnings on uncompleted contracts (net)	(474,749)	(547,396)
	(456,506)	(525,025)

As of 30 June 2022, the amount of advances received of subsidiaries and companies shares in joint operations is USD 616,280 (31 December 2021: USD 558,883).

6. INVESTMENT PROPERTIES

As of 30 June 2022 and 2021, movement of investment properties is as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Opening balance	2,030,204	1,912,105
Currency translation difference	474,046	17,757
Change in fair value, net	(81,408)	-
Additions	9,403	17,335
Disposals	(7,574)	-
Closing balance	2,424,671	1,947,197

7. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2022 the Group purchased property plant and equipment amounting to USD 32,208 (30 June 2021: USD 78,635). In addition, during the period ended 30 June 2022 net book value of USD 9,852 (30 June 2021: USD 20,603) property plant and equipment sold for USD 14,225 (30 June 2021: USD 28,080).

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8. COMMITMENTS

Litigations

During the period ended 30 June 2022, the Group does not have any legal claims or progress to existing legal claims that need aditional explanation other then disclosed as of 31 December 2021 the consolidated financial statements. The Group properly records the provision related to these carried forward legal claims. Provision rates and probable outflows are considered while estimating the provisions. The Group does not record provision for the legal claims that would not result in a probable cash outflow.

Commitments and contingencies

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of 30 June 2022 and 31 December 2021 is as follows:

	30 June 2022		31 December 2021	
Letters of guarantee, guarantee notes given, mortgage and pledges	Original Currency	USD Equivalent	Original Currency	USD Equivalent
A. Total amount of guarantees provided by the Company on behalf of itself		1,124,057		1,155,426
-USD	315,984	315,984	273,080	273,080
-EUR	330,829	344,901	359,029	406,374
-TL	498,642	29,928	1,862,954	139,767
-Others (*)		433,244		336,205
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		46,616		81,370
-USD	85	85	85	85
-EUR	-	-	-	-
-TL	822	49	822	62
-Others (*)		46,482		81,224
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-
D. Other guarantees given	-	-	-	-
i. Total amount of guarantees given on behalf of the parent company	-	-	-	-
ii. Total amount of guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-
		1,170,673		1,236,796

(*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR. As of 30 June 2022 the portion of other guarantess given to shareholders' equity is 0% (31 December 2021 - 0%).

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9. RELATED PARTY BALANCES AND TRANSACTIONS

No extraordinary or significant transaction is realized with related parties throughout the interim period.

10. SHARE CAPITAL AND RESERVES

The shareholders of the Group and their percentage of ownership as of 30 June 2022 and 31 December 2021 is as follows:

	30 June 2022		31 December 2021	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Tara Holding A.Ş.	49.80%	1,370,476	49.80%	1,358,385
Vildan Gülçelik	7.99%	219,881	7.99%	217,991
Sevda Gülçelik	6.43%	176,951	6.43%	175,390
Enka Spor Eğitim ve Sosyal Yardım Vakfı	5.87%	161,540	5.87%	160,115
Other	29.91%	823,111	29.91%	815,801
	100%	2,751,959	100%	2,727,682
Purchase of treasury shares		(129,012)		(129,468)
		2,622,947		2,598,214

Based on the power vested in the Board of Directors of Enka İnsaat by the General Assembly in its ordinary Meeting held on 30 March 2021; regarding to the distribution of the period between 1 January – 30 September 2021 profit, it is resolved to distribute, as of the date of 05 December 2022 a total TL 1,200,000 to the shareholders representing the share capital amounting to TL 5,600,000. The Dividend decided to be distributed was distributed on 5 January 2022.

Based on the Group's Ordinary General Assembly held on 25 March 2022; In addition to dividend advance distributed on 5 January 2022, regarding to the distribution of the year 2021 profit, it has been resolved to distribute dividend to its shareholders for each TL 1 (full TL) nominal valued share in total TL 2,800,000 (2021 - TL 2,000,000); further it has been resolved to distribute TL 61,026 (2021 - TL 41,903) as cash dividend to founder shares. The Dividend decided to be distributed was distributed on 13 April 2022.

Based on the Group's Ordinary General Assembly held on 25 March 2022; The Group has decided to increase its capital from TL 5,600,000 to TL 6,000,000. The entire amount of TL 400,000 to be increased was covered from dividends.

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11. INVESTMENT INCOME / EXPENSES

Income from investing activities	1 January- 30 June 2022	1 January- 30 June 2021
Interest income from financial investments	35,611	41,803
Increase in value of financial investments	-	112,223
Foreign exchange income from investing activities	19,254	17,627
Income from sale of securities	75,315	37,848
Dividend income	15,228	11,947
Gains from sales of property, plant and equipment	4,437	7,477
	149,845	228,925

Expenses from investing activities	1 January- 30 June 2022	1 January- 30 June 2021
Decrease in the fair value of investment properties	(81,408)	-
Losses from valuation of investment securities	(664,992)	-
Foreign exchange losses from investing activities	(96,663)	(27,665)
Losses from sale of securities	(24,874)	(2,260)
Loss from sales of property, plant and equipment	(64)	-
	(868,001)	(29,925)

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Russian Ruble, TL and also U.S Dollar which arises from the liabilities belonging to the companies in the consolidation scope, whose the functional currency is not U.S Dollar.

The Group is engaged in construction, trading, energy and real estate operations business in several countries and, as a result, is exposed to movements in foreign currency exchange rates. In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investments in foreign subsidiaries.

The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

The foreign currency risk of the Group arises from the credits used in U.S. Dollars and Euro. In order to mitigate the risk, the Group continuously monitors its cash inflows/outflows and also uses financial instruments to hedge the risk when it is necessary.

The following table details the Group's foreign currency position as at 30 June 2022 and 31 December 2021:

	30 June 2022	31 December 2021
A. Assets denominated in foreign currency	1,225,933	1,224,233
B. Liabilities denominated in foreign currency	(731,901)	(581,703)
Net foreign currency position (A+B)	494,032	642,530

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Foreign currency risk (cont'd)

The Group's foreign currency position at 30 June 2022 and 31 December 2021 is as follows (non-monetary items are not included in the table as they don't have foreign currency risk):

	30 June 2022						
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	194,821	11,693	197,428	205,819	125,676	40,096	383,284
Financial investments	1,961,644	117,736	143,607	149,710	199,455	-	466,901
Trade and other receivables	91,613	5,498	76,880	80,147	60,035	5,788	151,468
Other currrent assets	280,499	16,835	73,513	76,637	51,761	46,169	191,402
Current assets	**2,528,577**	**151,762**	**491,428**	**512,313**	**436,927**	**92,053**	**1,193,055**
Financial investments	-	-	10,286	10,723	11,002	-	21,725
Trade and other receivables	-	-	9,165	9,555	-	-	9,555
Other non-current assets	22,386	1,344	51	53	198	3	1,598
Non-current assets	**22,386**	**1,344**	**19,502**	**20,331**	**11,200**	**3**	**32,878**
Total assets	**2,550,963**	**153,106**	**510,930**	**532,644**	**448,127**	**92,056**	**1,225,933**
Short-term borrowings	171,665	10,303	28,793	30,017	3,954	-	44,274
Trade and other payables	278,061	16,689	187,577	195,549	290,958	20,592	523,788
Other current liabilities							-
and accrued expenses	329,635	19,784	14,245	14,850	85,509	21,667	141,810
Current liabilities	**779,361**	**46,776**	**230,615**	**240,416**	**380,421**	**42,259**	**709,872**
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	-	-	17,316	-	17,316
Other non-current liabilities	-	-	89	93	-	4,620	4,713
Non-current liabilities	**-**	**-**	**89**	**93**	**17,316**	**4,620**	**22,029**
Total liabilities	**779,361**	**46,776**	**230,704**	**240,509**	**397,737**	**46,879**	**731,901**
Net foreign currency position	**1,771,602**	**106,330**	**280,226**	**292,135**	**50,390**	**45,177**	**494,032**
Net notional amount of derivatives	171,352	10,284	140,986	146,978	-	-	157,262

(*) U.S. Dollar equivalents of the foreign currency balances other than TL and Euro.
(**) U.S. Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S. Dollar.

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)

Foreign currency risk (cont’d)

	31 December 2021						
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	65,947	4,948	209,871	237,553	104,003	68,942	415,446
Financial investments	1,511,128	113,371	129,854	146,982	236,301	-	496,654
Trade and other receivables	35,367	2,653	39,763	45,008	42,507	3,942	94,110
Other currrent assets	166,353	12,481	77,050	87,213	35,971	46,682	182,347
Current assets	**1,778,795**	**133,453**	**456,538**	**516,756**	**418,782**	**119,566**	**1,188,557**
Financial investments	-	-	11,229	12,710	11,954	-	24,664
Trade and other receivables	-	-	8,441	9,555	-	-	9,555
Other non-current assets	15,971	1,198	198	224	32	3	1,457
Non-current assets	**15,971**	**1,198**	**19,868**	**22,489**	**11,986**	**3**	**35,676**
Total assets	**1,794,766**	**134,651**	**476,406**	**539,245**	**430,768**	**119,569**	**1,224,233**
Short-term borrowings	-	-	25,018	28,318	9,138	-	37,456
Trade and other payables	98,270	7,373	158,028	178,872	203,850	19,034	409,129
Other current liabilities and accrued expenses	331,129	24,843	5,857	6,629	66,076	17,166	114,714
Current liabilities	**429,399**	**32,216**	**188,903**	**213,819**	**279,064**	**36,200**	**561,299**
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	-	-	17,320	-	17,320
Other non-current liabilities	-	-	9	10	-	3,074	3,084
Non-current liabilities	**-**	**-**	**9**	**10**	**17,320**	**3,074**	**20,404**
Total liabilities	**429,399**	**32,216**	**188,912**	**213,829**	**296,384**	**39,274**	**581,703**
Net foreign currency position	**1,365,367**	**102,435**	**287,494**	**325,416**	**134,384**	**80,295**	**642,530**
Net notional amount of derivatives	909	68	135,942	153,873	-	-	153,941

(*) U.S. Dollar equivalents of the foreign currency balances other than TL and Euro.
(**) U.S. Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S. Dollar.

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Foreign currency risk (cont'd)

	30 June 2022		31 December 2021	
	Profit / (loss)		Profit / (loss)	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
In the case of TL gaining 10% value against US Dollar				
1- TL net asset / (liability)	10,633	(10,633)	10,244	(10,244)
2- Portion hedged against TL risk (-)	1,028	(1,028)	7	(7)
3- TL net effect (1+2)	**11,661**	**(11,661)**	**10,251**	**(10,251)**
In the case of Euro gaining 10% value against US Dollar				
4- Euro net asset / (liability)	29,214	(29,214)	32,542	(32,542)
5- Portion hedged against Euro risk (-)	14,698	(14,698)	15,387	(15,387)
6- Euro net effect (4+5)	**43,912**	**(43,912)**	**47,929**	**(47,929)**
In the case of other foreign currencies gaining 10% value against US Dollar				
7- Other foreign currency net asset / (liability)	5,039	(5,039)	13,438	(13,438)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	**5,039**	**(5,039)**	**13,438**	**(13,438)**
Total (3+6+9)	**60,612**	**(60,612)**	**71,618**	**(71,618)**

13. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK

Fair value of financial assets and liabilities

Fair value is the amount for 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.

Foreign currency denominated receivables and payables are revalued with the exchange rates valid as of the date of the financial statements.

The following methods and assumptions were used to estimate the fair value of the financial instruments that are not carried at fair value on the balance sheet:

Financial assets

The fair values of cash, amounts due from banks and other monetary assets are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables are estimated to be their fair values due to their short-term nature. It is considered that the fair values of the long-term receivables are approximate to their respective carrying values as they are accounted for in foreign currencies.

Financial liabilities

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of bank borrowings are considered to approximate their respective carrying values, since initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The fair values of the trade receivables after discount are considered to be approximate to their corresponding carrying values. It is considered that the fair values of the long-term payables and long term financial borrowings are approximate to their respective carrying values as they are accounted for in foreign currencies.

Fair value hierarchy

The Group classifies the fair value measurement of each class of financial instruments that are measured at fair value on the balance sheet, according to the source, using three-level hierarchy, as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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13. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK (cont'd)

Fair value hierarchy (cont'd)

30 June 2022

	Level 1	Level 2	Level 3
Private sector bonds	495,715	-	-
Equity securities	1,107,528	6,707	7,697
Foreign government bonds	901,623	-	-
Turkish government bonds	241,190	-	-
Mutual funds	113,463	28,616	25,023
Other Investment Instrument		163,600	
Financial assets at fair value through profit or loss	**2,859,519**	**198,923**	**32,720**
Derivative instruments	-	(76)	-
Financial liabilities at fair value through profit or loss	-	**(76)**	-

31 December 2021

	Level 1	Level 2	Level 3
Private sector bonds	877,019	-	-
Equity securities	1,711,811	3,749	7,720
Foreign government bonds	113,483	-	-
Turkish government bonds	214,370	-	-
Mutual funds	222,845	28,404	24,323
Financial assets at fair value through profit or loss	**3,139,528**	**32,153**	**32,043**
Derivative instruments	-	(1,878)	-
Financial liabilities at fair value through profit or loss	**-**	**(1,878)**	**-**

14. SUBSEQUENT EVENTS

None.

15. OTHER MATTERS THAT NEED TO BE DISCLOSED FOR THE FINANCIAL STATEMENTS TO BE CLEAR AND UNDERSTOOD

Uncertainties continue regarding the Group's business in Russia which started with the Russia's military operation in Ukraine. While preparing the consolidated financial statements as of 30 June 2022, the impact of these uncertainties have been reflected in the consolidated financial statements. In the coming periods, in the event that the negative impact of the risks that are likely to occur due to the increasing Russian risk premium continue on the energy, goods supply, real estate sector and commodity markets, the quantified equivalents of these additional impacts will continue to be reflected in the relevant consolidated financial statements.