GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements
As at and For the Year Ended
31 December 2021
With Independent Auditors' Report Thereon

(Convenience Translation of the Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

11 March 2022

This report contains "Independent Auditors' Report" comprising 4 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 57 pages.

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated statement of financial position of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 2.5 and Note 24 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matter	How the matter was addressed in our audit
The Group generates its revenue from charter and other maritime sector. The Group recognizes revenue at the point in time at when it fulfils its performance obligation by transferring control of the promised services to customers. Revenue recognition has been identified as a key audit matter as revenue is one of the key performance indicators of the Group and due to its structure it includes the risk of not being recognized in the relevant period and at accurate amount.	-Our audit procedures in this area include the following. - Evaluation of the effectiveness of the design, implementation and operation of internal controls for revenue recognition. - Evaluating the compliance of the accounting policies applied in terms of revenue recognition with TFRS. - Evaluating the recognition of the revenue and related receivables in the relevant reporting period by examining when the transfer of control occurred through the sales documents received for the selected sales transactions. - Checking the existence of trade receivables and the accuracy of receivable balances with external confirmations obtained directly for the customers selected by the sample - Evaluating the appropriateness and adequacy of the disclosures made by the Group regarding the revenue in its consolidated financial statements in accordance with TFRS 15.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated 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 standards on auditing issued by the CMB and Standards on Auditing issued by POA. Misstatements can arise from fraud or error. They 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 consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of 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.
- Obtain an understanding of 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 Group'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 Group'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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 11 March 2022.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2021, the Group's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Mustafa Şafak Erdur,SMMM
Partner
11 March 2022
Istanbul, Turkey

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of financial position (Balance sheet)
As at 31 December 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	**Audited 31 December 2021**	**Audited 31 December 2020**
Assets			
Current assets		**319,775**	**18,547**
Cash and cash equivalents	3	312,689	11,923
Trade receivables	7	1,099	4,209
- Due from related parties		*963*	*250*
- Due from third parties	*7.1*	*136*	*3,959*
Receivables from finance sector activities	8	24	14
- Due from finance sector activities third parties	*8.1*	*24*	*14*
Other receivables (net)	9	-	42
- Due from related parties	*6*	-	-
- Due from third parties	*9.1*	-	*42*
Inventories (net)	10	*1,458*	*557*
Prepaid expenses	11	3,170	681
- Due from third parties		*3,170*	*681*
Current income tax assets	12	-	-
Other current assets	22	1,259	1,045
- Due from third parties	*22*	*1,259*	*1,045*
Subtotal		**319,699**	**18,471**
Assets held for sale	13	76	76
Non-current assets		**546,823**	**275,639**
Investments in subsidiaries, business partnerships and subsidiaries	5	1,655	1,457
Tangible assets	14	542,911	272,564
- Vehicles		*461,250*	*272,402*
- Furnitures and fixtures		*164*	*162*
-Construction in Progress		*81,497*	-
Right of use assets	15	1,050	482
Intangible Assets	16	26	95
-Other intangible assets	*16*	*26*	*95*
Deferred tax assets	31	1,176	1,041
Other non-current assets		5	-
- Due from third parties		5	-
Total assets		**866,598**	**294,186**

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

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of financial position (Balance sheet)
As at 31 December 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 31 December 2021	Audited 31 December 2020
Liabilities			
Current liabilities		**62,882**	**111,097**
Short term borrowings	17	-	97,205
Due to related parties	17	-	95,652
- Bank loans	17.2	-	*95,652*
Short-term borrowings due to third parties		-	*1,553*
- Bank loans		-	*1,553*
Short-term portion of long term financial liabilities	17	42,461	9,897
Due to related parties	6	327	406
- Lease liabilities	*6*	327	406
Due to third parties.	17.2	42,134	9,491
- Bank loans	*17.2*	*42,046*	*9,353*
- Lease liabilities		*88*	*138*
Trade payables	7	755	137
- Due to related parties	*6*	*32*	*17*
- Due to third parties	*7.2*	*723*	*120*
Payables from finance sector activities	8	88	52
- Due to third parties	*8.2*	*88*	*52*
Other payables	9	179	208
- Due to third parties	*9.2*	*179*	*208*
Deferred income	20	6,557	1,542
- Due to third parties		*6,557*	*1,542*
Current income tax liabilities	31	12,581	1,843
Short-term provisions	21	261	213
- Provisions for employee benefits	*21.1*	*261*	*213*
Non-current liabilities		**200,056**	**10,038**
Long-term financial liabilities	17	199,079	9,305
Due to related parties		694	-
- Lease liabilities		*694*	-
Due to third parties	17.2	198,385	9,305
- Bank loans	*17.2*	*198,336*	*9,249*
- Lease liabilities		*49*	*56*
Long-term provisions	21	977	733
- Provisions for employee benefits	*21.2*	*977*	*733*
Equity		**603,660**	**173,051**
Paid-in share capital	23.1	150,000	52,181
Adjustment to share capital	23.2	24,085	24,085
Repurchase of shares (-)		-	-
Premium on the shares/discount	23.3	9,175	9,189
Effect of merger under common control	23.4	(12,181)	(12,181)
Accumulated other comprehensive income that will never be reclassified to profit or loss	23.5	(24)	(19)
- Gains/losses from the revaluation and reclassification		*(24)*	*(19)*
Accumulated other comprehensive income that may be reclassified subsequently to profit or loss	23.6	328,761	135,728
- Currency translation differences		*328,761*	*135,728*
Restricted reserves	23.7	20,388	19,505
Prior years' profits/(losses)	23.8	(55,790)	(38,302)
Net profit / (loss) for the period		139,246	(17,135)
Total equity and liabilities		**866,598**	**294,186**

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

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of profit or loss
For the year ended 31 December 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	**Audited** **1 January – 31 December 2021**	**Audited** **1 January – 31 December 2020**
Continuing operations			
Marine sector revenues	24	178,611	44,571
Marine sector expenses (-)	24	(64,313)	(46,158)
Gross profit/(loss) of marine sector activities		**114,298**	**(1,587)**
Gross profit/(loss) from trading activities		**114,298**	**(1,587)**
Finance sector operating income		**13**	**8**
Foreign exchange gain	25	11	5
Interest income	25	-	1
Reversal of provision for finance operations	25	2	2
Cost of finance sector activities (-)		**(365)**	**(912)**
Foreign exchange loss		(1)	-
Other finance sector operating income/(expenses), net	25	(364)	(912)
Gross profit/(loss) from finance sector activities		**(352)**	**(904)**
Gross profit/(loss)		**113,946**	**(2,491)**
General administrative expenses (-)	26	(5,955)	(5,810)
Other operating income	27	51,883	4,215
Other operating expenses (-)	28	(3,030)	(1,278)
Operating profit/(loss)		**156,844**	**(5,364)**
Income from investment activities	29	170	-
Operating profit/(loss) before financial income (expenses)		**157,014**	**(5,364)**
Financial expenses (-)	30	(9,348)	(11,153)
Profit/ (loss) before tax from continued operations		**147,666**	**(16,517)**
Tax income/(expenses) of continued operations		**(8,420)**	**(618)**
- Taxation on income / (expenses)	31	(8,549)	(758)
- Deferred tax income / (expenses)	31	129	140
Profit/(loss) for the period		**139,246**	**(17,135)**
Earnings / (losses) per share	32	**1,941**	**(0.336)**

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

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 1 January – 31 December 2021	Audited 1 January – 31 December 2020
Profit / (loss) for the period		**139,246**	**(17,135)**
Other comprehensive income/(expenses)			
Other comprehensive income or expenses not to be reclassified to profit or loss		**(24)**	**(19)**
Gains/losses from revaluation of defined benefits		(24)	(19)
To be reclassified as profit or loss		**193,033**	**37,191**
Currency translation differences	23	193,033	37,191
Other comprehensive income / (expense) (net of tax)		**193,009**	**37,172**
Total comprehensive income / (expense)		**332,255**	**20,037**
Appropriation of total comprehensive income / (expense)		**332,255**	**20,037**
Non-controlling interest		**-**	**-**
Equity holders of the parent		**332,255**	**20,037**

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

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of changes in equity

For the year ended 31 December 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

							Other comprehensive income or expenses not to be reclassified to profit or loss	Other comprehensive income or expenses to be reclassified to profit or loss		Accumulated losses				
	Notes	Paid-in share capital	Adjustment to share capital	Repurchase of shares	Share Premium/ Discounts	The effect of merger under common control	Gains/losses from the revaluation and reclassification	Foreign currency translation adjustment	Restricted reserves	Prior years’ profits/(losses)	Net profit/loss for the period	Equity attributable to equity holders of the parent	Non- controlling interest	Total equity
Prior period														
1 January 2020	*23*	**52,181**	**24,085**	**(3,223)**	**(140)**	**(12,181)**	**(7)**	**98,537**	**19,158**	**(32,139)**	**(5,745)**	**140,462**	**-**	**140,462**
Transfers		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**347**	**(6,092)**	**5,745**	**-**	**-**	**-**
Transfers to prior years’ profits/(losses)		-	-	-	-	-	-	-	347	(6,092)	5,745	37,172	-	37,172
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**52**	**37,191**	**-**	**(71)**	**(17,135)**	**20,037**	**-**	**20,037**
Net loss for the period		-	-	-	-	-	-	-	-	-	(17,135)	(17,135)	-	(17,135)
Other comprehensive income		-	-	**3,223**	**9,329**	-	52	37,191	-	(71)	-	**12,552**	-	**12,552**
Balance as at 31 December 2020	*23*	**52,181**	**24,085**	**-**	**9,189**	**(12,181)**	**(19)**	**135,728**	**19,505**	**(38,302)**	**(17,135)**	**173,051**	**-**	**173,051**
Current period														
1 January 2021	*23*	**52,181**	**24,085**	**-**	**9,189**	**(12,181)**	**(19)**	**135,728**	**19,505**	**(32,302)**	**(17,135)**	**173,051**	**-**	**173,051**
Transfers		**-**	**-**	**-**	**-**	**-**	**19**	**-**	**883**	**(17,135)**	**17,135**	**902**	**-**	**902**
Transfers to prior years’ profits/(losses)		-	-	-	-	-	19	-	883	(17,135)	17,135	902	-	902
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(24)**	**193,033**	**-**	**(353)**	**(353)**	**331,902**	**-**	**331,902**
Capital İncrease		**97,819**												
Net loss for the period		-	-	-	-	-	-	-	-	-	(353)	139,246	-	139,246
Other comprehensive income		-	-	-	-	-	(24)	193,033	-	(335)	-	192,656	-	192,656
The increase / decrease due to repurchase of shares		**-**	**-**	**-**	**(14)**	**-**	**-**	**-**	**-**	**-**	**-**	**97,819**	**-**	**97,819**
Balance as at 31 December 2021	*23*	**150,000**	**24,085**	**-**	**9,175**	**(12,181)**	**(24)**	**328,761**	**20,388**	**(55,790)**	**(55,790)**	**603,660**	**-**	**603,660**

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of cash flows
For the year ended 31 December 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 31 December 2021	Audited 31 December 2020
Cash Flows (Indirect method)			
Cash flow from operating activities		**239,845**	**15,945**
Profit/(loss) for the period		**139,246**	**(17,135)**
Profit/(loss) from continuing operations		139,246	(17,135)
Adjustments related with the reconciliation of net profit/(loss) for the period:		**(3,244)**	**(4,978)**
Adjustments related to depreciation and amortization	14,15,16	26,095	19,463
Adjustments related to provisions		281	369
Provisions for employee benefits	*21*	*283*	*371*
Other provisions	*25*	*(2)*	*(2)*
Adjustments related to interest expenses and income		8,016	5,223
Interest income		*(1,332)*	*(164)*
Interest expenses		*9,348*	*5,387*
Adjustments related to unrealized foreign currency translation differences	14	(46,056)	(30,651)
Adjustments related to tax (income)/expenses		8,420	618
Realized changes in working capital		**106,154**	**41,084**
Changes in financial investments		-	-
Adjustments related to changes in trade receivables		3,110	(1,731)
Changes in receivables from financial activities due to related parties		(713)	(20)
Changes in receivables from financial activities due to third parties		3,823	(1,711)
Changes in receivables from financial activities		*(10)*	*(3)*
Adjustments related to changes in other receivables related to operations		42	(40)
Changes in operations from other receivables due to related parties		-	-
Changes in operations from other receivables due to third parties		(42)	(40)
Adjustments related to changes in inventories	10	(901)	107
Changes in prepaid expenses	11	(2,489)	(237)
Adjustments related to changes in trade payables		618	(28)
Changes in trade payables due to related parties		*15*	-
Changes in trade payables due to third parties		*603*	*(28)*
Change in finance sector payables		36	11
Adjustments related to the changes in other payables related to operations		(29)	77
Changes in operations from other payables due to third parties		*(29)*	*77*
Changes in deferred income		5,015	722
Adjustments related to other changes in working capital		100,762	42,206
Changes in other assets related to operations		*85,519*	*39,108*
Changes in other liabilities related to operations		*15,243*	*3,098*
Cash flows derived from operating activities		**242,156**	**18,971**
Interest received		*1,764*	*177*
Employee benefits paid		**(33)**	**(542)**
Tax paid		(4,042)	(2,661)
Cash flows from investing activities		**(61,830)**	**(367)**
Cash inflows arising from the sales of tangible and intangible fixed assets		623	-
Cash inflows arising from the sales of tangible		623	-
Cash outflows arising from the purchase of tangible and intangible fixed assets		(62,651)	(367)
Cash outflows from purchases of tangible fixed assets	14	*(62,651)*	*(365)*
Cash outflows from purchases of intangible fixed assets		-	*(2)*
Dividend received		*198*	-
Cash flow from financing activities		**75,017**	**(8,722)**
Cash inflow on purchase of entity's own shares and other equity based instruments		*97,609*	-
Cash Inflows Resulting from the Issuance of Shares		*97,609*	-
Cash Inflows Related to the Sale of Own Shares and Other Equity-Based Instruments of the Entity		-	12,552
Cash inflow on purchase/sale of entity's own shares		-	12,552
Cash inflows from borrowings		*619,814*	118,106
Cash inflows from bank loans		*619,814*	118,106
Cash outflows from payment of financial borrowings		(631,804)	(133,777)
Cash outflows repayments of bank loans		*(631,804)*	*(133,777)*
Cash outflows on debt payments from lease contract		(637)	(598)
Interest paid		(9,965)	(5,005)
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		**253,032**	**6,856**
Effect of change in foreign exchange rates on cash and cash equivalents		47,315	1,481
Net increase/(decrease) in cash and cash equivalents		**300,347**	**8,337**
Cash and cash equivalents at 1 January		**11,910**	**3,573**
Cash and cash equivalents at 31 December	2(o)	**312,257**	**11,910**

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. Organization and operations of the Group

GSD Denizcilik, Gayrimenkul, İnşaat Sanayi ve Ticaret Anonim Şirketi ("the Company") was established as a GSD Group Company in 1992. As at 31 December 2020, 32 % of certain shares of the Company are listed on Borsa İstanbul (BIST) since 20 February 1995.

The Company started its activities under the name of Tekstil Finansal Kiralama Anonim Şirketi in the frame of the provisions "Financial Leasing Law" dated in 1992 and numbered 3226. According to the Board of Directors resolution dated 25 May 2011, the Company decided to initiate the process regarding the amendment of the articles of association to change the operating activity, due to the sectoral contraction. According to the amendment of articles of association, the title and name of the Company have been changed as "GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi" and "GSD Marin", respectively. Based on the amendment of articles of association, the Company's purpose and activity is decided as purchasing and selling, operating, renting, building and trading of ships, yachts, sea vessels, and relevant instruments, equipment and spare parts; and the purchasing and selling, renting and building real estate properties. The Company's amendment of articles of association was submitted to and approved by the shareholders in the Extraordinary General Meeting held on 24 August 2011 subsequent to the approvals of Banking Regulation and Supervision Agency ("BRSA"), Capital Markets Board of Turkey ("CMB") and the other relevant authorities. The Company's new title was registered on 26 August 2011 as GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi (the former legal title; "Tekstil Finansal Kiralama Anonim Şirketi").

The Company would be able to prosecute its rights and claims resulting from the leasing agreements signed with its former title until its former operating activity is completely ended; on the condition that no new leasing activity or agreement is taken upon, to carry out legal operations for the execution of supplemental agreements, amendment contracts such as change of lessee, term extension and reduction, and similar amendments, annulment of contract, legally follow up of lease receivables to get the underlying leased assets back and collection of receivables; and to partially or completely transfer and assign.

The subsidiary companies have been registered in Malta with 100% shareholding of the Company. The Company started its marine operations through rental of ships when the subsidiaries took delivery of vessels of which the constructions were completed as at the date of 7 May 2013. The Company carries out its activities with two dry bulk cargo ships, each of them is owned by one of its subsidiaries which were established by the Company with 100% share in Malta.

In accordance with the decision of the Board of Directors of the Company dated 8 September 2021 and numbered 971; Within the registered capital ceiling of 250.000.000.- TL, a capital of 97.819.144.36 TL of the issued capital amounting to 52.180.855.64 TL, to be fully paid in cash, over the exercise price of 1 TL for 100 shares with a nominal value of 1 TL. The process of increasing the issued capital up to TL 150.000.000.- has been approved by the Capital Markets Board with the letter numbered E-29833736-105.01.01.01-11967 dated October 18, 2021. Amendment text of article 6 titled "Registered Capital" of our company's articles of association. It was registered by the Istanbul Trade Registry Directorate on 28.10.2021 and registered and announced in the Turkish Trade Registry Gazette dated 28 October 2021 and numbered 10440.

The address of the Company's registered office is Aydınevler Mahallesi, Kaptan Rıfat Sokak, No: 3 Küçükyalı-34854 Maltepe-İstanbul. As at 31 December 2021 the Company has 7 employees (31 December 2020: 7).

As at 31 December 2021 and 31 December 2020 information about shareholders and their percentages are as follows:

	31 December 2021		31 December 2020	
	Amount	%	Amount	%
GSD Holding A.Ş. ("GSD Holding")	102,000	68.00	35,483	68.00
Listed	47,999	32.00	16,697	32.00
Other	1	-	1	-
Historical amount	**150,000**	**100.00**	**52,181**	**100.00**
Share capital inflation adjustment differences	24,085		24,085	
Adjustment for inflation amount	**174,085**		**76,266**	

(*) The sale of all the repurchased shares has been realized, and the Company does not have any shares repurchased as of 31 December 2021.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. Organization and operations of the Company (continued)

As at 31 December 2021 and 31 December 2020, the distribution of the Company's shares on the basis of group is as follows:

	31 December 2021	31 December 2020
Group A	25,803	8,976
Group B	10,754	3,741
Group C	106,991	37,219
Group D	6,452	2,245
	150,000	**52,181**

Every shareholder has voting right in proportion to the shares. However, Group A, B and D shareholders are priviledged in the selection of the Board of Directors, and Group A and B shareholders are priviledged in electing auditors. There are no priviledges given to shareholders in the process of profit distribution. GSD Holding holds the entire Group A, B and D shares and it holds Group C shares amounting to TL 58,991.

The Company's and the Consolidated Group Companies' Activities

In the consolidated financial statements, the Company and the subsidiaries that are subject to consolidation are described as "the Group". The subsidiaries that are included in the consolidation as at 31 December 2021, the activity areas and the Group's shares in these subsidiaries are as follows:

Subsidiary	Country of Establishment	Area of Activity	Final Rate %	
			31 December 2021	31 December 2020
Cano Maritime Ltd.	Malta	Marine	100,00	100,00
Hako Maritime Ltd.	Malta	Marine	100,00	100,00
Nehir Maritime Ltd	Marshall	Marine	100,00	100,00

As a result of the capital increases realized on 3 February 2020, the capitals of Cano Maritime Ltd. and Hako Maritime Ltd.Nehir Maritime Ltd, the Company's subsidiaries, have increased from USD 12,500,000 to USD 21,000,000 and from USD 9,800,000 to USD 13,000,000, respectively.

2. Basis of presentation of financial statements

2.1 Basis of presentation

2.1.1 Principles of financial statement preparation and Declaration of Conformity

The consolidated financial statements have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in article 5 of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB") published in the Official Gazette dated 13 June 2013 and numbered 28676. TFRS includes Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations issued by POA. Consolidated financial statements are presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement samples specified in the Financial Statement Examples and User Guide published by the POA in the Official Gazette dated 7 June 2019 and numbered 30794.

Approval of financial statements:

Consolidated financial statements were approved by the Company's Board of Directors on 11 March 2022. The Company's General Assembly has the right to change these consolidated financial statements and to request the relevant regulatory institutions to be changed.

2.1.2 Functional and Reporting Currency

The Company's statutory financial statements are prepared in Turkish Lira in accordance with the Turkish Commercial Code ("TCC"), tax legislation the Uniform Chart of Accounts published by the Ministry of Finance and in accordance with the financial reporting format published by the CMB. Subsidiaries residing abroad prepare their accounting records and financial statements in accordance with the principles and rules of the countries where they are established.

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.2 Functional and Reporting Currency (continued)

The consolidated financial statements are based on the legal records of the Company and its subsidiaries and are expressed in Turkish Lira ("TL"), as mentioned above, in accordance with the TFRSs issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK) of the Company and its subsidiaries. It has been prepared by subjecting some corrections and reclassifications in order to adequately present its status. In the preparation of these financial statements, the lower of the book value and the fair value less sales costs for fixed assets held for sale, and historical cost for other statement of financial position items. The functional currency of Cano Maritime Limited and Hako Maritime Limited companies within the scope of consolidation of the Group is US Dollars. The functional currency of the Company is TL.

2.1.3 Preparation of financial statements in hyperinflationary periods

According to the announcement made by POA on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index ("CPI") is 74.41%, in the financial statements of the companies applying TFRS for 2021, TAS 29 High It was stated that they would not need to make any adjustments within the scope of the Financial Reporting Standard in Inflationary Economies. For this reason, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of 31 December 2021.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their consolidated financial statements in accordance with the financial reporting standards accepted by the CMB ("CMB Financial Reporting Standards"). Accordingly, Turkish Accounting Standards 29, "Financial Reporting in Hyperinflationary Economies", issued by the POA, has not been applied in the consolidated financial statements for the accounting year commencing 1 January 2005.

2.1.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the invstee when the voting rights are sufficent to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumtances in assessing whether or not the Company's voting rights in an investee sufficent to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holding of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- additional fact and circumstances that indicate that the Company 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.

Each component of profit or loss and other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in non-controlling interests having a deficit balance. The Company has owned 100% share of all subsidiaries and has no non-controlling shares in the consolidated financial statements.

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.4 Basis of consolidation(continued)

The consolidated financial statements consist of the financial statements of the Company and its subsidiaries as at 31 December 2020 and were prepared according to the principles below:

i) The statements of financial position and income statements were subjected to consolidation by using full consolidation method, and the registered values of the subsidiaries in the Company books and the equity capitals of the subsidiaries in the financial statements were reciprocally clarified. The consolidated financial statements were cleared of all the balances and transactions that resulted from the transactions between the subsidiaries and the Company and of all kinds of unearned income.

ii) In the preparation of the financial statements of the subsidiaries that are included in the consolidation, the necessary corrections and classifications were applied to the records – which were kept based on historical costs – with regards to conformity to TFRS and to the accounting principles and policies and presentation of the Company.

iii) The operating results of the subsidiaries were included in the consolidation being effective as at the date the control in the aforementioned companies was transferred to the Company.

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.5 Comparative information

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to determine the financial position, performance and trends of the Group's cash flows. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassed and significant changes are disclosed, if necessary.

2.1.6 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position (balance sheet) when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.7 Going concern

The Company prepared its consolidated financial statements according to the going concern assumption.

2.2 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively and the financial statements of the previous period are rearranged. The Group applied its accounting policies consistently with the previous fiscal year.

2.3 Changes in accounting estimates

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods. There has not been any significant change in the accounting estimates of the Group in the current year. Material accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated.

The preparation of financial statements in accordance with the Financial Reporting Legislation requires management to make decisions and make assumptions and decisions that affect the implementation of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The assumptions and the assumptions underlying the estimates are continuously reviewed. Updating in accounting estimates are recognized in the period in which they are updated and in subsequent periods. The main areas where the estimates are used are as follows:

Note 7 - Trade receivables
Note 14 - Tangible assets
Note 21 - Provisions for employee benefits

2. Basis of presentation of financial statements (continued)

2.4 New standards and interpretations not yet adopted as at 31 December 2021

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of 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.

COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)

International Standard Board(IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on June 5, 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements.. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

2. Basis of presentation of financial statements (continued)

2.4 New standards and interpretations not yet adopted as at 31 December 2021

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was **issued** on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

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

In December 2021, IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). Related changes were published by POA as Amendments to TFRS 17 on 31 December 2021.

The amendment is a transition option relating to comparative information about financial assets presented on initial application of TFRS 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. TFRS 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 TFRS 17 will have significant impact on its consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to TAS 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 which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 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.

2. Basis of presentation of financial statements (continued)

2.4 New standards and interpretations not yet adopted as at 31 December 2021 (continued)

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, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 1.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 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. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 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.

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 is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to TAS 12.

2. Basis of presentation of financial statements (continued)

2.4 New standards and interpretations not yet adopted as at 31 December 2021 (continued)

Definition of Accounting Estimates (Amendments to TAS 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. Related changes were published by POA as Amendments to TAS 8 on 11 August 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 TAS 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 is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to TAS 8).

Disclosure of Accounting Policies (Amendments to TAS 1)

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. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 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.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to TAS 1)

2. Basis of presentation of financial statements (continued)

2.4 New standards and interpretations not yet adopted as at 31 December 2021 (continued)

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its consolidatedfinancial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Amendments are effective *e* on 1 January 2021

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

1) Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may irrevocably make preference about presentation of subsequent changes in its fair value in other comprehensive income on initial recognition of non-trading equity investment. This is made separately for each investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Impairment of Financial Assets

TFRS 9 replaces the 'incurred loss' model in TAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under TFRS 9, credit losses are recognized earlier than under TAS 39.

The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under TFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The Group measures loss allowances at an amount equal to lifetime ECLs. The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

Impairment of Financial Assets (continued)

Trade Receivables

The analysis for the TFRS - 9 provisioning calculation model includes the trade receivables. The Group has calculated the ECL's based on the the experience of credit losses in the last three years. The Group performed the calculation of ECL separately for each customers. Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, delinquency status, geographic region, age of relationship.

Receivables from the finance sector operations

Receivables from the finance sector operations consist of financial lease receivables and the total of minimum lease payments are carried at net value after the unearned income including the financial lease interest for the subsequent year are deducted from the gross financial lease receivables including interest and capital amounts. As lease payments are made, the lease amount is deducted from the gross financial lease receivables and the part of the lease payment in the unearned income pertaining to the interest is recognized as financial lease interest income in profit or loss.

Receivables from the finance sector operations and other receivables are recognized in the financial statements over their remaining values after the amount of provision booked for their non-collectible parts are deducted. Provisions is booked over the book value of the receivables which are confirmed to be impaired based on the regular reviewing of the receivables from finance sector operations and other receivables in order to bring them to their collectible values. A receivable which has become doubtful is derecognized after the completion of all legal procedures and calculation of the net loss.

Financial Liabilities

Financial liabilities are measured initially at fair value. Any transaction costs directly attributable to the undertaking of a financial liability are added on the fair value of the financial liability. These financial liabilities are subsequently measured at amortised cost using the effective interest method and differences between initially recognized costs are recognized in profit or loss statement until maturity.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial Iiabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The significant interest rate risk arises from bank loans. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivative financial instruments are measured at fair value after initial recognition. Changes occurred are recognized as mentioned below:

If the financial instrument holds for aiming risk management and does not carry out the necessities of hedge accounting, these financial instruments are classified as held for trading. Thus, differences due to fair value calculations are recognized within gains/losses from derivative financial transactions' account.

All financial assets not classified as measured at amortized for the FVOCI as described above are measured at FVTPL.This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(b) TFRS 16 Leases

TFRS 16 introduced a single lease accounting model for tenants. As a result, the Group, as a lessee, recognized the right-of-use asset representing the right to use the underlying asset and lease liabilities representing the lease payments for which it is obliged to pay rent. Accounting for the lessor is similar to previous accounting policies.

Lease Definition

While previously decided by the Group at the inception of a contract based on TFRS Interpretation 4 "Determining whether an Agreement includes a lease", the Group now evaluates whether a contract includes a lease on the basis of the new lease definition. If the right to control the use of an asset defined in accordance with TFRS 16 is transferred for a certain period of time, the contract is a lease or includes a lease.

The group has allocated to each lease and non-lease component, based on its relative stand-alone price, at the reassessment or inception of a contract containing a lease component. However, for properties it rents in, the Group has chosen not to separate non-lease components and to account for non-lease and non-lease components as a single lease component.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(b) TFRS 16 Leases (continued)

As tenant

The Group leases many assets including real estate and land vehicles. As the lessee, the Group has previously classified the lease as operating or financial lease based on an assessment of whether all the risks and benefits arising from ownership of the asset have been transferred. In accordance with TFRS 16, the Group has recognized right-of-use assets and lease payables for most of its leases, in other words, these leases are presented in the statement of financial position. The Group presented its lease obligations as "Borrowings" in the statement of financial position.

The Group recognizes the right-of-use asset and the lease liability in the financial statements at the commencement date of the lease. The right-of-use asset is measured at its initial cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for remeasurement of the lease liability. The right of use asset was initially measured at cost and after the actual commencement date of the lease, it is measured at its fair value in accordance with the Group's accounting policies.

At the actual beginning of the lease, the lease obligation is measured over the present value of the lease payments not paid at that date. Lease payments, if the interest rate implied in the lease can be determined easily, this rate is discounted using the alternative borrowing interest rate of the Group if it cannot be determined easily. Generally, the Group used alternative borrowing rate as the discount rate.

After the actual start of the lease, the lessee increases the book value of the lease obligation to reflect the interest on the lease liability and decreases the carrying amount to reflect the lease payments made. It is remeasured in the event of a change in the lease term and in the assessment made regarding the asset purchase option, and if there is a change in the amounts expected to be paid within the scope of the residual value commitment and there is a change in these payments as a result of a change in the index or rate.

The group used its judgment to determine the lease term for some lease contracts that include renewal options. Evaluating whether the Group is reasonably confident to implement such options affects the lease term; hence, this matter significantly affects the amounts of the lease payables and right-of-use assets recognized.

As a landlord

The accounting policies applied by the Group as the lessor are not different from those applied in accordance with TAS 17.

The Group does not need to make any adjustments to TFRS 16 for lease agreements other than lease contracts.

(c) Tangible Assets and Depreciation

Tangible assets acquired prior to 1 January 2005 are carried with restated cost for the effects of inflation as at 31 December 2004 less accumulated depreciation and any accumulated impairment losses. Tangible assets acquired after 31 December 2004 are carried at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs

Subsequent costs, such as repairs and maintenance or part replacement of tangible assets, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. All other costs are charged to the statements of profit or loss during the financial year in which they are incurred.

Depreciation

Depreciation for tangible assets is provided on a straight-line basis over their estimated useful lives. Depreciation is provided for leasehold improvements on a straight-line basis over the related lease period. Depreciation corresponding to the period is calculated by dividing costs incurred for tangible assets after deducting the salvage value by the asset's useful life. Salvage value represents value of the related tangible asset at the end of its useful life.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(c) Tangible Assets and Depreciation

The Group management makes important assumptions about determination of ships' useful lives in direction of technical team experiences. Besides, market data is used for determination of salvage value.

Upon the purchase of a ship, parts of the ship that need to be replaced during the next dry-dock are identified and their costs are capitalized and depreciated until the next estimated dry-dock date. When a significant replacement cost occurs prior to the expiry of the depreciation period, the remaining costs of the previous dry-dock are expensed immediately. Repair and maintenance costs are recognized in the financial statements in the period in which they are incurred. Significantly, the renewal or replacement cost is included in the carrying amount of the asset, if the future economic benefits exceed the standard performance of the asset. Major renewal is depreciated over the remaining useful life of the asset.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Ships	18
Drydock	5
Machinery and equipment	3-4
Vehicles	5
Furnitures and fixtures	4-5
Computer softwares	3

Gains or losses on disposals of tangible and intangible assets are classified under "other operating income" and "other operating expense" accounts, respectively.

Impairment of Assets

For assets that are subject to amortization, impairment test is applied if there is a situation or events in which it is not possible to recover the book value. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest level of separately identifiable cash flows (cash-generating units). Tangible assets are reviewed for possible reversal of impairment at each reporting date.

(d) Assets held for sale

Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. These assets are not depreciated.

(e) Share capital increases

Share capital increased pro-rata to existing shareholders is accounted for at par value as approved by the Board of Directors.

(f) Provision for employee severance payments

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognised in the accompanying financial statements as accrued. Since there is no funding requirement in Turkey, no funds were created for these benefit plans.

Costs of employees' services in the current or prior periods are calculated by annual liability method in the framework of defined benefit plans. Even though the Employee Benefits (TAS 19) standard was published on the official gazette on 12 March 2013, no. 28585, states recognizing actuarial gain/(loss) under equity, the Group recognized actuarial gain/(loss) under profit and loss and other comprehensive income since the amount is immaterial.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Provision for employee severance payments (continued)

The reserve has been calculated by estimating the present value of the future obligation of the Group that may arise from the retirement of the employees in accordance with TAS 19.

	31 December 2021	31 December 2020
Net discount rate	23.28%	13.20%
Expected rate of salary / limit increase	17.50%	9.00%
Turnover rate to estimate the probability of retirement	100.00%	100.00%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. As the maximum liability is revised semi-annually, amount of full TL 8,284.51 (31 December 2020: full TL 7,117.17) which is effective as at 31 December 2020 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

g) Provisions, contingent assets and liabilities

As specified in TAS 37, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If these criteria are not occured the Group discloses the related issues in the explanatory notes related to the financial statements. 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.

Contingent assets are not recognized unless they are realized and are only disclosed in the notes.

(h) Revenue recognition

General model for accounting of revenue

In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contacts with customers.

Step 1: Identify the contract

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability). Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

Step 2: Identify the performance obligations

The Group defines the "performance obligations" as a unit of account for revenue recognition. The company assesses the goods or services it has committed in a contract with the customer and determines each commitment to the customer as one of the performan obligations as a performans obligation:

(a) good or service (or a bundle of goods or services) that is distinct; or

(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

An entity may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(h) Revenue recognition (continued)

Step 3: Determine the transaction price

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. The Group does not have a sales transaction with a significant financiang component.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocate the transaction price

The transaction price is allocated to each performance obligation – generally each distinct good or service – to depict the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Step 5: Recognize revenue

An entity recognizes revenue over time when one of the following criterias are met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances. If a performance obligation is not fulfilled in time, then the Company recognizes revenue when the control of goods or services is transferred to the customer.

Revenues are recognised on an accrual basis at the time the services are given and the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable.

The Company transfers revenue to a customer and recognizes the revenue in its financial statements as per it fulfills or when it fulfills the performans obligation.

(i) Marine sector revenues and expenses

Marine sector revenues and expenses are recognized on accrual basis.

The rent revenue is earned by leasing the vessels within time charter. Rental incomes are collected at the beginning of the agreement for each 15 day periods within the scope of agreement.

(ii) Interest income and other income from finance sector activities

Interest income and other income from finance sector activities are recognized on accrual basis using the effective interest method.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(h) Revenue recognition (continued)

(iii) Dividend Income

Dividend income is recognized in profit or loss in the period they are declared.

(iv) Other Income / Expense

Other income and expenses are recognized on accrual basis.

(v) Financial Income / Expense

Financial income and expenses are recognized on accrual basis by using the effective interest rate method over the period.

(i) Taxes on income

Income taxes include current period income tax liabilities and deferred tax liabilities. Current tax payable includes adjustments related to tax on the taxable profit for the reporting period and the end of the tax liability is calculated using the prevailing tax rates and tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date and tax effect of fair value change of financial assets available for sale is recognized in equity.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity

(j) Related Parties

For the purpose of these consolidated financial statements, shareholders and associated companies and other companies within the GSD Holding group, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, are considered and referred to as related parties. Transactions with related parties are priced according to market conditions.

Related party, is an individual or entity related to the entity preparing the financial statements ('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; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(j) Related Parties (continued)

A related party transaction is a transfer of resources, services or obligations between related parties regardless of whether a price is charged.

(k) Earning/Loss per share

Earnings per share is calculated by dividing the net income by the weighted average number of common stock shares. The weighted average number of shares is the number calculated by multiplying and aggregating the number of ordinary shares outstanding at the beginning of the period and the number of shares withdrawn or issued during the period by a time-weighting factor. A time-weighting factor is the rate of the number of the days for which a specific number of shares have been outstanding to the total number of days in the period.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

(l) Borrowing costs

Investment in a tangible asset that can not be associated with all borrowing costs are recognized in profit or loss in the period they occur. Investment in a tangible asset that can be associated with all borrowing costs are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale in accordance with "TAS 23 Borrowing Costs".

(m) Events After the Reporting Period

Events after the reporting period refer to events that in favor or against to company and occur between the end of the reporting period and the balance sheet's date of authorization for the publication. In accordance with TAS 10 "Events after the reporting period", as at ending reporting period, in terms of occurring new evidences about related events or in terms of occurring related events after reporting period and if these events require correction of financial statements, the Group adjusts consolidated financial statements in accordance with new state. If related events do not require correction of consolidated financial statements, the Group explains related matters in footnotes.

(n) Segment Reporting

A reportable business segment is the segment where the Group is engaged in business activities where it can generate revenue and spend it, the operating results are regularly reviewed by the Management in order to make decisions regarding the resources to be allocated to the department and to evaluate the performance of the department, and there is separate financial information about it. Due to the fact that the Group does not have any significant activity other than shipping activities, there is no reporting according to the departments.

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(o) Statement of Cash Flows

The Group prepares statement of cash flows to inform users of the financial statements about changes in net assets, financial structure and the amount and timing of cash flows' guidance ability in terms of changing circumstances.

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements. Cash flows from operating activities represent the cash flows generated from the Group's activities. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents represent cash in hand, deposits in banks, and short-term high liquid investments with not having depreciation risk.

As at 31 December 2021 and 2020, cash and cash equivalents details are as follows except the interest income accruals and blocked amounts presented in the statement of cash flows.

	31 December 2021	31 December 2020
Cash	3	-
Banks	312,254	11,910
	312,257	**11,910**

(p) Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group companies operating in the non-finance sectors, have been accounted for under "other operating income/expenses" whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under "financial income/expenses" in the consolidated statement of profit orloss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency 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.

Financial statements of foreign subsidiaries

The assets and liabilities, presented in the financial statements of the foreign subsidiaries prepared in accordance with the Group's accounting policies, are translated into TL at the exchange rate at the date of the balance sheet whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in the currency translation differences under the equity.

Currency translation differences are recognized in other comprehensive income and shown in the foreign currency translation reserve under equity. In the event that control, significant influence or joint control is lost as a result of the sale of a foreign operation, the accumulated amount in the foreign currency translation differences reserve related to that foreign operation is reclassified to profit or loss as part of profit or loss on the sale..

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Financial statements of foreign subsidiaries (continued)

Exchange rates as at 31 December 2021 and 31 December 2020 that were used by the Company are as follows;

	31 December 2021	31 December 2020
USD	13.3290	7.3405
EURO	15.0876	9.0079

(r) Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the weighted average basis for each purchase. The Group's inventories consist of ship oil and fuel remaining at the end of time charter. Costs of inventories comprise purchase cost and those overheads that have been incurred in bringing the inventories to their present location and condition.

3. Cash and cash equivalents

As at 31 December 2021 and 31 December 2020, cash and cash equivalents are as follows;

	31 December 2021	31 December 2020
Cash at banks	312,686	11,923
Demand deposit	*33,976*	*2,381*
Time deposit	***278,710***	***9,542***
Cash on hands	3	-
Total cash and cash equivalents included in the balance sheet	**312,689**	**11,923**
Accrued interest income on cash and cash equivalents	(432)	(13)
Blocked deposits	-	-
Total cash and cash equivalents included in the cash flow	**312,257**	**11,910**

As at 31 December 2021, the time deposits comprised bank placements in USD. As at 31 December 2021 interest rate is 0.75%-1.25% for USD denominated bank accounts (31 December 2020: 3.15% for USD).

4. Financial assets-fair value through profit or loss

As at 31 December 2021 and 31 December 2020, there is no financial asset at fair value through profit or loss.

5. Investments in subsidiaries, business partnerships and subsidiaries

Investments in subsidiaries, business partnerships and subsidiaries

As at 31 December 2021 and 31 December 2020, investments in subsidiaries, business partnerships and subsidiaries consist of unlisted equity investments. As at 31 December 2021 and 31 December 2020, the details of investments in subsidiaries, business partnerships and subsidiaries are as follows:

	31 December 2021		31 December 2020	
	% of shares	Carrying value	% of shares	Carrying value
Not Listed				
GSD Faktoring A.Ş.	1.98	1,655	1.98	1,457
		1,457		**1,457**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

6. Related party disclosures

A company is defined as a related party of the Company, if one of the companies has control power on the other company or has a significant impact on financial and administrative decisions of the other company. The Company is ultimately controlled by GSD Holding that owns the 68% (31 December 2020: 68%) of its shares and that is the principal shareholder of the Company. The ultimate parent of the Company is GSD Holding and in the accompanying financial statements GSD Holding and its related companies are disclosed as related parties. In addition, related parties include the Company's principal owners, management, Board of Directors and their families.

(a) Banks

	31 December 2021	31 December 2020
Deposit at banks	276,471	20
GSD Yatırım Bankası A.Ş.	*276,471*	*20*
Lease liabilities	1,021	406
M. Turgut Yılmaz	*1,021*	*406*

b) Other balances and transactions with related parties

As at 31 December 2021 and 31 December 2020, other receivables due to related parties are as follows;

	31 December 2021	31 December 2020
Mila Maritime Limited	206	67
Dodo Maritime Limited	200	64
Neco Maritime Limited	156	53
Zeyno Maritime Limited	213	66
Lena Maritime Limited	188	-
Total	**963**	**250**

Other receivables from related parties consist of the receivables arising from the services rendered by the Group to maritime companies that are not in the scope of consolidation.

As at 31 December 2021 and 31 December 2020, trade payables due to related parties are as follows;

	31 December 2021	31 December 2020
GSD Holding A.Ş.	32	17
Total	**32**	**17**

Trade payables due to related parties comprised of representation services that are provided by GSD Holding.

Transactions with related parties as at 31 December 2021 and 31 December 2020 are as follows;

Group companies of the parent	31 December 2021	31 December 2020
Mila Maritime Ltd.- Commercial management commission	1,730	659
Zeyno Maritime Ltd.- Commercial management commission	1,574	714
Neco Maritime Ltd.- Commercial management commission	1,083	522
Dodo Maritime Ltd.- Commercial management commission	1,535	615
Lena Maritime Ltd- Commercial management commissions	1,072	-
Nejat Maritime Ltd – Commercial management commission	17	-
GSD Faktoring A.Ş.- Dividends	198	-
GSD Yatırım Bankası A.Ş. - Borrower income	1,024	-
GSD Yatırım Bankası A.Ş. - Interest income	(481)	(453)
GSD Holding- Participation shares paid	(221)	(198)
M. Turgut Yılmaz – Rent payments	(446)	(423)
GSD Yatırım Bankası A.Ş. – Interest expense	(2,037)	(1,798)
GSD Holding - Guaranty expense	(2,735)	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

6. Related party disclosures (continued)

(c) Derivative financial transactions

As at 31 December 2021, the Group does not have any derivative transactions with related parties (31 December 2020: None).

(d) Key management benefits

Total benefit of key management for the period ended 31 December 2021 is TL 2,289 (31 December 2020: TL 1,530).

(e) Other related party transactions

As at 31 December 2021, GSD Holding has provided surety amounting to TL 455,568 to credit institutions as a guarantee against its open lines of credit (31 December 2020: TL 315,188).

f) Loans from related parties

	31 December 2021	31 December 2020
Short-term borrowings from related parties	-	95,652
Dönem sonu karşılık tutarı	**-**	**95,652**

7. Trade receivables and payables

7.1 Trade receivables

As at 31 December 2021 and 31 December 2020, details of trade receivables are as follows;

	31 December 2021	31 December 2020
Trade receivables from marine activities	1,099	4,209
Doubtful trade receivables	1,980	1,980
Provision for doubtful trade receivables	(1,980)	(1,980)
	1,099	**4,209**

As at 31 December 2021 and 31 December 2020, movements in the provision for doubtful trade receivables:

	31 December 2021	31 December 2020
Provision at the beginning of the year	1,980	1,980
Provision at the end of period	**1,980**	**1,980**

7.2 Trade payables

As at 31 December 2021 and 31 December 2020, details of trade payables are as follows;

	31 December 2021	31 December 2020
Trade payables from VAT refund receivables	78	78
Trade payables from marine activities	614	42
Seller	31	-
Other trade payables (*)	32	17
	755	**137**

(*) Other trade payables comprised of representation services that are provided by GSD Holding.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

8. Receivables and payables from finance sector activities

8.1 Receivables from finance sector activities

As at 31 December 2021 and 31 December 2020, details of short-term receivables from finance sector operations are as follows;

	31 December 2021	31 December 2020
Finance lease receivables (net)	24	14
Doubtful receivables	5,389	5,025
Provision for doubtful receivables	(5,389)	(5,025)
	24	**14**

The Group does not have long-term receivables from finance sector operations as at 31 December 2021 (31 December 2020: None). The Group's credit, liquidity and market risk exposures resulting from financial sector receivables are disclosed in Note 33.

8.1.1 Finance lease receivables

As at 31 December 2021 and 31 December 2020, details of finance lease receivables are as follows;

	31 December 2021	31 December 2020
Short-term finance lease receivables		
Finance lease receivables, not due	35	21
Unearned interest income (-)	(11)	(7)
Short-term finance lease receivables, net	**24**	**14**
Total finance lease receivables, net	**24**	**14**

8.1.2 Doubtful receivables

The Company books provisions for doubtful leasing receivables on a customer basis. Provision amounts consist of receiavables from uncollectable repayments and uncollectable guarantees acquired for those receivables.

The movement of the provisions which are booked for doubtful receivables are as follows;

	31 December 2021	31 December 2020
Balance at January 1	5,025	4,113
Current period provisions (Note 25)	618	912
Current period collections (-)	254	-
Provision net of recoveries	**364**	**912**
Balance at 31 December	**5,389**	**5,025**

The doubtful receivables provision expenses that are booked within the period are accounted in cost of finance sector activities.

8.2 Payables from finance sector activities

As at 31 December 2021 and 31 December 2020, details of payables from finance sector operations are as follows;

	31 December 2021	31 December 2020
Advances received	88	52
	88	**52**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

9. Other receivables and payables

9.1 Other receivables

As at 31 December 2021 and 31 December 2020, details of other receivables are as follows;

	31 December 2021	31 December 2020
Other receivables due to related parties	-	-
Other receivables	-	42
	-	**42**

9. Other receivables and payables (continued)

9.2 Other payables

As at 31 December 2021 and 31 December 2020, details of other payables are as follows;

	31 December 2021	31 December 2020
Other tax payables	132	170
Social security premium payables	46	38
Other	1	-
	179	**208**

10. Inventories

As at 31 December 2021 and 31 December 2020, details of inventories are as follows;

	31 December 2021	31 December 2020
Ship oil	1,458	557
	1,458	**557**

11. Prepaid expenses

As at 31 December 2021 and 31 December 2020, details of prepaid expenses that are classified in current assets are as follows;

	31 December 2021	31 December 2020
Insurance expenses	1,122	653
Ship annual tonnage tax expenses	30	19
Prepaid miscellaneous expenses	1	2
Ship annual registration fee expenses	14	7
Prepaid loan commission expenses	2,003	-
	3,170	**681**

As at 31 December 2021 and 31 December 2020, there are no prepaid expenses classified in non-current assets.

12. Current income tax assets

As at 31 December 2021, the current income tax assets amounting to TL 95 consist of tax deductions from interest income derived from bank deposits which are not yet deducted (31 December 2020: TL 25).

13. Assets held for sale

As at 31 December 2021, assets held for sale amounting to TL 76 comprised of a land which were acquired from certain customers in exchange for finance lease receivables (31 December 2020: TL 76).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

14. Tangible Assets

Movement of tangible assets for the period ended 31 December 2021 are as follows;

	1 January 2021	Additions	Disposals	Currency translation differences	31 December 2021
Cost					
Ships	380,379	-	-	310,320	690,699
Drydock	15,305	-	-	12,485	27,790
Construction on Progress	-	61,516		19,981	81,497
Machinery and equipment	26	-	-	-	26
Vehicles	514	1,089	(514)	-	1,089
Furnitures and fixtures	1,634	46	-	-	1,680
	397,858	**62,651**	**(514)**	**342,786**	**802,781**

	1 January 2021	Current year charge	Disposals	Currency translation differences	31 December 2021
Accumulated depreciation					
Ships	117,510	21,315	-	103,062	241,887
Drydock	5,960	4,135	-	6,265	16,380
Machinery and equipment	26	-	-	-	26
Vehicles	325	60	(325)	-	60
Furnitures and fixtures	1,473	44	-	-	1,517
	125,294	**25,574**	**(325)**	**109,327**	**259,870**
Net book value	**272,564**				**542,911**

Movement of tangible assets for the year ended 31 December 2020 are as follows;

	1 January 2020	Additions	Disposals	Currency translation differences	31 December 2020
Cost					
Ships	307,684	-	-	72,695	380,379
Drydock	12,248	294	-	2,763	15,305
Machinery and equipment	26	-	-	-	26
Vehicles	509	5	-	-	514
Furnitures and fixtures	1,568	66	-	-	1,634
	322,035	**365**	**-**	**75,458**	**397,858**

	1 January 2020	Current year charge	Disposals	Currency translation differences	31 December 2020
Accumulated depreciation					
Ships	82,386	15,701		19,423	117,510
Drydock	2,346	3,061		553	5,960
Machinery and equipment	26	-	-	-	26
Vehicles	223	102	-	-	325
Furnitures and fixtures	1,434	39	-	-	1,473
	86,415	**18,903**	**-**	**19,976**	**125,294**
Net book value	**235,620**				**272,564**

14. Tangible Assets (continued)

As at 31 December 2021, the ships were pledged to banks in return for the borrowings used for financing the ships (Note 18). As at 31 December 2020, all loans to DVB Bank SE have been repaid and mortgages on ships have been lifted.

The COVID-19 pandemic has had a number of impacts on the global shipping industry and operations. The COVID-19 epidemic, which continued for two years with the emergence of new variants, made it necessary for the countries of the world to continue their low interest and high liquidity policies in order to ensure minimum economic growth. With the widespread use of vaccine applications, commodity prices have increased due to increased economic activities, ports closed due to the pandemic and extended operations have limited the supply of ships, causing freight prices to rise seriously. As a result, the impact of the pandemic on bulk cargo transportation in 2021 was positive, and although there was an increase in personnel replacement, spare parts and service costs, the share of these items in high freight revenues decreased significantly.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

15. Right of use assets

As at 31 December 2021 and 31 December 2020, details of right of use assets are as follows;

	1 January 2021 (*)	Additions	Disposals	Currency translation differences	31 December 2021
Cost					
Buildings	930	955	(36)	-	1,849
Vehicles	399	101	-	-	500
		-			
	1,329	**1,056**	**(36)**	**-**	**2,349**

	1 January 2021	Current year charge	Disposals	Currency translation differences	31 December 2021
Accumulated depreciation					
Buildings	608	316	-	-	924
Vehicles	239	136	-	-	375
	847	**452**	**-**	**-**	**1,299**
Net book value	**482**				**1,050**

	1 January 2020 (*)	Additions	Disposals	Currency translation differences	31 December 2020
Cost					
Buildings	924	6	-	-	930
Vehicles	399	-	-	-	399
		-			
	1,323	**6**	**-**	**-**	**1,329**

	1 January 2020	Current year charge	Disposals	Currency translation differences	31 December 2020
Accumulated depreciation					
Buildings	290	318	-	-	608
Vehicles	107	132	-	-	239
	397	**450**	**-**	**-**	**847**
Net book value	**926**				**482**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

16. Intangible assets

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

	31 December 2021	31 December 2020
Net book value at the beginning of the period	95	203
Addition to software rights	-	2
Current period depreciation	(69)	(110)
Net book value	**26**	**95**

17. Financial liabilities

17.1 Borrowing costs

In the consolidated financial statements of the Group dated 31 December 2021
Group's 100% subsidiary in the consolidated financial statements of the Group as of 31 December 2021. 38,000 DWT currently under construction of Nehir Maritime Limited based in the Marshall Islands 1,220 TL incurred within the scope of the construction of a dry cargo ship with a capacity of 1. cost of borrowing has occurred.cost (31 December 2020: None).

17.2 Bank borrowings

As at 31 December 2021 and 31 December 2020 borrowings consist of bank loans and payables from lease transactions. Details of bank loans and payables from lease transactions are as follows:

		31 December 2021			31 December 2020		
	Currency	Original amount	Carrying amount	Interest rate %	Original amount	Carrying amount	Interest rate %
Fixed interest	USD	-	-	-	13,242	97,205	2.50%-4.65%
Short-term borrowings		**-**	**-**		**13,242**	**97,205**	
Fixed interest	USD	1,267	16,889	3.04%	1,274	9,353	3.07%
Floating interest	USD	1,887	25,157	3.97%-	-	-	-
Short-term portion of long-term bank borrowings		**3,154**	**42,046**		**1,274**	**9,353**	
Fixed interest	USD	-	-	-	1,260	9,249	3.07%
Floating interest	USD	14,880	198,336	3.97%	-	-	-
Long-term portion of long-term bank borrowings		**14,880**	**198,336**		**1,260**	**9,249**	
Total long-term borrowings			**240,382**			**18,602**	
Total			**240,382**			**115,807**	

The Group's credit, liquidity and market risk exposures resulting from its financial liabilities are disclosed in Note 33.

Repayment schedule of the borrowings that are originally medium term and long term loans are as follows;

	31 December 2021		31 December 2020	
	Fixed interest	Floating interest	Fixed interest	Floating interest
Up to 1 year	16,890	25,157	106,558	-
Up to 2 years	-	27,724	9,249	-
Up to 3 years	-	30,390	-	-
Up to 4 years	-	30,390	-	-
Up to 5 years	-	109,831	-	-
	16,890	**223,492**	**115,807**	**-**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

18. Commitments

18.1 Guarantees given

The Guarantees, Pledges and Mortgages ("GPMs") that the Company gave as at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021			31 December 2020		
GPMs given by the Company	**Total TL Equivalent**	**TL**	**USD (TL Equivalent)**	**Total TL Equivalent**	**TL**	**USD (TL Equivalent)**
A. Total Amount of GPMs that were Given on Behalf of Its Own Legal Entity	**223,625**	**133**	**-**	**133**	**133**	**-**
1. Letters of guarantee that were given by the Group bank as cash collateral surety	-	-	-	-	-	-
2. Letters of guarantee that were given by the non-group bank as cash collateral surety	133	133	-	133	133	-
3. Cash	-	-	-	-	-	-
4. Tangible asset mortgage given as cash collateral surety (*)	223,492	-	223,492	-	-	-
5. Participation share given as cash collateral surety (*)	-	-	-	-	-	-
B. Total Amount of GPMs that was Given in Favor of the Partnerships that were Included in the Scope of Full Consolidation	**-**	**-**	**-**	**-**	**-**	**-**
1. Bails given as cash collateral surety (*)	-	-	-	-	-	-
2. Tangible asset mortgage given as cash collateral surety (*)	-	-	-	-	-	-
3. Bank deposit pledge given as cash collateral	-	-	-	-	-	-
C. Total Amount of GPMs that Other Third Parties give With The Purpose of Assuring Debts for Conducting Ordinary Commercial Activities	**-**	**-**	**-**	**-**	**-**	**-**
D. GPMs that were Given the Scope of the Article 12/2 of the Corporate Governance Communiqué	**-**	**-**	**-**	**-**	**-**	**-**
E. Total Amount of the Other GPMs Given	**-**	**-**	**-**	**40,415**	**-**	**40,415**
i. Total Amount of GPMs that were Given In Favor of the ultimate shareholder	-	-	-	-	-	-
ii. Total Amount of GPMs that were Given In Favor of Other Group Companies that are not Included in the Scope of Articles B and C (**)	-	-	-	40,415	-	40,415
iii. Total Amount of GPMs that were Given In Favor of the Third Parties that are not Included in the Scope of Article C	-	-	-	-	-	-
Total	**223,625**	**133**	**223,492**	**40,548**	**133**	**40,415**

(*) The bank credits used during the purchase of bulk dry cargo ships M / V Cano and M / V Hako, owned by Cano Maritime Limited and Hako Maritime Limited, were fully paid and closed in 2020. Mortgages on the ships have been removed. Since Hako Maritime Limited Company has no credit risk subject to mortgage, the blocked amount in DVB Bank SE has been resolved.

(**) On 6 June 2018, 100% shares of Zeyno Maritime Limited owned by the Company were transferred to GSD Shipping B.V. On 6 December 2018, 100% shares of Dodo Maritime Limited and Neco Maritime Limited owned by the Company were transferred to GSD Shipping B.V. Companies have been consolidated until the date of transfer and foreign translation differences, which are followed under equity, have been transferred to gain on sale of subsidiaries. The amount arises from the guarantee given by the Company for the loans that have not been matured yet.

As at 31 December 2021 and 31 December 2020, Guarantees/Pledges/Mortgages (GPM) consist of letters of guarantee, guarantees, ship mortgage, pledge of share and bails that are given to the following institutions:

	31 December 2021	**31 December 2020**
Banks	223,625	40,548
	223,625	**40,548**

As at 31 December 2021 and 31 December 2020, the Company has no guarantees, pledges or mortgages except the letters of guarantee – presented above – given on behalf of its own legal entity.

As at 31 December 2021, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 0% (31 December 2020: 23%).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

18. Commitments (continued)

18.2 Guarantees Taken

As at 31 December 2021 and 31 December 2020, the details of the guarantees that were obtained in return for the Company's receivables from finance sector activities are as follows:

	31 December 2021	31 December 2020
Mortgages	3,721	3,721
	3,721	**3,721**

18.3 Other

As at 31 December 2021, GSD Holding has provided surety amounting to TL 455,568 to credit institutions as a guarantee against its open lines of credit (31 December 2020: TL 315,188).

19. Employee benefit obligations

The Company does not have any employee benefit obligations as at 31 December 2021 (31 December 2020: None).

20. Deferred income

As at 31 December 2021, the amount of deferred income amounting to TL 6,557 stems from early collection of monthly rents of ships (31 December 2020: TL 1,452).

21. Provision for employee benefits

21.1 Provision for short-term employee benefits

As at 31 December 2021 and 31 December 2021, details of provision for short-term employee benefits are as follows:

	31 December 2021	31 December 2020
Employee bonus provision	261	213
	261	**213**

As at 31 December 2021 and 31 December 2020, the movement of employee bonus provision is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	213	225
Paid provision for the current period	(191)	(194)
Provision for the current period	239	182
Balance at the end of the period	**261**	**213**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

21. Provision for employee benefits (continued)

21.2 Provision for long-term employee benefits

As at 31 December 2021 and 31 December 2020, details of provision for long-term employee benefits are as follows;

	31 December 2021	31 December 2020
Provision for employee benefits	977	733
Employee termination benefit provision	*315*	*275*
Unused vacation provision	*662*	*458*
	977	**733**

Employee termination benefit provision

According to the Turkish Labor Law, there is an obligation to pay the severance pay to the employees whose employment contract is terminated to be entitled to severance pay. The severance payment equals to the monthly wage for every service year and this amount is limited to full TL 8,234.51 as at 31 December 2021 (31 December 2020: full TL 7,117.17). The Group recognized actuarial gain/(loss) under profit and loss and other comprehensive income according to the Employee Benefits (TAS 19) standard published on the official gazette on 12 March 2013, no. 28585.

As at 31 December 2021 and 31 December 2020, movement of provision for employee termination benefits is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	275	414
Actuarial gain/loss	31	24
Interest cost	11	8
Provision for the current period	31	83
Provision payment for the current period	(33)	(254)
Balance at the end of the period	**315**	**275**

Unused vacation provision

According to the governing labor law in Turkey, in case the labor contract ends for some reason, the Company is obliged to pay the earning that the employees are entitled but did not use to that person or beneficiaries as at that person's earning on the contract ending date. According to TAS 19 unused vacation provisions identified as "Benefits to employees" are accrued in the earned periods and are not discounted. The provision for the unused leaves as at 31 December 2021 and 31 December 2020 is the total undiscounted liability amount that all the employees are entitled which corresponds to the days of their unused leaves.

As at 31 December 2021 and 31 December 2020, movement of provision for unused vacations is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	458	495
Paid provision for the current period	-	(37)
Provision for the current period	204	-
Balance at the end of the period	**662**	**458**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

22. Other current and non-current assets

As at 31 December 2021 and 31 December 2020, details of other current assets are as follows:

	31 December 2021	31 December 2020
Deferred VAT	1,259	1,045
	1,259	**1,045**

As at 31 December 2019 and 31 December 2018, the Company does not have other non-current assets.

23. Equity

23.1 Paid-in share capital

As at 31 December 2021, the Company's nominal value of authorized share capital amounts to TL 150,000 (31 December 2020: TL 52,181) comprising 150,000,000 registered shares of par value of 1 Kuruş ("Kr") each. (One TL is equivalent to a hundred Kr). As at 31 December 2021 and 31 December 2020, the shareholding structure of the Company is disclosed in Note 1.

23.2 Adjustment to share capital

As at 31 December 2021, the Company's inflation-adjustment differences amount to TL 24,085 (31 December 2020: 24,085).

23.3 Repurchase of shares (-)

In accordance with the CMB's press releases on the repurchased shares dated 21 July 2016 and 25 July 2016, according to the board of directors decision of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. has repurchased its share for a total consideration of TL 3,223 (31 December 2020: TL 3,223). In 2020, the Company sold all repurchased Group C shares having a nominal value of 3,411 TL, at an amount of TL 9,329. The company granted the right to buy new shares to the existing partners for the paid capital increase. The right to purchase new shares was made available for 15 days between August 12, 2021 - August 26, 2021, over the exercise price of 1 TL for each share with a nominal value of 1 TL (100 shares). After the exercise of the right to buy new shares between the specified dates, the sale of all remaining shares was completed on September 2, 2021 in Borsa İstanbul A.Ş. Primary Market. As a result of all these transactions total gross income of 306 TL was obtained from the capital increase. Total expenses related to the paid capital increase completed on October 28, 2021 were included in the premiums and discounts related to the shares at TL 320. As of 31 December 2021, an amount of TL 9,175 has been classified under equity as premiums/discounts related to shares.

23.4 The effect of merger under common control

The merger of these two companies through the acquisition of GSD Dış Ticaret Anonim Şirketi by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. as a whole with all assets, liabilities and all rights, receivables, payables and obligations, and the merger or these two companies within the body of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. is a merger covering jointly controlled entities and therefore is not subject to "TFRS 3 Business Combinations". In accordance with the decree of the Public Oversight, Accounting and Auditing Standards Authority dated July 21, 2013 "in order to eliminate the differences which may occur in the implementation of the accounting policies; since recognition of jointly controlled entities using the pooling of interest method and therefore the exclusion of goodwill in the financial statements, when using the pooling of interests method, the adjustment of financial statements as if the merger was made as at the beginning of the reporting period in which joint control occurred and the comparative presentation as at the beginning of the reporting period in which joint control occurred and seeing from the parent company's point in reflecting the jointly controlled business combinations in the financial statements will be appropriate, it is necessary to restate the financial statement in the consolidation process in accordance with the provisions of TAS on the date on which the company controlling the group acquired the control of the companies with joint control power and after as if preparing financial statements in accordance with TAS including business combination accounting and to use an account of "Effect of Mergers Covering Jointly Controlled Initiatives or Entities " under equity in order to eliminate the possible asset-liability inconsistency to occur due to the merger of jointly controlled entities."

As at 31 December 2021, the Company has merger effects covering jointly controlled initiatives or entities amounting to TL (12,181) (31 December 2020: TL (12,181)).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

23. Equity (continued)

23.5 Other comprehensive income or expenses not to be reclassified to profit or loss

The Company's accumulated other comprehensive income and expenses arising from the reclassification to profit or loss measurement losses on defined benefit plans are summarized below.

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. The Group has adopted the amendments to TAS 19 which were applicable as at 1 January 2014 and recognized all actuarial gains and losses in other comprehensive income. Actuarial loss recognized under equity in the balance sheet amounts to TL 24 as at 31 December 2021 (31 December 2020: TL 19).

23.6 Other comprehensive income or expenses to be reclassified to profit or loss

Foreign currency translation differences

Assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation of foreign currency transactions are recognised in the income statement. As at 31 December 2021, foreign currency translation differences of the Company amount to TL 328,761 (31 December 2020: TL 135,728).

23.7 Restricted reserves

According to the Turkish Commercial Code, legal retained earnings are composed of primary and secondary legal reserves. Until the primary legal reserves reach 20% of the Company's capital, they are reserved at the rate of 5% of the profit for the period. The secondary legal reserves are reserved at the rate of 10% of all the dividend distributions that exceed 5% of the Company capital. Primary and secondary legal reserves cannot be distributed unless they exceed 50% of the total capital however they can be used for covering the losses in case the voluntary reserves are consumed.

As at 31 December 2021 and 31 December 2020, restricted reserves movement is as follows:

	31 December 2021	31 December 2020
Primary legal reserves	10,779	7,222
Special funds	7,296	6,747
Repurchased share provision / (classification) (*)	-	3,223
Legal reserves inflation differences	2,313	2,313
Balance at the end of the period	**20,388**	**19,505**

(*) Arises from the context of press announcements related to the repurchased shares by CMB dated 21 July 2016 and 25 July 2016.

23.8 Prior years' profits/(losses)

As at 31 December 2021 and 31 December 2020, movements of prior years' profits/(losses) are as follows:

	31 December 2021	31 December 2020
Balance at 1 January	(38,302)	(32,139)
Profits/(losses) for the prior period	(17,469)	(15,421)
Repurchase of shares (provision)/classification	-	9,329
Gains/losses from defined benefits plan	(19)	(71)
Balance at end of period	**(55,790)**	**(38,302)**

23. Equity (continued)

23.9 Distribution on earnings

Listed companies distribute dividends as required by the Turkish Commercial Code ("TCC") and the CMB as follows:

According to the Turkish Commercial Code ("TCC"), legal retained earnings are composed of primary and secondary legal reserves. Until the primary legal reserves reach 20% of the Company's capital, they are reserved at the rate of 5% of the profit for the period. The secondary legal reserves are reserved at the rate of 10% of all the dividend distributions that exceed 5% of the company capital. Primary and secondary legal reserves cannot be distributed unless they exceed 50% of the total capital however they can be used for covering the losses in case the voluntary reserves are consumed.

The inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

According to the regulations of Capital Markets Board (CMB) of Turkey, there is no minimum required profit distribution for the exchange-traded companies and the net distributable profit of an exchange-traded company preparing consolidated financial statements is calculated by taking into regard its net profit arising from its financial statements in accordance with Turkish Financial Reporting Standards as much as the total of the items that may be distributed as dividend arising from its statutory financial statements based on its books of account.

The exchange-traded companies in Turkey distribute their profits by the resolution of their general assemblies in accordance with the relevant legislations and within the guidelines stated in their profit distribution policies determined by their general assemblies. The profit distribution policies of the exchange-traded companies must contain at least whether any profit will be distributed or not and if it will be distributed, the profit distribution rate determined for shareholders and other profit-sharing persons; method of payment of the dividend; time of payment of the dividend providing that the dividend distribution process will start latest by the end of the accounting period during which the general assembly meeting was held; whether advance dividend will be distributed or not and, if it will be distributed, the related principles in respect of this.

The Company adopted a policy of not distributing cash or bonus dividend and distributing retained earnings by way of share capital increases through bonus issue by capitalization of internal resources within the regulatory framework of CMB and re-evaluating this policy every year, pursuant to its profit distribution policy explained below.

Dividends are distributed to all outstanding shares as at the distribution date equally in proportion to their ownership percentage in share capital regardless of the issue and acquisition dates of these shares. The rights arising from the dividend privilege are reserved. In the capital increases of public companies, bonus shares are distributed to outstanding shares as at the date of share capital increase.

Profit distribution policy

The Ordinary General Assembly of the Company has resolved on 31 May 2018 that the profit distribution policy of Company for the year 2018 and the subsequent years pursuant to the Corporate Governance Principles is the distribution of profits as bonus shares by means of share capital increases from internal resources through the capitalisation of profits, to the extent that the criteria stipulated by the regulatory framework of CMB in relation to share capital increases through bonus issue are met, in order to finance the growth by way of retention of earnings in equity through the accumulation of profits in extraordinary reserves by considering the growth plans, investing activities and existing financial structures of the associated companies and subsidiaries and this policy is to be re-evaluated every year by taking into account the regulations of the Capital Markets Board regarding profit distribution and the liquidity position of the Company.

Pursuant to the article 16/8 of the Communiqué on Shares (VII-128.1) promulgated by the Capital Markets Board of Turkey (the CMB), without prejudice to statutory obligations with respect to share capital increase, the applications of publicly traded companies to the CMB for share capital increases by capitalisation of internal resources excluding period profit which will result in the adjusted share price dropping below full TL 2, the share price being calculated as the average of the weighted average trading prices in stock exchange within 30 days prior to the disclosure of share capital increase to the public, are not put into process by the CMB.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

23. Equity (continued)

23.9 Distribution on earnings (continued)

Decision on distribution

By the General Assembly Meeting of the year 2021 dated 2 April 2021, it has been decided to offset the net profit of TL 17,135 in the financial statements of the Company to the prior year's losses.

24. Marine sector revenues and expenses

The details of marine sector revenues and expenses for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January-31 December 2021	1 January-31 December 2020
Ship lease income	169,023	40,879
Revenues from intra-group service activities	7,011	2,510
Other income	2,577	1,182
Marine sector income	**178,611**	**44,571**
Ship depreciation expense	(25,470)	(18,762)
Personnel expenses	(20,128)	(13,404)
Various ship equipment, oil and fuel expenses	(8,848)	(6,928)
Ship insurance expenses	(2,969)	(1,989)
Technical management fees	(2,010)	(1,631)
Maintanence and repair expenses	(1,978)	(1,245)
Rent expense paid back	(1,613)	(1,248)
Expenses from intra-group service activities	(1,137)	(859)
Other expenses	(160)	(92)
Marine sector expenses	**(64,313)**	**(46,158)**
Gross profit/(loss) from marine sector activities	**114,298**	**(1,587)**

Subsidiaries of the Company registered in Malta with 100% shareholding each owns a ship. All ships generate revenue by time charter agreements.

25. Interest and other income/interest, commission and other expenses

The details of interest and other income and interest, commission and other expenses for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January-31 December 2021	1 January-31 December 2020
Finance lease interest income	-	1
Finance lease receivables default income	2	2
Finance lease receivables foreign exchange gains	11	5
Total interest and other income	**13**	**8**
Provision for finance operations	(365)	(912)
Total finance sector acivities income/(expenses), net	**(352)**	**(904)**
Gross profit/(loss) from finance sector activities	**(352)**	**(904)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

26. General administrative expenses

The details of general administrative expenses for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	4,042	3,842
Depreciation expenses	625	701
Purchases of services from related parties expenses	448	294
Vehicle and travel expenses	315	258
Audit expenses	96	225
Donation, support, social responsibility expenses	13	50
Quotation expenses	2	8
Tax, duty and charge expenses	9	17
Other	405	415
Total	**5,955**	**5,810**

The details personnel expenses that are included in general administrative expenses for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Wages and salaries	3,117	3,065
Social security premium expenses – employer's share	245	206
Employee termination benefit, unused vacation and bonus provision expenses	283	83
Employee termination benefit and bonus paid	201	488
Other	196	-
Total	**4,042**	**3,842**

27. Other operating income

The details of other operating income for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign currency exchange income from operations	50,280	3,688
Interest received from banks	1,332	164
Employee termination benefit cancellation income	33	303
Other	238	60
Total	**51,883**	**4,215**

28. Other operating expenses

The details of other operating expenses for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign currency exchange losses from operations	3,030	1,278
Total	**3,030**	**1,278**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

29. Income/expenses from investment activities

The details of income from investment activities for the periods ended 31 December 2021 and 31 December 2020 are as follows;

	1 January- 31 December 2021	1 January- 31 December 2020
Dividend income	198	-
Total	**198**	**-**

For the period ended 31 December 2021 and 31 December 2020, there are no operating expenses from investment activities.

The Group does not have any expenses related to the investment activities for the periods ended 31 December 2021 and 31 December 2020

30. Financial income and expenses

The Group does not have any financial income for the periods ended 31 December 2021 and 31 December 2020.

The details of financial expenses for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January - 31 December 2020
Foreign currency exchange losses from borrowings	-	5,766
Interest expense	6,482	5,234
Other financial expenses	2,866	153
Total	**9,348**	**11,153**

31. Tax Assets and Liabilities

Corporation Tax

In Turkey, after 1 January 2021 the corporate tax rate has been applied %20 to the legal tax base which was calculated by adding the non deductable expenses and by deducting the exemptions in the tax laws in accordance with the tax laws. With the publication of Law No. 7316 on Certain Amendments to the Law on the Collection of Public Receivables and Certain Laws in the Official Gazette on April 22, 2021, the corporate tax rate applicable to income for the years 2021 and 2022 was modified as; 25% for the income derived in 2021, 23% for the income derived in 2022 and these rates will apply for the period starting within the relevant year for the taxpayers, subject to a special accounting period. This change is valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. Since the tax rate change came into effect as of 22 April 2021, the tax rate was used as 25% in the calculations of the corpoarate tax in the financial statements dated 31 December 2021.

According to the amendment, deferred tax assets and liabilities included in the financial statements as at 31 December 2021 are calculated at the rates of 23% and 20%, respectively for the portions of temporary differences that will have tax effects in 2022 and the following periods

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

31. Tax Assets and Liabilities (continued)

Withholding Tax

In addition to the corporation tax, withholding tax should be calculated on dividends distributed except for the ones distributed to resident corporations and Turkish branches of foreign companies. The income withholding tax was applied as 10% to all companies between the dates 24 April 2003 – 22 July 2006. This rate has been applied as 15% effective from 22 July 2006 based on the Decision of Council of Ministers no. 2006/10731. The dividends not distributed and added to capital are exempt from withholding tax.

For the investment incentive amount benefited in relation to investment incentive certificates obtained before 24 April 2003, withholding tax at 19.8% should be calculated. 40% of the investment expenditures incurred after such date, without investment incentive certificate, and directly relevant with companies' production activities can be deducted from the taxable income. No accrual is made for investment expenditures benefited without investment incentive certificates. The Company is obliged to accrue an Income Tax Withholding at a ratio of 19.8% as a result of using investment allowance belonging to previous period before 24 April 2003. The Income Tax Withholding amount of the Company, did not calculate based on Investment allowance belonging to period before 24 April 2003, as at 31 December 2021 and the final payment amount shall be the amount accrued through Corporate Tax Declaration.

Investment Incentives

The Provisional article 69 was added to the Income Tax Law no. 193 with the Law no. 5479 that came into force as at the date of 1 January 2006, and that was published on the official gazette on 8 April 2006, no. 26133. This article sets forth that the taxpayers can deduct their investment incentive amounts that they will calculate only from their incomes belonging to the years 2006, 2007 and 2008 according to the legislation clauses that are in effect on 31 December 2005 (including the clauses concerning tax rate). Thus the investment discount practice was abolished as at the date of 1 January 2006.

Within this frame, the taxpayers' – who did not use all their investment incentive exception rights or some of them in the three years of time – rights were removed as at the date of 31 December 2008. On the other hand, articles 2 and 15 of the Law no. 5479 and article 19 of the Income Tax Law were abolished as at the date of 1 January 2006 therefore it was not allowed to benefit from investment incentive exception based on the investment expenditures made between the dates 1 January 2006 and 8 April 2006.

However, in accordance with the decision of Turkish Constitutional Court made in the meeting dated 15 October 2009, the abolishment decision of 1 January 2006 about the aforementioned provisional article no. 69 about investment incentive, clauses of 2006, 2007 and 2008 of the Income Tax Law, and article no. 19 was cancelled due to being unconstitutional. The time limit regarding the investment incentive has been removed as well. In accordance with the decision of the Turkish Constitutional Court, the cancellation about the investment incentive is to enter into force with its publication on the Official Gazette. Therefore the Constitutional Court decision was published on the Official Gazette on 8 January 2010, no. 27456 and entered into force.

According to this, the investment incentive amounts that are transferred to the year 2006 due to lack of income, and the investment incentive amounts that stem from the investments that started before 2006 and continued after this date within the scope of economic and technical wholeness can be used not only in 2006, 2007 and 2008 but in the following years as well. With the new regulation, it is provided to continue to benefit from the investment incentive exception that could not be deducted and transferred to the following periods without limiting the number of years. "The Income Tax Law and the Law about the Amendments of Some Laws and Decree Laws" was published on the Official Gazette on 1 August 2010, no. 27659. With the law, it is stated that the amount that will be deducted as investment incentive exception cannot exceed 25% of the current year income. With the amendment, the principle that the corporation tax rate of the institutions to be benefited from investment discount to be the current rate (20%) instead of 30% is adopted.

Constitutional Court decided – date 9 February 2012, decision no. 2012/9 (Docket No: 2010/93) – the sentence "the discount amount as the investment incentive exception in determining tax bases cannot exceed 25% of the relevant income" to be unconstitutional and to be cancelled. The aforementioned sentence was added to the article 5 of the Law no. 6009 and provisional article no. 69, sub clause no. 1 of the Income Tax Law. After the decision of the Constitutional Court, the necessary regulations were made by the Revenue Administration. According to these regulations, taxpayers can benefit from the investment incentive without considering the 25% limit in the 2011 Annual Corporation Tax Declaration they will submit.

The Company has a remaining investment allowance stock at an amount of TL 163,344 thousand, which belongs to period before 24 April 2003, as at 31 December 2018. The Company is obliged to accrue Income Tax Withholding at a ratio of 19.8 % because of its use of investment allowance belonging to period 24 April 2003.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

31. Tax Assets and Liabilities (continued)

Investment Incentives (continued)

As at 31 December 2021, the Company has no used investment allowance which belongs to period before 24 April 2003 and withholding tax related to investment allowance and the final payment amount shall be the amount accrued through Corporate Tax Declaration.

Articles of Income Tax Law related to Investment Allowance have been amended with the Law numbered 4842 and dated 9 April 2003 and it is mentioned that investment allowance exemption shall be 40% of the investment which is made in scope of criteria included in the Law for the acquisition of investment goods. Income tax withholding is not applied in Investment Allowance Exemptions benefited in accordance with the aforementioned provision. The Company has used an investment allowance in scope of Law numbered 4842, the investment incentive allowance of the Company has ended within the scope of the Law numbered 4842.

As at 31 December 2021, the Group will be able to use the unused investment discount that amounts to TL 163,344 (31 December 2020: TL 175,343) by deducting from the future income.

Transfer Pricing

In Turkey, transfer pricing regulations are indicated in the article 13 – titled "hidden income distribution via transfer pricing" – of the Corporation Tax Law. The notification dated 18 November 2007 regarding hidden income distribution via transfer pricing regulates the details about the practice.

If the taxpayer purchases goods or services from/to its related parties at a value or price that is considered to be non arm's length, then such income is regarded fully or partially distributed in a hidden way via transfer pricing. Hidden income distribution via this kind of transfer pricing is considered non-deductable expense for corporation tax base. Buying, selling, production and construction transactions, renting and subletting transactions, borrowing and lending money, transactions that require payments like premium, wage, etc. are considered buying or selling goods or services under all circumstances.

Companies are obliged to fill out the transfer pricing form that is attached to the annual corporation tax declaration. In this form, all the amounts belonging to the transactions performed with the related companies in the accounting period and the transfer pricing methods relating to these transactions are indicated.

The tax provisions for the periods ended 31 December 2021 and 31 December 2020 consist of the following:

Current period income tax	**1 January- 31 December 2021**	**1 January- 31 December 2020**
Current period corporation tax income/(expenses) (*)	(8,549)	(758)
Deferred tax income/(expenses)	129	140
Total tax income/(expenses)	**(8,420)**	**(618)**

(*) Current period corporation tax income arises from the foreign exchange differences of the due from subsidiaries and recognised in the statement of profit or loss and affect the current period taxation. There is no deferred tax effect of these receivables and current period tax.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

31. Tax assets and liabilities (continued)

For the periods ended 31 December 2021 and 31 December 2020, the provision for income tax in the statement of profit or loss is different from the amount computed by applying the statutory tax rate of income before tax:

	1 January- 31 December 2021	1 January- 31 December 2020
Profit/(loss) before the reported tax	147,666	(16,517)
Tax calculated based on the reported profit/loss	(36,917)	3,633
Amount of disallowable expenses	(530)	(467)
Amount of tax exempt income	310	285
Subsidiary tax effect (*)	24,070	(2,233)
Effect of cash dividend income	-	-
Other	4,647	(1,836)
Tax income/(expense)	**(8,420)**	**(618)**

(*) The Company's subsidiaries in Malta are exempt from tax according to the laws of the country they are registered. The current or prior period profits of subsidiaries are subject to 23% corporate tax in Turkey to be taxed in the current period profit of the Company for the years 2018, 2019 and 2020, in the period when they are recognized as profit by the Company that has 100% capital shares, having been received through dividend distribution in cash or by bonus issue or through share capital increase by bonus issue.

The Company calculates deferred tax assets and liabilities arising from the effecs of the evaluation differences between TFRS and Tax Procedural Law (TPL).

As at 31 December 2021 and 31 December 2020, the list of temporary differences and related deferred tax assets and liabilities by using current tax rates are as follows:

	31 December 2021	31 December 2020
Provision for doubtful receivables	899	826
Employee termination benefits and other employee rights	255	189
Other	22	26
Deferred tax assets	**1,176**	**1,041**
Deferred tax assets, net	**1,176**	**896**

The corporate tax rate for corporate earnings for 2018, 2019 and 2020 periods will be applied as 23%. Since this change will be effective in taxation of the periods beginning on 1 January 2021, 22% is used for the temporary differences which are likely to be recovered in 2018, 2019 and 2020, and 20% is used for the part which are likely to be recovered over three years in the calculation of deferred tax.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

31. Tax assets and liabilities (continued)

As at 31 December 2021 and 31 December 2020, movement of deferred tax assets is as follows;

	31 December 2021	31 December 2020
Opening balance	1,041	896
Deferred tax income/(expense) that is recognized in profit or loss	129	140
Deferred tax that is recognized in shareholders' equity	6	5
Balance at the end of period	**1,176**	**1,041**

32. Earnings/(losses) per share

Earnings/(losses) per share calculation for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Net profit /(loss) for the period	139,246	(17,135)
Weighted average number of ordinary shares	71,758	50,958
Basic earnings/(losses) expressed in 1 TL per share	**1,941**	**(0.336)**

33. The nature and level of the risks that stem from financial instruments

33.1 Financial risk management purposes and policies

The Group Companies are exposed to various risks during their activities:

- Credit Risk
- Liquidity Risk
- Market Risk

This note is disclosed to give information about the targets, policies and processes in the risk management of the Group companies in case the Group companies are exposed to the aforementioned risks.

The Board of Directors of the Group companies is generally responsible for the establishment and supervision of the risk management frame of the companies.

The risk management policies of the Group companies are formed to determine and analyze the risks that the companies can be exposed to. The purpose of the risk management policies is to form the appropriate risk limit controls, to supervise risks and to adhere to the limits. The Company creates a disciplined and constructive control environment and helps all the employees understand their roles and responsibilities via various training and management standards and processes.

33.1.1 Credit risk

The Group is exposed to credit risk because of its dry cargo transportation. Credit risk is the risk that one party in a mutual relationship suffers a financial loss as a result of the other party not fulfilling his/her commitment regarding a financial instrument. The Company tries to manage credit risk by limiting the transactions made with certain parties and evaluating continuously the trustworthiness of the parties.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.1 Financial risk management purposes and policies (continued)

33.1.1 Credit risk (continued)

Credit risk concentration is about certain companies operating in similar lines of business or being located in the same geographical region. This concentration is also about changes – that can occur under economic, political and similar other conditions – affecting the commitments of these companies that stem from contracts. Credit risk concentration reveals the Company's sensitivity about its performance of being effective to a certain branch of industry or geographical region.

The Group tries to manage its credit risk by working with International companies which are specialized in their sectors and by doing business in terms of International law.

33.1.2 Liquidity risk

Liquidity risk come in sight during the funding of the Group companies' activities. This risk includes both the risk of not being able to fund the Group companies' assets in appropriate maturities and dates and the risk of not being able to liquidate an asset with a reasonable price and in an appropriate timeframe. The Group fulfills its funding needs through banks. The Company continuously evaluates liquidity risk by determining the changes and watching the course of these changes in the fund resources that are necessary to reach the company targets.

33.1.3 Market Risk

The Group protects itself with respect to changing market conditions by using instruments of purchase and sale. The market risk is managed by purchase and sale of derivative financial instruments, within the limits determined by the Company management, and by getting preventive positions.

(i) Foreign currency risk

The Group carries the foreign currency risk due to the transactions conducted in foreign currencies (such as marine operations, investment activities and bank credits). Since the financial statements of the Group are prepared based on Turkish Lira, the mentioned financial statements are affected by the floating of the foreign currencies with respect to Turkish Lira.

(ii) Interest rate risk

The activities of the Group companies are exposed to the risk of changes in interest rates when its receivables and loans on interest are redeemed or reprised on different times or amounts. Furthermore, the Group, in case it has loans involving flexible interest rates such as Libor or Eurolibor rates, may also be exposed to the risk of interest rate due to the reprising thereof. The risk management activities aim to optimize the net interest income if the market interest rates in compliance with the basic strategies of the Company are considered.

Sensitivity of the assets, liabilities and off-balance sheet items to interest is evaluated daily and monthly by the Company Management while also taking the developments in the market into account.

Standard method, value exposed to the risk (VaR - Method of Historical Analogy) and methods of Active- Passive risk measurement are used while measuring the risk of interest rate endured by the Group.

Measurements within the context of standard method are conducted on monthly bases via maturity ladder and those within the context of VaR measurements are conducted on daily bases. Active passive measurement model is also conducted on daily basis.

During VaR calculations conducted on daily basis, interest rate risks of securities of Turkish Lira and foreign currency in the portfolio of the Company which are allocated for sale-purchase and ready for sale and off- balance sheet positions are measured. Mentioned calculations are supported with scenario analyses and stress testings.

33.2.1 Credit risk

Sectoral distribution of the receivables originating from finance sector activities is as follows;

	31 December 2021	%	31 December 2020	%
Textile	24	100	14	100
Total	**24**	**100**	**41**	**100**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2 Disclosures related to financial risk management (continued)

33.2.1 Credit risk (continued)

As at 31 December 2021 and 31 December 2020, the assets of the Company which are qualified as credits exposed to credit risk are as in the following table:

	Receivables originating from finance sector activities		**Trade and other receivables**		
31 December 2021	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Bank deposits**
Maximum loan risks to be endured as at the end of the reporting period (A+B+C+D+E)	**-**	**24**	**963**	**136**	**312,686**
A. Net book value of the financial assets which are undue and have not been impaired	-	-	963	136	312,686
B. Net book value of the financial assets conditions of which have been re-negotiated and which will otherwise be considered as due or impaired	-	-	-	-	-
C. Net book value of the assets which are due but have not been impaired	-	24	-	-	-
- portion guaranteed by securities etc.	-	24	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Due (gross registered value)	-	5,389	-	1,980	-
- Impairment (-)	-	(5,389)	-	(1,980)	-
- Portion of the net value guaranteed by securities etc.	-	-	-	-	-
- Undue (gross registered value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Portion of the net value guaranteed by securities etc.	-	-	-	-	-
E. Elements comprising off-balance sheet loan risk	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2 Disclosures related to financial risk management (continued)

33.2.1 Credit risk (continued)

31 December 2020	Receivables originating from finance sector activities Related parties	Receivables originating from finance sector activities Third parties	Trade and other receivables Related parties	Trade and other receivables Third parties	Bank deposits
Maximum loan risks to be endured as at the end of the reporting period (A+B+C+D+E)	**-**	**14**	**250**	**4,001**	**11,923**
A. Net book value of the financial assets which are undue and have not been impaired	-	-	250	4,001	11,923
B. Net book value of the financial assets conditions of which have been re-negotiated and which will otherwise be considered as due or impaired	-	-	-	-	-
C. Net booked value of the assets which are due but have not been impaired	-	14	-	-	-
- portion guaranteed by securities etc.	-	14	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Due (gross registered value)	-	5,025	-	1,980	-
- Impairment (-)	-	(5,025)	-	(1,980)	-
- Portion of the net value guaranteed by securities etc.	-	-	-	-	-
- Undue (gross registered value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Portion of the net value guaranteed by securities etc.	-	-	-	-	-
E. Elements comprising off-balance sheet loan risk	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2 Disclosures related to financial risk management (continued)

33.2.2 Liquidity risk

The chart below provides the maturity analysis of the financial liabilities of the Group companies based on the remaining maturities as at balance sheet date. The amounts indicated in the chart represent undiscounted amounts based on contracts:

31 December 2021

Due Dates In Relation to the Contract	Carrying value	Sum of cash outflow in relation to the contract	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-derivative Financial Liabilities	**241,404**	**(271,534)**	**(9,663)**	**(42,228)**	**(219,643)**	**-**
Bank loans	240,382	(270,512)	(8,641)	(42,228)	(219,643)	-
Payables from finance sector activities	88	(88)	(88)	-	-	-
Trade payables	755	(755)	(755)	-	-	-
Other payables	179	(179)	(179)	-	-	-

31 December 2020

Due Dates In Relation to the Contract	Carrying value	Total cash outflow in relation to the contract	Up to 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-derivative Financial Liabilities	**116,204**	**(117,076)**	**(96,420)**	**(11,187)**	**(9,469)**	**-**
Bank loans	115,807	(116,679)	(96,023)	(11,187)	(9,469)	-
Payables from finance sector activities	52	(52)	(52)	-	-	-
Trade payables	137	(137)	(137)	-	-	-
Other payables	208	(208)	(208)	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2.3 Market risk

Interest rate risk

The Company is exposed to the interest rate risk due to the effect of the changes in interest rates on assets yielding interest. The mentioned risk of interest rate is managed by making use of liquid assets as short term investment.

Interest rate position table

Financial instruments with fixed interest		**31 December 2021**	**31 December 2020**
	Finance lease receivables	24	14
	Time deposits	278,710	9,542
	Bank loans	16,890	115,807
Financial instruments with floating interest			
	Bank loans	223,492	-

Interest rate risk sensitivity analysis

If the interest rates of the financial instruments with floating interest, on the renewal dates were 100 base points higher/lower and all other variables were to remain stable, the net loss for the period has not been calculated on 31 December 2021 (31 December 2020: TL 0).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2.3 Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk arising from the change in the value of a financial instrument depending on the changes in foreign exchange rate. The Company is exposed to the risk of currency due to the changes in exchange rates while converting its foreign currency assets to Turkish Lira. Risks of currency are managed by the using of foreign currency liquid assets as short term investment.

The chart below summarizes the foreign currency position risk of the Group in detail as at the dates of 31 December 2021 and 31 December 2020. Foreign currency assets and liabilities of the Group are as follows in foreign currency:

	Foreign currency position chart							
	31 December 2021				**31 December 2020**			
	Total TL Equivalent	**USD (in Turkish Liras)**	**Euro (in Turkish Liras)**	**Other (in Turkish Liras)**	**Total TL Equivalent**	**USD (in Turkish Liras)**	**Euro (in Turkish Liras)**	**Other (in Turkish Liras)**
1. Trade Receivables	136	133	-	3	3,959	3,959	-	-
2a. Monetary financial assets (including cash and bank accounts)	312,588	312,578	15	(5)	11,891	11,801	90	-
2b. Non monetary financial assets	-	-	-	-	-	-	-	-
3. Other	5,522	5,522	-	-	1,226	1,226	-	-
4. Current assets (1+2+3)	**318,246**	**318,233**	**15**	**(2)**	**17,076**	**16,986**	**90**	**-**
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-	-	-	-
7. Other	541,718	541,717	-	1	272,213	272,213	-	-
8. Non-current assets (5+6+7)	**541,718**	**541,717**	**-**	**1**	**272,213**	**272,213**	**-**	**-**
9. Total assets (4+8)	**859,964**	**859,961**	**15**	**(12)**	**289,289**	**289,199**	**90**	**-**
10. Trade payables	614	613	-	-	-	-	-	-
11. Financial liabilities	42,131	42,093	45	(7)	106,616	105,031	1,585	-
12a. Other (Monetary)	-	-	-	-	-	-	-	-
12b. Other (Non monetary)	6,557	6,558	-	(1)	1,542	1,542	-	-
13. Short-term liabilities(10+11+12)	**49,302**	**49,264**	**45**	**(7)**	**108,158**	**106,573**	**1,585**	**-**
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	198,336	198,336	-	-	9,249	9,249	-	-
16 a. Other (Monetary)	-	-	-	-	-	-	-	-
16 b. Other (Non monetary)	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	**198,336**	**198,336**	**-**	**-**	**9,249**	**9,249**	**-**	**-**
18. Total liabilities (13+17)	**247,638**	**247,600**	**45**	**(7)**	**117,407**	**115,822**	**1,585**	**-**
19. Net Asset/(Liability) Position of the Off-Balance Sheet Foreign Currency Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19b. Sum of the Off-Balance Sheet Foreign Currency Derivative Products with Passive Character	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**612,326**	**612,361**	**(30)**	**(5)**	**171,882**	**173,377**	**(1,495)**	**-**
21. Monetary Items Net Foreign Currency Asset/(Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**71,643**	**71,670**	**(30)**	**3**	**(100,015)**	**(98,520)**	**(1,495)**	**-**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2.3 Market risk (continued)

Foreign currency risk (continued)

A 10 percent depreciation of the TL against the following currencies at 31 December 2021 and 31 December 2020 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Foreign Exchange Rate Sensitivity Analysis Table				
31 December 2021				
	Profit/(Loss)		**Equity**	
	Foreign currency appreciates	**Foreign currency depreciates**	**Foreign currency appreciates**	**Foreign currency depreciates**
Change of USD by 10% against TL:				
1. USD net asset/liability	32,630	(32,630)	26,340	(26,340)
2. Secured portion from USD risk (-)	-	-	-	-
Change of EUR by 10% against TL:				
3. Euro net asset/liability	(2)	2	-	-
4. Secured portion from EUR risk (-)	-	-	-	-
Change of other currencies by 10% against TL:				
5.Other currencies net asset/liability	-	-	-	-
6. Secured portion from other currencies risk(-)	-	-	-	-

Foreign Exchange Rate Sensitivity Analysis Table				
31 December 2020				
	Profit/(Loss)		**Equity**	
	Foreign currency appreciates	**Foreign currency depreciates**	**Foreign currency appreciates**	**Foreign currency depreciates**
Change of USD by 10% against TL:				
1. USD net asset/liability	(990)	990	18,210	(18,210)
2. Secured portion from USD risk (-)	-	-	-	-
Change of EUR by 10% against TL:				
3. Euro net asset/liability	(152)	152	-	-
4. Secured portion from EUR risk (-)	-	-	-	-
Change of other currencies by 10% against TL:				
5.Other currencies net asset/liability	-	-	-	-
6. Secured portion from other currencies risk(-)	-	-	-	-

Other price risks:

The Group is exposed to stock price risk arising from the stock investments. Stock investments are conducted for strategic purposes rather than commercial goals. The Group does not actively purchase-sale such investments.

34. Financial Instruments

Fair value of financial instruments

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 is practicable to estimate fair value:

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

34. Financial Instruments (continued)

Fair value of financial instruments (continued)

Financial Assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of receivables from finance sector activities as at 31 December 2021 are estimated to be their fair values since they are short term .

Financial Liabilities

The carrying values of finance sector payables, borrowings and short term trade payables are estimated to be their fair values.

Carrying and fair values of the financial assets and liabilities which are not reflected at their fair values in the financial statements as at 31 December 2021 and 31 December 2020 are shown in the table below:

	31 December 2021		31 December 2020	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets and liabilities				
Cash and cash equivalents	312,689	312,689	11,923	11,923
Trade receivables	1,099	1,099	4,209	4,209
Other receivables	-	-	42	42
Receivables from finance sector activities	14	14	14	14
Payables from finance sector activities	24	24	52	52
Trade payables	755	755	137	137
Other payables	179	179	208	208
Bank borrowings	240,382	270,511	115,807	115,807

Classification of the fair value measurement

The chart below discloses the valuation methods of the financial instruments reflected at their fair values. The valuation methods according to different levels are defined as follows**;**

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

As at the 31 December 2021, there is no financial investment carried at fair value (31 December 2020: None).

35. Expenses by nature

Fees for Services Received from Independent Auditor/Independent Audit Firms

Information regarding the fees for the services received from the independent audit firms, in accordance with the letter of POA dated 19 August 2021 that was prepared considering the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	2021	**2020**
Independent audit fee for the reporting period	223	193
Total	**223**	**193**

36. Events after the reporting period

a) With Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, and the provisional article 14 was added to the Corporate Tax Law No. 5520, and the foreign currencies and gold deposit accounts included in the balance sheets of 31 December 2021 were added. For taxpayers who convert their accounts to Turkish lira and use the Turkish lira assets thus obtained in Turkish lira deposit and participation accounts with a maturity of at least three months opened in this context, the foreign exchange gains they have obtained in the period between October 1, 2021, and December 31, 2021, maturity Corporate tax exemption has been introduced for the 2021 accounting period within the scope of the principles specified in the regulation for the interest and profit shares and other earnings obtained at the end of the year.

   With this change in law, the Group has decided to open a Currency Protected Deposit Account with a 6-month maturity of TL 91,647,864 and estimates the benefit of the corporate tax exemption amount as TL 5,430,000 for 2021 and TL 2,223,000 for 2022, totaling TL 7,653,000.

b) Until June 16, 2011, GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret AŞ continued its financial leasing activities, which are subject to the supervision of the BRSA, under the title of Tekstil Finansal Kiralama A.Ş. The company terminated and changed its financial leasing activities on 16 June 2011, and continues its maritime activities except for the financial leasing written in its main contract.

   Pursuant to the permission specified in the BRSA's letter dated 07 January 2022 and numbered E-125090171-110.02.02-37636, the "Doubtful Trade Receivables" in the Portfolio, on February 25, 2022, together with all their interests, other accessories and guarantees, were assigned and transferred to Denge Varlık Yönetim AŞ for a price of 60,000 TL within the framework of Article 183 of the Code of Obligations and the terms and conditions set out in the contract.