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

Consolidated Financial Statements
As at and For the Interim Period Ended
30 June 2021
With Independent Auditors' Review Report Thereon

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

19 August 2021

This report contains "Independent Auditors' Review *Report" comprising 2 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 52 pages and 5 pages of supplementary information.*

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Index

Auditors’ Report on Review of Consolidated Interim Financial Information

To the Board of Directors of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi;

Introduction

We have reviewed the accompanying consolidated statement of financial position of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi and its subsidiaries (together will be referred to as "the Group") as at 30 June 2021, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with Turkish Accounting Standards 34 Interim Financial Reporting (“TAS 34”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not present fairly, in all material respects, the financial position of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. as at 30 June 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with in accordance with TAS 34 "Interim Financial Reporting".

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Hakkı Özgür Sıvacı, SMMM
Partner
19 August 2021
Istanbul,Turkey

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of financial position (Balance sheet)

As at 30 June 2021

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

		Reviewed	**Audited**
	Notes	**30 June 2021**	**31 December 2020**
Assets			
Current assets		**121,703**	**18,547**
Cash and cash equivalents	3	114,439	11,923
Trade receivables	7.1	2,446	4,209
- Due from related parties	*6*	587	*250*
- Due from third parties		*1,859*	*3,959*
Receivables from finance sector activities	8	16	14
- Due from finance sector activities third parties	*8.1*	*16*	*14*
Other receivables (net)	9	48	42
- Due from third parties	*9.1*	*48*	*42*
Inventories (net)	10	623	*557*
Prepaid expenses	11	2,875	681
- Due from third parties	*11*	2,875	*681*
Current income tax assets	12	15	-
Other current assets	22	1,165	1,045
- Due from third parties	*22*	1,165	*1,045*
Subtotal		**121,627**	**18,471**
Assets held for sale	13	76	76
Non-current assets		**316,193**	**275,639**
Investments in subsidiaries, business partnerships and subsidiaries	5	1,655	1,457
Tangible assets	14	312,971	272,564
- Vehicles	*14*	*312,826*	*272,402*
- Furnitures and fixtures	*14*	*145*	*162*
Right of use assets	15	338	482
Intangible Assets	16	53	95
-Other intangible assets	16	*53*	*95*
Deferred tax assets	31	1,176	1,041
Total assets		**437,896**	**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 30 June 2021

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

	Notes	**Reviewed** **30 June 2021**	**Audited** **31 December 2020**
Liabilities			
Current liabilities		**52,184**	**111,097**
Short-term borrowings	17	21,027	97,205
Due to related parties	17.2	21,027	95,652
- Bank loans	*17.2*	*21,027*	*95,652*
Due to third parties.		-	*1,553*
- Bank loans		-	*1,553*
Short-term portion of long-term borrowings		27,902	9,897
Due to related parties	6	210	406
- Lease liabilities	*6*	*210*	*406*
Due to third parties.		27.692	9,491
- Bank loans	*17.2*	*27,539*	*9,353*
- Lease liabilities		*153*	*138*
Trade payables	7.2	481	137
- Due to related parties	*6*	*20*	*17*
- Due to third parties		*461*	*120*
Payables from finance sector operations	8	60	52
- Due to third parties	*8.2*	*60*	*52*
Other payables	9	160	208
- Due to third parties	*9.2*	*160*	*208*
Deferred income	20	2,434	1,542
- Due to third parties	*20*	*2,434*	*1,542*
Current income tax liabilities		-	1,843
Short-term provisions	21	120	213
- Provisions for employee benefits	*21.1*	*120*	*213*
Non-current liabilities		**149,660**	**10,038**
Long-term borrowings		148,751	9,305
Due to related parties			
- Lease liabilities			
Due to third parties		148,751	9,305
- Bank loans	*17.2*	*148,685*	*9,249*
- Lease liabilities		*66*	*56*
Long-term provisions	21	909	733
- Provisions for employee benefits	*21.2*	*909*	*733*
Equity		**236,052**	**173,051**
Paid-in share capital	23.1	52,181	52,181
Adjustment to share capital	23.2	24,085	24,085
Premium on the shares/discount	23.3	9,189	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	(22)	(19)
- *Gains/losses from the revaluation and reclassification*		*(22)*	*(19)*
Accumulated other comprehensive income that may be reclassified subsequently to profit or loss	23.6	169,904	135,728
- *Currency translation differences*		*169,904*	*135,728*
Restricted reserves	23.7	19,839	19,505
Prior years' profits/(losses)	23.8	(55,790)	(38,302)
Net profit / (loss) for the period		28,847	(17,135)
Total equity and liabilities		**437,896**	**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 interim period ended 30 June 2021

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

	Notes	**Reviewed** 1 January- 30 June 2021	**Not reviewed** 1 April- 30 June 2021	**Reviewed** 1 January- 30 June 2020	**Not reviewed** 1 April- 30 June 2020
Continuing operations					
Marine sector revenues	24	58,359	36,257	15,603	7,381
Marine sector expenses (-)	24	(27,145)	(13,811)	(20,911)	(11,626)
Gross profit/(loss) of marine sector activities		**31,214**	**22,446**	**(5,308)**	**(4,245)**
Gross profit/(loss) from trading activities		**31,214**	**22,446**	**(5,308)**	**(4,245)**
Finance sector operating income	**25**	**3**	**2**	**4**	**3**
Foreign exchange gain	25	2	1	2	1
Interest income		-	-	2	2
Reversal of provision for finance operations	25	1	1	-	-
Cost of finance sector operations (-)		**(618)**	**(233)**	**(455)**	**(197)**
Other finance sector operating income/(expenses), net	25	(618)	(233)	(455)	(197)
Gross profit/(loss) from finance sector operations		**(615)**	**(231)**	**(451)**	**(194)**
Gross profit/(loss)		**30,599**	**22,215**	**(5,759)**	**(4,439)**
General administrative expenses (-)	26	(2,999)	(1,702)	(2,982)	(1,480)
Other operating income	27	3,848	1,837	1,696	915
Other operating expenses (-)	28	(632)	(279)	(129)	(55)
Operating profit/(loss)		**30,816**	**22,071**	**(7,174)**	**(5,059)**
Income from investment activities	29	198	-	-	-
Expenses from investment activities (-)					
Operating profit/(loss) before financial income (expenses)		**31,014**	**22,071**	**(7,174)**	**(5,059)**
Financial expenses (-)	30	(2,320)	(1,096)	(8,514)	(3,971)
Profit/ (loss) before tax from continued operations		**28,694**	**20,975**	**(15,688)**	**(9,030)**
Tax income/(expenses) of continued operations		**153**	**51**	**1,146**	**441**
- Taxation on income / (expenses)	31	24	6	1,137	476
- Deferred tax income / (expenses)	31	129	45	9	(35)
Profit/(loss) for the period		**28,847**	**21,026**	**(14,542)**	**(8,589)**
Earnings / (losses) per share	32	**0.562**	**0,409**	**(0.292)**	**(0.170)**

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 interim period ended 30 June 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		Reviewed	Not reviewed	Reviewed	Not reviewed
		1 January – 30 June 2021	**1 April – 30 June 2021**	**1 January- 30 June 2020**	**1 April- 30 June 2020**
Profit / (loss) for the period		**28,847**	**21,026**	**(14,542)**	**(8,589)**
Other comprehensive income/(expenses)					
Other comprehensive income or expenses not to be reclassified to profit or loss		**(22)**	**-**	**(6)**	**-**
Gains/losses from revaluation of defined benefits		(22)	-	(6)	-
To be reclassified as profit or loss		**34,176**	**10,791**	**25,293**	**9,467**
Currency translation differences	23.6	34,176	10,791	25,293	9,467
Other comprehensive income / (expense) (net of tax)		**34,154**	**10,791**	**25,287**	**9,467**
Total comprehensive income / (expense)		**63,001**	**31,817**	**10,745**	**878**
Appropriation of total comprehensive income / (expense)		**63,001**	**31,817**	**10,745**	**878**
Non-controlling interest		**-**	**-**	**-**	**-**
Equity holders of the parent		**63,001**	**31,817**	**10,745**	**878**

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of changes in equity

For the interim period ended 30 June 2021

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

	Notes	Paid in share capital	Adjusment to share capital	Repurchase of shares	Share premium/discount	The effect of merger under common control	Other comprehensive income or expenses not to be reclassified to profit or loss: Gains/losses from the revaluation and reclassification	Other comprehensive income or expenses to be reclassified to profit or loss: Foreign currency translation adjustment	Restricted reserves	Accumulated losses: Prior years' profits/(losses)	Accumulated 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)**	**(71)**	**98,537**	**19,158**	**(32,139)**	**(5,745)**	**140,462**	**-**	**140,462**
Transfers		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,745)**	**5,745**	**-**	**-**	**-**
Transfer to prior years profits/(losses)		-	-	-	-	-	-	-	-	(5,745)	5,745	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**65**	**25,293**	**-**	**(71)**	**(14,542)**	**10,745**	**-**	**10,745**
Net loss fo the period		-	-	-	-	-	-	-	-	-	(14,542)	(14,542)	-	(14,542)
Other comprehensive income		-	-	-	-	-	65	25,293	-	(71)	-	25,287	-	25,287
The increase / decrease due to repurchase of shares		-	-	3,223	9,329	-	-	-	-	-	-	12,552	-	12,552
Balance as at 30 June 2020	*23*	**52,181**	**24,085**	**-**	**9,189**	**(12,181)**	**(6)**	**123,830**	**19,158**	**(37,955)**	**(14,542)**	**163,759**	**-**	**163,759**
Current period														
1 January 2021	*23*	**52,181**	**24,085**	**-**	**9,189**	**(12,181)**	**(19)**	**135,728**	**19,505**	**(38,302)**	**(17,135)**	**173,051**	**-**	**173,051**
Transfers		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**334**	**(17,135)**	**17,135**	**-**	**-**	**-**
Transfer to prior years profits/(losses)		-	-	-	-	-	-	-	334	(17,135)	17,135	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(3)**	**34,176**	**-**	**(19)**	**28,847**	**63,001**	**-**	**63,001**
Net loss fo the period		-	-	-	-	-	-	-	-	-	28,847	28,847	-	28,847
Other comprehensive income		-	-	-	-	-	(3)	34,176	-	(19)	-	34,154	-	34,154
The increase / decrease due to repurchase of shares		-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2021	*23*	**52,181**	**24,085**	**-**	**9,189**	**(12,181)**	**(22)**	**169,904**	**19,839**	**(55,790)**	**28,847**	**236,052**	**-**	**236,052**

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

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of cash flows

For the interim period ended 30 June 2021

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

	Notes	Reviewed 30 June 2021	Reviewed 30 June 2020
Cash Flows (Indirect method)			
Cash flow from operating activities		**45,794**	**4,819**
Profit/(loss) for the period		**28,847**	**(14,542)**
Profit/(loss) from continuing operations		28,847	(14,542)
Adjustments related with the reconciliation of net profit/(loss) for the period:		**(12,892)**	**9,862**
Adjustments related to depreciation and amortization	14,15,16	11,424	9,472
Adjustments related to provisions		75	250
Provisions for employee benefits	*21*	*76*	*250*
Other provisions	*25*	(1)	-
Adjustments related to interest expenses and income		2,220	2,697
Interest income		*(100)*	*(51)*
Interest expenses		*2,320*	*2,748*
Adjustments related to unrealized foreign currency translation differences		(26,458)	(21,135)
Adjustments related to tax (income)/expenses		(153)	(1,146)
Realized changes in working capital		**32,261**	**31,558**
Adjustments related to changes in trade receivables		1,763	1,155
Changes in trade receivables from related parties		(337)	69
Changes in trade receivables from third parties		2,100	1,086
Changes in receivables from finance sector activities		(2)	(2)
Adjustments related to changes in other receivables related to operations		(6)	(803)
Changes in other receivables from related parties		-	*(803)*
Changes in operations from other receivables due to third parties		*(6)*	-
Adjustments related to changes in inventories	10	(66)	(40)
Changes in prepaid expenses	11	(2,194)	(1,026)
Adjustments related to changes in trade payables		344	610
Changes in trade payables to related parties		*3*	*4*
Changes in trade payables to third parties		*341*	*606*
Change in finance sector payables		8	6
Adjustments related to the changes in other payables related to operations		(48)	10
Changes in other payables related to operations to third parties		*(48)*	*10*
Changes in deferred income		892	(322)
Adjustments related to other changes in working capital		31,570	31,970
Changes in other assets related to operations		*30,602*	*31,216*
Changes in other liabilities related to operations		*968*	*754*
Cash flows derived from operating activities		**48,216**	**7,154**
Interest received		107	43
Employee benefits paid		(48)	(540)
Tax paid		(2,481)	(1,838)
Cash flows from investing activities		**(135)**	**(334)**
Cash outflows arising from the purchase of tangible and intangible fixed assets		-	(2)
Purchase of tangible assets		(1,153)	(332)
Sales of tangible assets		820	-
Cash inflows from government incentives		198	-
Cash flow from financing activities		**55,281**	**1,814**
Cash inflows from sales of entity's own shares and other equity based instruments		-	12,552
Cash inflows from borrowings		531,381	37,350
Cash inflows from bank loans		*531,381*	*37,350*
Cash outflows from payment of financial borrowings		(473,009)	(44,990)
Cash outflows from repayments of bank loans		*(473,009)*	*(44,990)*
Cash outflows on debt payments from lease contracts		(299)	(303)
Interest paid		(2,792)	(2,795)
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		**100,940**	**6,299**
Effect of change in foreign exchange rates on cash and cash equivalents		1,582	42
Net increase/(decrease) in cash and cash equivalents		**102,522**	**6,341**
Cash and cash equivalents at 1 January		**11,910**	**3,573**
Cash and cash equivalents at 30 June		**114,432**	**9,914**

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 30 June 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. Zeyno Maritime Limited was consolidated until 6 June 2018, Dodo Maritime Limited and Neco Maritime was consolidated until 6 December 2018. On 6 June 2018, shares of Zeyno Maritime Limited owned by the Company were transferred to GSD Shipping B.V. and the Company has ceased to recognise Zeyno Maritime Limited as subsidiary. On 6 December 2018, shares of Dodo Maritime Limited and Neco Maritime Limited owned by the Company were transferred to GSD Shipping B.V. and the Company has ceased to recognise them as subsidiaries.

The address of the Company’s registered office is Aydınevler Mahallesi, Kaptan Rıfat Sokak, No: 3 Küçükyalı-34854 Maltepe-İstanbul. As at 30 June 2021 the Company has 8 employees (31 December 2020: 7).

As at 30 June 2021 and 31 December 2020 information about shareholders and their percentages are as follows:

	30 June 2021		31 December 2020	
	Amount	**%**	**Amount**	**%**
GSD Holding A.Ş. (“GSD Holding”)	35,483	68	35,483	68
Listed	16,697	32	16,697	32
Other	1	-	1	-
Historical amount	**52,181**	**100**	**52,181**	**100**
Share capital inflation adjustment differences	24,085		24,085	
Adjustment for inflation amount	**76,266**		**76,266**	

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

1. Organization and operations of the Company (continued)

As at 30 June 2021 and 31 December 2020, the distribution of the Company's shares on the basis of group is as follows:

	30 June 2021	31 December 2020
Group A	8,976	8,976
Group B	3,741	3,741
Group C	37,219	37,219
Group D	2,245	2,245
	52,181	**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 20,521.

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 30 June 2021, the activity areas and the Group's shares in these subsidiaries are as follows:

Subsidiary	Country of Establishment	Area of Activity	Final Rate %		
			30 June 2021	31 December 2020	30 June 2020
Cano Maritime Ltd.	Malta	Marine	100,00	100,00	100,00
Hako Maritime Ltd.	Malta	Marine	100,00	100,00	100,00
Nehir Maritime Ltd.	Marshall Islands	Marine	100,00	-	-

In accordance with the decision taken at the Company's Board of Directors Meeting dated June 23, 2021, it has became a 100% subsidiary in the company named Nehir Maritime Limited, which was established in the Marshall Islands with a capital of 5,000 USD in exchange for 5,000 registered shares.

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.

Inflation accounting has been applied, in accordance with Turkish Accounting Standards on "Preparation of Financial Statements in Hyperinflationary Periods" ("TAS 29"), in the consolidated financial statements of the Group until 31 December 2004. With its decree dated 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for listed companies in Turkey.

The consolidated financial statements were approved and authorized for issue by the Board of Directors based on the Board of Directors decision dated 19 August 2021. The General Assembly and/or legal authorities have the authority to amend the consolidated financial statements.

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.1 Principles of financial statement preparation and Declaration of Conformity (continued)

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

2.1.2 Functional and Reporting Currency

The Company maintains its books of account and prepare its statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the Turkish Financial Reporting Standards, have been accounted for in the statutory financial statements which are prepared in accordance with the historical cost principle except for finacial assets available for sale which are measured at fair value and assets held for sale which are measured at lower of cost or fair value less costs to sell. The Group companies which are in the scope of consolidation Cano Maritime Limited, Hako Maritime Limited, Nehir Maritime Limited functional currency is US Dollars. The Company's functional currency is TL.

2.1.3 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
- and additional fact and circumtances 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Compnay 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 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)

2.1.3 Basis of consolidation (continued)

The consolidated financial statements consist of the financial statements of the Company and its subsidiaries as at 30 June 2021 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.

2.1.4 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.

2.1.5 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.

2.1.6 Going concern

The Company prepared its 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 reorganized. The group applied its accounting policies consistent with the previous fiscal year.

2.3 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 30 June 2021

Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date but earlier application is permitted; however the Group has not early adopted. These are as follows:

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 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.

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.

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

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/Company] shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

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.

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;

2. Basis of presentation of financial statements (continued)

2.4 New standards and interpretations not yet adopted as at 30 June 2021 (continued)

(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

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 [consolidated] financial 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.

TAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

Amendments are effective 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

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TAS.

2. Basis of presentation of financial statements (continued)

2.4 New standards and interpretations not yet adopted as at 30 June 2021 (continued)

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

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

The key amendments to IAS 1 include:

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

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.
The amendments are consistent with the refined definition of material previously:
"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".
The amendments are effective from 1 January 2023 but companies can apply it earlier.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to IAS 1 and IFRS Practice Statement 2)

Definition of Accounting Estimates (Amendments to IAS 8)

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

Developing an accounting estimate includes both:

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

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

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to IAS 1 and IFRS Practice Statement 2)

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

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

2. Basis of presentation of financial statements (continued)

2.4 New standards and interpretations not yet adopted as at 30 June 2021 (continued)

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

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

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

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 IAS 12

2.5 Summary of significant accounting policies

(a) Financial instruments

TFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

<u>Classification and measurement of financial assets and financial liabilities</u>

TFRS 9 largely retains the existing requirements in TAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous TAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of TFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. Detailed information on how the Group classifies, measures and recognizes financial assets in accordance with TFRS 9 is presented below.

Under TFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost 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 to hold assets to collect contractual cash flows; 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.

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 receivables from finance sector operations, cash and cash equivalents, trade receivables and other receivables.

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.

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 and age of relationship.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

Other financial liabilities

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.

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 is held for risk management purposes and does not carry out the requirements 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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(b) TFRS 16 Leasing

TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

Definition of Leasing

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under TFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non- lease components as a single lease component.

As a lessee

The Group leases properties and vehicles. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under TFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Group presents lease liabilities in "Borrowings" in the statement of financial position.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(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)

(b) TFRS 16 Leasing (continued)

As a lessee (continued)

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under TAS 17. The Group is not required to make any adjustments on transition to TFRS 16 for leases in which it acts as a lessor.

(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.

(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.

(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)

(c) Tangible Assets and Depreciation (continued)

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.

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.

	30 June 2021	**31 December 2020**
Net discount rate	13.20%	13.20%
Expected rate of salary / limit increase	9.00%	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 6,730.15 (31 December 2020: full TL 6,379.86) which is effective as at 30 June 2021 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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(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.

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

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(h) Revenue recognition (continued)

General model for accounting of revenue (continued)

Step 5: Recognize revenue (continued)

- 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.

Contract changes

If the Group commits to offer additional goods or services, it accepts the contract change as a separate contract. In case of the termination of the existing contract and the creation of a new contract, if the goods or services offered are different, they shall recognize the related changes. If the amendment to the contract does not create separate goods or services, the entity shall, with the first contract, recognize by combining additional goods or services as if it were a part of the initial contract.

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 operations

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

(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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(i) Taxes on income(continued)

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).

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".

(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)

(m) Leases

(i) Operating leases

Leases of tangible assets where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate.

Rental income from operating leases, based on straight-line basis over the term of the relevant lease, is recognized when it is reliably measured and the economic benefits associated with the transaction are probable to be acquired by the Group.

(ii) Finance leases

Explained Note 2.5(a)

(n) 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.

(o) Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Since the Group has no material activity besides marine activities, segment reporting is not reported.

(p) 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 30 June 2021 and 2020, cash and cash equivalents excluding the interest income accruals and blocked amounts are as follows:

	30 June 2021	**30 June 2020**
Cash	2	2
Banks	114,437	9,912
	114,439	**9,914**

(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)

(r) 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 or loss.

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.

Foreign currency translation differences are recorded in other comprehensive income and are shown in foreign currency translation differences reserve under equity. When the control, significant effect or joint control is lost as a result of the sale of foreign activity, the amount accumulated in the foreign currency translation differences related to this foreign activity is reclassified to profit or loss as part of sales profit or loss.

Exchange rates as at 30 June 2021 and 31 December 2020 that were used by the Company are as follows;

	30 June 2021	**31 December 2020**
USD	8.7052	7.3405
EURO	10.3645	9.0079

(s) 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 30 June 2021 and 31 December 2020, cash and cash equivalents are as follows;

	30 June 2021	**31 December 2020**
Cash at banks	114,437	11,923
Demand deposit	*26,864*	*2,381*
Time deposit	*87,573*	*9,542*
Cash on hands	2	-
Total cash and cash equivalents included in the balance sheet	**114,439**	**11,923**
Accrued interest income on cash and cash equivalents	(7)	(13)
Blocked deposits	-	-
Total cash and cash equivalents included in the statement of cash flows	**114,432**	**11,910**

As at 30 June 2021, the time deposits comprised bank placements in USD. As at 30 June 2021 interest rate is %1 - %1.75 for USD denominated bank accounts (31 December 2020: %3.15 for USD).

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

4. Financial assets-fair value through profit or loss

As at 30 June 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 30 June 2021 and 31 December 2020, investments in subsidiaries, business partnerships and subsidiaries consist of unlisted equity investments. As at 30 June 2021 and 31 December 2020, the details of investments in subsidiaries, business partnerships and subsidiaries are as follows:

	30 June 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
		1,655		**1,457**

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 68.00% (31 December 2020: 68.00%) 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

	30 June 2021	**31 December 2020**
Deposit at banks	20,924	20
GSD Yatırım Bankası A.Ş.	*20,924*	*20*
Lease liabilities	210	406
M. Turgut Yılmaz	*210*	*406*

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

6. Related party disclosures (continued)

b) Other balances and transactions with related parties

As at 30 June 2021 and 31 December 2020, other receivables due to related parties are as follows;

	30 June 2021	31 December 2020
Mila Maritime Limited	137	67
Neco Maritime Limited	69	53
Zeyno Maritime Limited	132	66
Dodo Maritime Limited	113	64
Lena Maritime Limited	136	-
Total	**587**	**250**

Other receivables from related parties consist of the receivables arising from the services rendered by the Company to maritime companies that are the group companies.

As at 30 June 2021 and 31 December 2020, trade payables due to related parties are as follows;

	30 June 2021	31 December 2020
GSD Holding A.Ş.	20	17
Total	**20**	**17**

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

Group companies of the parent	30 June 2021	31 December 2020
Mila Maritime Ltd.- Commercial management commission	625	262
Zeyno Maritime Ltd.- Commercial management commission	605	259
Neco Maritime Ltd.- Commercial management commission	392	214
Dodo Maritime Ltd.- Commercial management commission	551	249
Lena Maritime Ltd.- Commercial management commission	263	-
GSD Faktoring A.Ş.- Dividends	198	-
GSD Yatırım Bankası A.Ş. - Share payments	(242)	(196)
GSD Holding - Share payments	(100)	(97)
M. Turgut Yılmaz Rental interest expense within IFRS16	(36)	(72)
M. Turgut Yılmaz Rental depreciation expense within IFRS16	(147)	(158)
GSD Yatırım Bankası A.Ş. - Interest income	(1,756)	(535)

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

6. Related party disclosures (continued)

(c) Derivative financial transactions

As at 30 June 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 30 June 2021 is TL 851 (31 December 2020: TL 754).

(e) Other related party transactions

As at 30 June 2021, GSD Holding has provided surety amounting to TL 508,290 to credit institutions as a guarantee against its open lines of credit (31 December 2020: TL 315,188).

7. Trade receivables and payables

7.1 Trade receivables

As at 30 June 2021 and 31 December 2020, details of trade receivables are as follows;

	30 June 2021	31 December 2020
Trade receivables from marine activities	2,446	4,209
Doubtful trade receivables	1,980	1,980
Provision for doubtful trade receivables	(1,980)	(1,980)
	2,446	**4,209**

As at 30 June 2021 and 31 December 2020, movements in the provision for doubtful trade receivables:

	30 June 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 30 June 2021 and 31 December 2020, details of trade payables are as follows;

	30 June 2021	31 December 2020
Trade payables from marine activities	383	42
Trade payables from VAT refund receivables	78	78
Other trade payables (*)	20	17
	481	**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 operations

8.1 Receivables from finance sector operations

As at 30 June 2021 and 31 December 2020, details of short-term receivables from finance sector operations are as follows;

	30 June 2021	31 December 2020
Finance lease receivables (net)	16	14
Doubtful receivables	5,643	5,025
Provision for doubtful receivables	(5,643)	(5,025)
	16	**14**

The Group does not have long-term receivables from finance sector operations as at 30 June 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 30 June 2021 and 31 December 2020, details of finance lease receivables are as follows;

	30 June 2021	31 December 2020
Short-term finance lease receivables		
Finance lease receivables, not due	24	21
Unearned interest income (-)	(8)	(7)
Short-term finance lease receivables, net	**16**	**14**
Total finance lease receivables, net	**16**	**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;

	30 June 2021	31 December 2020
Balance at January 1	5,025	4,113
Current period provisions (Note 25)	618	912
Current period collections (-)	-	-
Provision net of recoveries	**618**	**912**
Balance at end of period	**5,643**	**5,025**

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

8.2 Payables from finance sector operations

As at 30 June 2021 and 31 December 2020, details of payables from finance sector operations are as follows;

	30 June 2021	31 December 2020
Advances received	60	52
	60	**52**

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

9. Other receivables and payables

9.1 Other receivables

As at 30 June 2021 and 31 December 2020, details of other receivables are as follows;

	30 June 2021	31 December 2020
Other receivables due to related parties	-	-
Other receivables (*)	48	42
	48	**42**

(*) As of 30 June 2021, TL 25 of other receivables consists of insurance receivables.

9.2 Other payables

As at 30 June 2021 and 31 December 2020, details of other payables are as follows;

	30 June 2021	31 December 2020
Other tax payables	96	170
Social security premium payables	44	38
Other	20	-
	160	**208**

10. Inventories

As at 30 June 2021 and 31 December 2020, details of inventories are as follows;

	30 June 2021	31 December 2020
Ship oil	623	557
	623	**557**

11. Prepaid expenses

As at 30 June 2021 and 31 December 2020, details of prepaid expenses that are classified in current assets are as follows;

	30 June 2021	31 December 2020
Prepaid loan comissions	1,506	-
Insurance expenses	1,103	653
Prepaid miscellaneous expenses	179	2
Ship annual tonnage tax expenses	60	19
Ship annual registration fee expenses	27	7
	2,875	**681**

As at 30 June 2021 and 31 December 2020, there are no prepaid expenses classified in non-current assets.

12. Current income tax assets

As at 30 June 2021, the current income tax assets amounting to TL 15 consist of tax deductions from interest income derived from bank deposits which are not yet deducted (31 December 2020: TL 0).

13. Assets held for sale

As at 30 June 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

The COVID-19 outbreak has had a number of impacts on the global maritime industry and our operations.

With the introduction of vaccines developed to prevent the COVID-19 epidemic, the world trade volume developed positively in the first half of 2021, resulting in an increase in the prices of basic raw materials such as iron ore, coal and grain, which are the subject of bulk cargo transportation. Freight prices, which increased in parallel with the upward price movements in commodity prices, also reached historical peaks, and the first period of 2021 was completed profitably as a result of the activities of the seven-piece bulk cargo fleet managed by GSD Marin.

Due to the additional rules and restrictions imposed on port and customs operations due to the COVID-19 outbreak, loading and unloading times are getting longer. Difficulties arise in personnel changes. This situation has led to the conclusion that the current capacity of container and bulk carriers is insufficient. In order to adapt to these changes due to COVID-19 in port and customs operations and to meet the increasing demand, there have been certain increases in ship orders. Due to the rising steel prices and high freight rates, the prices of new-build and second-hand ships have increased by up to 40%

While preparing the consolidated financial statements dated 30 June 2021, the possible effects of the COVID-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the consolidated financial statements were reviewed. In this context, possible impairment in the consolidated financial statements as of 30 June 2021 has been evaluated.

Movement of tangible assets for the period ended 30 June 2021 are as follows;

	1 January 2021	Additions	Disposals	Currency translation differences	30 June 2021
Cost					
Ships	380,379	-	-	70,718	451,097
Drydock	15,305	-	-	2,844	18,149
Machinery and equipment	26	-	-	-	26
Vehicles	514	1,149	(189)	-	1,474
Furnitures and fixtures	1,634	4	-	-	1,638
	397,858	**1,153**	**(189)**	**73,562**	**472,384**

	1 January 2021	Current period charge	Disposals	Currency translation differences	30 June 2021
Accumulated depreciation					
Ships	117,510	9,310	-	21,847	148,667
Drydock	5,960	1,815	-	1,108	8,883
Machinery and equipment	26	-	-	-	26
Vehicles	325	19	-	-	344
Furnitures and fixtures	1,473	20	-	-	1,493
	125,294	**11,164**	**-**	**22,955**	**159,413**
Net book value	**272,564**				**312,971**

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

14. Tangible Assets (continued)

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 periodcharge	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**

As at 30 June 2021 and 31 December 2020, the ships were pledged to banks in return for the borrowings used for financing the ships.

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

15. Right of use assets

As at 30 June 2021 and 31 December 2020, details of right of use assets are as follows;

	1 January 2021	Additions	Disposals	Currency translation differences	30 June 2021
Cost					
Buildings	930	-	(28)	-	902
Vehicles	399	101	-	-	500
	1,329	**101**	**(28)**	**-**	**1,402**

	1 January 2021	Current period charge	Disposals	Currency translation differences	30 June 2021
Accumulated depreciation					
Buildings	608	147	-	-	755
Vehicles	239	70	-	-	309
	847	**217**	**-**	**-**	**1,064**
Net book value	**482**				**338**

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

	01 January 2020	Current period 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 30 June 2021 and 31 December 2020, details of intangible assets of the Group are as follows:

	30 June 2021	31 December 2020
Net book value at the beginning of the period	95	203
Addition to software rights	-	2
Current period amortization	(42)	(110)
Net book value	**53**	**95**

17. Financial liabilities

17.1 Borrowing costs

In the consolidated financial statements of the Group dated 30 June 2021, there is no capitalized borrowing cost (31 December 2020: None).

17.2 Bank borrowings

As at 30 June 2021 and 31 December 2020 borrowings consist of bank borrowings and details of bank borrowings are as follows:

		30 June 2021			31 December 2020		
	Currency	Original amount	Carrying amount	Interest rate %	Original amount	Carrying amount	Interest rate %
Fixed interest	USD	2,416	21,027	*%4.65*	13,242	97,205	*%2.50-%4.65*
Short-term borrowings		**2,416**	**21,027**		***13,242***	**97,205**	
Fixed interest	USD	1,274	11,090	%3,04	1,274	9,353	%3,07
Floating interest	USD	1,890	16,449	*%3.90*	-	-	-
Short-term portion of long-term bank borrowings		**3,164**	**27,539**		**1,274**	**9,353**	
Fixed interest	USD	1,260	10,969	%3,04	1,260	9,249	%3,07
Floating interest	USD	15,820	137,716	%3,90	-	-	-
Long-term portion of long-term bank borrowings		***17,080***	**148,685**		**1,260**	**9,249**	
Total long-term borrowings			**176,224**			**18,602**	
Total			**197,251**			**115,807**	

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

17. Financial liabilities (continued)

17.2 Bank borrowings (continued)

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;

	30 June 2021		31 December 2020	
	Fixed interest	**Floating interest**	**Fixed interest**	**Floating interest**
Up to 1 year	32,117	16,449	106,558	-
Up to 2 years	10,969	16,366	9,249	-
Up to 3 years	-	19,848	-	-
Up to 4 years	-	19,848	-	-
More than 5 years	-	81,654	-	-
	43,086	**154,165**	**115,807**	**-**

18. Commitments

18.1 Guarantees given

The Guarantees, Pledges and Mortgages ("GPMs") that the Company gave as at 30 June 2021 and 31 December 2020 are as follows:

	30 June 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	**133**	**133**	**-**	**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	133
3. Cash	-	-	-	-	-	-
4. Tangible asset mortgage given as cash collateral surety (*)	-	-	-	-	-	-
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	**133**	**133**	**-**	**40,548**	**133**	**40,415**

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

18. Commitments (continued)

18.1 Guarantees given (continued)

As at 30 June 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:

	30 June 2021	31 December 2020
Banks	133	40,548
	133	**40,548**

As at 30 June 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 30 June 2021, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 0% (31 December 2020: 23%).

18.2 Guarantees taken

As at 30 June 2021 and 31 December 2020, the details of the guarantees that were obtained in return for the Group's receivables from finance sector operations are as follows:

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

18.3 Other

As at 30 June 2021, GSD Holding has provided surety amounting to TL 508,290 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 30 June 2021 (31 December 2020: None).

20. Deferred income

As at 30 June 2021, the amount of deferred income amounting to TL 2,434 stems from early collection of monthly rents of ships (31 December 2020: TL 1,542).

21. Provision for employee benefits

21.1 Provision for short-term employee benefits

As at 30 June 2021 and 31 December 2020, details of provision for short-term employee benefits are as follows:

	30 June 2021	31 December 2020
Employee bonus provision	120	213
	120	**213**

For the periods ended 30 June 2021 and 31 December 2020, the movements of employee bonus provision are as follows:

	30 June 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	98	182
Balance at the end of the period	**120**	**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 30 June 2021 and 31 December 2020, details of provision for long-term employee benefits are as follows;

	30 June 2021	**31 December 2020**
Provision for employee benefits	909	733
Employee termination benefit provision	*293*	*275*
Unused vacation provision	*616*	*458*
	909	**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 7,638.96 as at 30 June 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.

For the periods ended 30 June 2021 and 31 December 2020, movements of provision for employee termination benefits are as follows:

	30 June 2021	**31 December 2020**
Balance at the beginning of the year	275	414
Actuarial gain/loss	27	24
Interest cost	6	8
Provision for the current period	18	83
Provision payment for the current period	(33)	(254)
Balance at the end of the period	**293**	**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 30 June 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.

For the periods ended 30 June 2021 and 31 December 2020, movements of provision for unused vacations are as follows:

	30 June 2021	**31 December 2020**
Balance at the beginning of the year	458	495
Provision for the current period	158	-
Paid provision for the current period	-	(37)
Balance at the end of the period	**616**	**458**

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

22. Other current and non-current assets

As at 30 June 2021 and 31 December 2020, details of other current assets are as follows:

	30 June 2021	31 December 2020
Deferred VAT	1,164	1,045
Advances given to personnel and job	1	-
	1,165	**1,045**

As at 30 June 2021 and 31 December 2020, the Company does not have other non-current assets.

23. Equity

23.1 Paid-in share capital

As at 30 June 2021, the Company's nominal value of authorized share capital amounts to TL 52,181 (31 December 2020: TL 52,181) comprising 5,218,085,564 registered shares of par value of 1 Kuruş ("Kr") each. (One TL is equivalent to a hundred Kr). As at 30 June 2021 and 31 December 2020, the shareholding structure of the Company is disclosed in Note 1.

23.2 Adjustment to share capital

As at 30 June 2021, the Company's inflation-adjustment differences amount to TL 24,085 (31 December 2020: 24,085).

23.3 Share premium

Premiums concerning shares consist of issuance premiums of shares. Issuance premiums of shares denote the cash inflows received as a result of shares sold with market prices. These premiums are recognized under shareholders' equity and cannot be distributed, however can be used for future capital increases. Losses of the Company sourcing from sales of repurchased shares at an amount of TL 140 have been tracked in premiums related to shares account.

As at 30 June 2021, share premium of the Company is TL 1 and sales profits of repurchased shares is TL 9,189 (31 December 2019: share premium is TL 1 and sales losses of repurchased shares is TL 141).

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 21 July 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."*

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

23. Equity (continued)

23.4 The effect of under common control business merger (continued)

As at 30 June 2021, the Company has merger effects covering jointly controlled initiatives or entities amounting to TL (12,181) (31 December 2020: TL (12,181)).

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 22 as at 30 June 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 30 June 2021, foreign currency translation differences of the Group amount to TL 169,904 (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 30 June 2020 and 31 December 2019, restricted reserves movement is as follows:

	30 June 2021	31 December 2020
Primary legal reserves	10,779	7,222
Special funds	6,747	6,747
Repurchased share provision	-	3,223
Legal reserves inflation differences	2,313	2,313
Balance at the end of the period	**19,839**	**19,505**

23.8 Prior years' profits/(losses)

For the periods ended 30 June 2020 and 31 December 2019, movements of prior years' profits/(losses) are as follows:

	30 June 2021	31 December 2020
Balance at 1 January	(38,302)	(32,139)
Profits/(losses) fort he prior period	(17,469)	(15,421)
Gains/losses from defined benefits plan	(19)	(71)
Repurchase of shares (provision)/classification	-	9,329
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 2 April 2021 that the profit distribution policy of Company for the year 2020 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

Profit distribution decision At the meeting of the board of directors of the Company on 2 April 2021, company decision to transfer the TL 17,135 thousand 2020 net loss in the consolidated TFRS financial statements to previous years' losses; was proposed to the Company's ordinary general assembly for the year 2020, held on 26 May 2021, and the proposal was unanimously accepted by the participants.

24. Marine sector revenues and expenses

The details of marine sector revenues and expenses for the periods ended 30 June 2021 and 30 June 2020 are as follows:

	1 January- 30 June 2021	**1 January- 30 June 2020**
Ship lease income	53,684	14,305
Revenues from intra-group service activities	2,436	984
Other income	2,239	314
Marine sector income	**58,359**	**15,603**
Ship depreciation expense	(11,125)	(9,124)
Personnel expenses	(8,298)	(6,248)
Various ship equipment, oil and fuel expenses	(4,221)	(3,443)
Technical management fees	(869)	(754)
Ship insurance expenses	(1,050)	(834)
Expenses from intra-group service activities	(613)	(408)
Rent expense paid back	(905)	(55)
Other expenses	(64)	(45)
Marine sector expenses	**(27,145)**	**(20,911)**
Gross profit/(loss) from marine sector activities	**31,214**	**(5,308)**

Each of the subsidiaries of the Company registered in Malta with 100% shareholding, 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 30 June 2021 and 30 June 2020 are as follows:

	1 January- 30 June 2021	**1 January- 30 June 2020**
Finance lease receivables foreign exchange gains		
Finance lease interest income	2	2
Finance lease receivables default income	-	2
	1	-
Total interest and other income	**3**	**4**
Provision for finance sector operations	(618)	(455)
Total finance sector operations income/(expenses), net	**(618)**	**(455)**
Gross profit/(loss) from finance sector operations	**(615)**	**(451)**

(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 30 June 2021 and 30 June 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Personnel expenses	1,974	2,016
Depreciation expenses	299	348
Vehicle and travel expenses	45	19
Purchases of services from related parties expenses	225	293
Audit expenses	135	108
Quotation expenses	6	4
Tax, duty and charge expenses	7	9
Capital increase expenses	198	-
Other	110	185
Total	**2,999**	**2,982**

The details personnel expenses that are included in general administrative expenses for the periods ended 30 June 2021 and 30 June 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Wages and salaries	1,405	1,558
Social security premium expenses – employer's share	124	108
Employee termination benefit, unused vacation and bonus provision expenses	176	250
Employee termination benefit, unused vacation and bonus payments	170	-
Other	99	100
Total	**1,974**	**2,016**

27. Other operating income

The details of other operating income for the periods ended 30 June 2021 and 30 June 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Foreign currency exchange income from operations	2,802	1,120
Interest received from banks	100	51
Employee termination benefit cancellation income	244	489
Other	702	36
Total	**3,848**	**1,696**

28. Other operating expenses

The details of other operating expenses for the periods ended 30 June 2021 and 30 June 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Foreign currency exchange losses from operations	632	129
Total	**632**	**129**

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

29. Income/expenses from investment activities

The Group does not have any expenses related to the investment activities for the periods ended 30 June 2021 and 30 June 2020.

	1 January- 30 June 2021	1 January- 30 June 2020
Other income from investment activities	198	-
Total	**198**	**-**

30. Financial income and expenses

The Group does not have any financial income for the periods ended 30 June 2021 and 30 June 2020.

The details of financial expenses for the periods ended 30 June 2021 and 30 June 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Foreign currency exchange losses from borrowings	-	5,766
Interest expense	2,289	2,617
Other financial expenses	31	131
Total	**2,320**	**8,514**

31. Tax assets and liabilities

Corporation Tax

As at 30 June 2021, corporation tax rate is 25%. For the Company's estimated tax liabilities related to current period activity results, necessary provisions are booked in the accompanying financial statements.

The corporation tax rate on taxable corporation income is calculated by the addition of disallowable expenses and deduction of tax exempt income. (previous years' losses and investment incentives utilized, if any).

In Turkey advance tax is calculated and accrued on quarterly basis. In the period that ended on 30 June 2021, the advance tax rate is 25%. According to the Turkish tax legislation, the tax losses can be deducted from tax basis as long as they do not exceed 5 years. However tax losses cannot offset against retained earnings.

With the "Law No. 7316 on the Collection Procedure of Public Claims and the Amendment of Certain Laws" published in the Official Gazette dated 22.04.2021 and numbered 31462, amendments were made to some tax laws and other laws.

With the law a change was made in the Corporate Tax Rate. With the amendment made, the Corporate Tax Rate will be applied as 25% for the 2021 calendar year. However; 2021/1. The corporate tax rate will be 20% for the temporary tax period and 25% for the 2021/2-3 and 4th periods. According to the Turkish tax legislation, the financial losses shown on the declaration can be deducted from the corporate income for the period, provided that it does not exceed 5 years. However, financial losses cannot be deducted from previous years' profits.

In Turkey, tax regulations do not provide a procedure for final agreement of tax assessments. The corporation tax declarations are submitted to the tax office until the evening of the 30th day of the fourth month following the end of the accounting period. Nevertheless, the authorities authorized to perform tax and audit can examine the accounting records for retrospective of five years and the tax amounts to be paid can change if any erroneous transaction is determined.

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. As of June 30 2021, the Company calculates the Investment Discount used for the period before April 24, 2003 and the Income Tax Withholding amount calculated on it, by calculating Income Tax Withholding, if any, over the investment discount amount due to the tax base to be accrued in the Corporate Tax Return, with a concise declaration in the following month will pay by 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 172,561 thousand, which belongs to period before 24 April 2003, as at 30 June 2021. 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 of 30 June 2021, the amount of the Investment Incentive used by the Company for the period before 24 April 2003 and the Income Tax Withholding amount calculated over it will be finally calculated over the tax amount accrued with the 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 30 June 2021, the Group will be able to use the unused investment discount that amounts to TL 172,561 (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 30 June 2021 and 30 June 2020 consist of the following:

Current period income tax	**1 January- 30 June 2021**	**1 January- 30 June 2020**
Current period corporation tax income/(expenses) (*)	24	1,137
Deferred tax income/(expenses)	129	9
Total tax income/(expenses)	**153**	**1,146**

(*) 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 30 June 2021 and 30 June 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- 30 June 2021	**1 January- 30 June 2020**
Profit/(loss) before the reported tax	28,694	(15,688)
Tax calculated based on the reported profit/loss	(7,174)	3,451
Amount of disallowable expenses	(173)	(208)
Amount of tax exempt income	225	186
Subsidiary tax effect (*)	6,483	(2,052)
Other	792	(231)
Tax income/(expense)	**153**	**1,146**

(*) Shipping companies established in Malta, which are subsidiaries of the Company, are exempt from tax as per the laws of the country in which they are located. Period and previous year profits of the subsidiaries, through cash or bonus profit distribution or bonus capital increase, the Corporate Tax rate in Turkey in the period profit of the Company in the period when the profit is recorded by the Company, which owns 100% capital shares, is 2018, 2019 and 22% for 2020, 20% for corporate earnings for the first taxation period of 2021, II., III. and IV. It will be applied as 25% for corporate earnings belonging to taxation periods.

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 30 June 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:

	30 June 2021	**31 December 2020**
Provision for doubtful receivables	949	826
Employee termination benefits and other employee rights	210	189
Other	17	26
Deferred tax assets,net	**1,176**	**1,041**

The corporate tax Rate will be applied as 22% for the corporate earnings of the 2018, 2019 and 2020 taxation periods, and as 25% for the corporate earnings for the 2021 taxation period.

For the periods ended 30 June 2021 and 31 December 2020, movements of deferred tax assets are as follows;

	30 June 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 30 June 2021 and 30 June 2020 are as follows:

	1 January- 30 June 2021	**1 January- 30 June 2020**
Net profit /(loss) for the period	28,847	(14,542)
Weighted average number of ordinary shares(*)	51,362	49,721
Basic earnings/(losses) expressed in 1 TL per share	**0.562**	**(0.292)**

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.

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.

(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)*

33.1.3 Market Risk (continued)

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 operations is as follows;

	30 June 2021	%	31 December 2020	%
Textile	16	100	14	100
Total	**16**	**100**	**14**	**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 30 June 2021 and 31 December 2020, the assets of the Group which are qualified as credits exposed to credit risk are as in the following table:

	Receivables originating from finance sector operations		Trade and other receivables		
30 June 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)	**-**	**16**	**587**	**1,907**	**114,437**
A. Net book value of the financial assets which are undue and have not been impaired	-	**-**	**587**	**1,907**	**114,437**
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	-	16	-	-	-
- portion guaranteed by securities etc.	-	16	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Due (gross registered value)	-	5,643	-	1,980	-
- Impairment (-)	-	(5,643)	-	(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)

		Receivables originating from finance sector operations	Trade and other receivables		
31 December 2020	**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)	**-**	**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:

30 June 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	**197,952**	**(220,619)**	**(38,648)**	**(16,849)**	**(165,122)**	**-**
Bank borrowings	197,251	(219,918)	(37,947)	(16,849)	(165,122)	-
Payables from finance sector operations	60	(60)	(60)	-	-	-
Trade payables	481	(481)	(481)	-	-	-
Other payables	160	(160)	(160)	-	-	-

31 December 2020

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	**116,204**	**(117,076)**	**(96,420)**	**(11,187)**	**(9,469)**	**-**
Bank borrowings	115,807	(116,679)	(96,023)	(11,187)	(9,469)	-
Payables from finance sector operations	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		**30 June 2021**	**31 December 2020**
	Finance lease receivables	16	14
	Time deposits	87,566	9,542
	Bank borrowings	43,086	115,807
Financial instruments with floating interest			
	Bank borrowings	154,165	-

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 would be TL 21 higher/lower on 30 June 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 Liras. 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 30 June 2021 and 31 December 2020. Foreign currency assets and liabilities of the Group are as follows in foreign currency:

	Foreign currency position chart							
	30 June 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	1,859	1,859	-	-	3,959	3,959	-	-
2a. Monetary financial assets (including cash and bank accounts)	114,342	114,332	10	-	11,891	11,801	90	-
2b. Non monetary financial assets	-	-	-	-	-	-	-	-
3. Other	3,386	3,386	-	-	1,226	1,226	-	-
4. Current assets (1+2+3)	**119,587**	**119,577**	**10**	**-**	**17,076**	**16,986**	**90**	**-**
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-	-	-	-
7. Other	311,696	311,696	-	-	272,213	272,213	-	-
8. Non-current assets (5+6+7)	**311,696**	**311,696**	**-**	**-**	**272,213**	**272,213**	**-**	**-**
9. Total assets (4+8)	**431,283**	**431,273**	**10**	**-**	**289,289**	**289,199**	**90**	**-**
10. Trade payables	345	345	-	-	-	-	-	-
11. Financial liabilities	48,623	48,592	31	-	106,616	105,031	1,585	-
12a. Other (Monetary)	-	-	-	-	-	-	-	-
12b. Other (Non monetary)	2,434	2,434	-	-	1,542	1,542	-	-
13. Short-term liabilities(10+11+12)	**51,402**	**51,371**	**31**	**-**	**108,158**	**106,573**	**1,585**	**-**
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	148,685	148,685	-	-	9,249	9,249	-	-
16 a. Other (Monetary)	-	-	-	-	-	-	-	-
16 b. Other (Non monetary)	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	**148,685**	**148,685**	**-**	**-**	**9,249**	**9,249**	**-**	**-**
18. Total liabilities (13+17)	**200,087**	**200,063**	**31**	**-**	**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)	**231,196**	**231,217**	**(21)**	**-**	**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)	**(81,452)**	**(81,431)**	**(21)**	**-**	**(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 30 June 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

30 June 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	4,746	(4,746)	18,201	(18,201)
2. Secured portion from USD risk (-)	-	-	-	-
Change of EUR by 10% against TL:				
3. Euro net asset/liability	(1)	1	-	-
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	(1,142)	1,142	18,210	(18,210)
2. Secured portion from USD risk (-)	-	-	-	-
Change of EUR by 10% against TL:				
3. Euro net asset/liability	-	-	-	-
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 US Dollar ("USD") 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 30 June 2021 are different from current interest rates along with the related calculated their fair values.

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 30 June 2021 and 31 December 2020 are shown in the table below:

	30 June 2021		31 December 2020	
	Carrying value	**Fair value**	**Carrying value**	**Fair Value**
Financial assets and liabilities				
Cash and cash equivalents	114,439	114,439	11,923	11,923
Trade receivables	2,446	2,446	4,209	4,209
Other receivables	48	48	42	42
Receivables from finance sector operations	16	16	14	14
Payables from finance sector operations	60	60	52	52
Trade payables	481	481	137	137
Other payables	160	160	208	208
Bank borrowings	197,251	197,251	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 30 June 2021, there is no financial investment carried at fair value (31 December 2020: None).

35. Events after the reporting period

At the meeting of the Board of Directors of the Company on March 16, 2021;

- Pursuant to the authority granted by Article 6 of the Company's Articles of Association, the issued capital of 52.180,855.64 TL (Fifty-Two Million Hundred Eighty-One HundredFive-One HundredFive TurkishLirasSixty-Four9.1 Kurus) within the registered capital ceiling of 250.000.000 TL (Two Hundred and Fifty-Million Turkish Liras) is fully paid in cash, 9744. To be increased to 150.000.000 TL (One Hundred and Fifty Million Turkish Liras) by increasing 36 TL (NinetySevenMillionEight HundredNineteen ThousandOne HundredForty-Four TurkishLiraThirtySix Kurus),

-It has been decided not to restrict the existing shareholders' right to purchase new shares (preemptive right) and to set the exercise price of 1 (One) TL nominal value 1 Lot share as 1 (One) TL in exercising the right to purchase new shares.

35. Events after the reporting period (continued)

In line with the issuance request, the company applied to the Capital Markets Board for the approval of the draft prospectus and its annexes prepared on 14 April 2021 regarding the paid capital increase. The Capital Markets Board approved the prospectus and its annexes on 5 August 2021.

The company received the approved prospectus and its annexes on August 6, 2021 and published them on the company website and on the same day. With the announcement made on 10 August 2021, the process was started with the announcement that the granting period of new share purchase rights (preemption right) would be completed for 15 days between 12/26 August 2021. Following the expiry of the 15-day period regarding the right to buy new shares, the process is expected to be completed in order to be offered for sale at the average price to be formed in the primary market of the stock exchange for 2 working days for the unsold shares.

In accordance with the decision taken at the Company's Board of Directors Meeting dated June 23, 2021 it has 100% participated in the company named Nehir Maritime Limited, which was established in the Marshall Islands with a capital of 5,000 USD (US Dollar) in exchange for 5,000 registered shares.

River Maritime Limited, a 100% subsidiary of our company, and Laurel World Maritime S.A., a subsidiary of which Itochu Corporation, located in Japan, is the guarantor. A contract was signed on 16 July 2021 for the purchase of 1 dry cargo ship with a carrying capacity of 38,000 DWT to be built at the Japanese Imabari shipyard to be delivered in 2023.

With the fund to be obtained from the capital increase, approximately 45% equity financing support will be provided for the new ship investment of Nehir Maritime Limited Company, and the rest of the ship's cost will be covered by a bank loan. It is aimed to increase the operating volume and profitability of the Company thanks to the ship fleet that has grown in this way.

36. Other matters that significantly affect the financial statements or issues explained to make the financial statements clear, interpretable and understandable

With the introduction of vaccines developed to prevent the Covid-19 epidemic, the world trade volume developed positively in the first half of 2021, causing the prices of basic raw materials such as iron ore, coal and grain, which are the subject of bulk cargo transportation, to increase. Freight prices, which increased in parallel with the upward price movements in commodity prices, reached historical peak levels and the first period of 2021 was completed profitably as a result of the activities of the seven-piece bulk cargo fleet managed by GSD Marin.

Due to the additional rules and restrictions imposed on port and customs operations due to the Covid-19 epidemic, loading and unloading times are prolonged, and difficulties arise in personnel changes.

This situation has led to the conclusion that the current capacity of container and bulk carriers is insufficient. In order to adapt to these changes due to Covid-19 in port and customs operations and to meet the increasing demand, there have been certain increases in ship orders. Due to the rising steel prices and high freight rates, prices of new builds and second-hand ships increased by p to 40%.