

**PARK ELEKTRİK ÜRETİM
MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**CONVENIENCE TRANSLATION OF
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT
FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2021**

ORIGINALLY ISSUED IN TURKISH



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

To the General Assembly of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiary (collectively referred as the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been 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 conclude that the accompanying interim condensed consolidated financial information of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

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

Çağlar Sürücü, SMMM
Partner

Istanbul, 18 August 2021

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

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PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Current Period Reviewed 30 June 2021	Prior Period Audited 31Aralık 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	3,154,227	48,223,219
Financial investments	5	49,997	-
Trade receivables	6	9,287,755	7,105,042
<i>Trade receivables from related parties</i>	23	3,769,186	3,232,714
<i>Trade receivables from third parties</i>		5,518,569	3,872,328
Other receivables	7	59,756,074	59,105,036
<i>Other receivables from related parties</i>	23	56,453,820	55,885,452
<i>Other receivables from third parties</i>		3,302,254	3,219,584
Inventories	8	5,346,026	2,457,836
Prepaid expenses		990,677	332,639
Current income tax assets		-	5,376,750
Other current assets	13	154,871	85,696
Total current assets		78,739,627	122,686,218
Non-current assets			
Financial investments	5	-	452,207
Other receivables	7	439,966,952	326,947,388
<i>Other receivables from related parties</i>	23	439,756,942	326,735,127
<i>Other receivables from third parties</i>		210,010	212,261
Investment properties	9	204,779,131	204,548,131
Property, plant and equipment	10	109,722,547	100,040,450
Intangible assets	11	17,754,727	18,208,844
Deferred tax assets	21	-	34,196
Other non-current assets	13	13,134,972	11,087,004
Total non-current assets		785,358,329	661,318,220
TOTAL ASSETS		864,097,956	784,004,438

The condensed interim consolidated financial statements for the period 1 January - 30 June 2021 have been approved by the Board of Directors on 18 August 2021 and management is authorized for issue.

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

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Current Period Reviewed 30 June 2021	Prior Period Audited 31 Aralık 2020
LIABILITIES			
Current liabilities			
Trade payables	6	12,713,819	5,021,317
<i>Trade payables to related parties</i>	23	653,256	474,981
<i>Trade payables to third parties</i>		12,060,563	4,546,336
Payables related to the employee benefits		518,588	471,963
Other payables	7	444,073	528,680
<i>Other payables to related parties</i>	23	178,719	6,038
<i>Other payables to third parties</i>		265,354	522,642
Deferred income		2,754,340	2,830,387
Current income tax liability	21	10,175,166	-
Short-term provisions	12	34,680,230	35,432,893
<i>Short-term provisions for employee benefits</i>		1,232,532	957,595
<i>Other provisions</i>		33,447,698	34,475,298
Other current liabilities	13	4,053,750	5,904,725
Total current liabilities		65,339,966	50,189,965
Non-current liabilities			
Other payables	7	3,703,067	3,020,942
<i>Other payables to third parties</i>		3,703,067	3,020,942
Long-term provisions	12	8,109,781	7,955,209
<i>Long-term provisions for employee benefits</i>		3,631,172	3,561,926
<i>Other provisions</i>		4,478,609	4,393,283
Deferred tax liabilities	21	14,973,900	16,132,111
Other long term liabilities	13	2,052,227	2,306,050
Total non-current liabilities		28,838,975	29,414,312
Total liabilities		94,178,941	79,604,277
EQUITY			
Paid in share capital	15	148,867,243	148,867,243
Effects of business combinations under common control		(322,280,157)	(322,280,157)
Adjustments to share capital		16,377,423	16,377,423
Share premium		6,307,642	6,307,642
Repurchased shares (-)		(1,573,261)	(1,573,261)
Other comprehensive income or expenses that will not be reclassified to profit or loss		90,645,759	91,696,732
<i>Gain on revaluation of property, plant and equipment</i>		99,627,369	100,248,746
<i>Gain on remeasurement of defined benefit plans</i>		648,183	648,183
<i>Loss on financial assets measured at fair value through other comprehensive income / (loss)</i>		(9,629,793)	(9,200,197)
Restricted reserves appropriated from profit		304,820,538	303,430,035
Retained earnings		460,805,378	402,099,048
Net profit for the period		65,948,450	59,475,456
Total equity		769,919,015	704,400,161
TOTAL LIABILITIES AND EQUITY		864,097,956	784,004,438

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

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Current Period Reviewed 1 January - 30 June 2020	1 April - 30 June 2020	Prior Period Reviewed 1 January - 30 June 2019	1 April - 30 June 2019
Profit or loss					
Revenue	16	31,860,224	18,575,193	20,652,364	10,012,288
Cost of sales (-)	16	(17,661,054)	(8,985,123)	(10,976,050)	(5,734,189)
Gross profit		14,199,170	9,590,070	9,676,314	4,278,099
General administrative expenses (-)	17	(7,194,131)	(4,623,522)	(4,989,236)	(2,580,197)
Income from other operating activities	18	1,693,120	165,881	754,492	704,891
Expenses from other operating activities (-)	18	(4,674,396)	(3,139,772)	(3,386,293)	(3,012,362)
Operating income/(loss)		4,023,763	1,992,657	2,055,277	(609,569)
Income from investing activities	19	646,272	535,046	307,211	171,855
Loss on investing activities (-)	19	(2,920)	-	(12,115)	(12,115)
Operating gain/(loss) before financial (expense)/income		4,667,115	2,527,703	2,350,373	(449,829)
Financial income	20	82,005,394	24,782,448	36,821,229	15,665,473
Financial expenses (-)	20	(283,930)	(187,214)	(647,659)	(578,929)
Profit before tax from continued operations		86,388,579	27,122,937	38,523,943	14,636,715
Tax expense from continued operations		(20,440,129)	(8,699,209)	(8,733,977)	(3,489,710)
Taxes on income (-)	21	(21,541,534)	(10,175,165)	(9,191,419)	(4,015,843)
Deferred tax income	21	1,101,405	1,475,956	457,442	526,133
Net profit from continued operations		65,948,450	18,423,728	29,789,966	11,147,005
Net profit		65,948,450	18,423,728	29,789,966	11,147,005
Earnings per share from continued operations		0.0044	0.0012	0.0020	0.0007
Other comprehensive income					
Items not to be reclassified to profit or loss					
Fair value (losses) of financial assets reflected to other comprehensive income		(429,596)	-	(8,463,023)	(8,463,023)
Other comprehensive (expense)		(429,596)	-	(8,463,023)	(8,463,023)
Total comprehensive income		65,518,854	18,423,728	21,326,943	2,683,982

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

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Paid-in Share capital	Repurchased capital	Adjustments to share capital	Share premium	Other comprehensive income/(expense) not reclassified to profit or loss		Gain/(loss) on financial assets measured at fair value through other comprehensive income	Restricted reserves	Business combinations under common control	Retained earnings		Total equity
					Gain on revaluation of property plant and equipment	Gain on remeasurement of defined benefit plans				Retained earnings	Net income/loss	
1 January 2020	148,867,243	(1,573,261)	16,377,423	6,307,642	96,328,884	648,183	3,640,671	303,430,035	(486,737,853)	398,043,573	4,055,475	489,388,015
Transfers	-	-	-	-	-	-	-	-	-	4,055,475	(4,055,475)	-
Total comprehensive income	-	-	-	-	-	-	(8,463,023)	-	-	-	29,789,966	21,326,943
Effect of business combinations under common control (Note 23)	-	-	-	-	-	-	-	-	164,457,696	-	-	164,457,696
30 June 2020	148,867,243	(1,573,261)	16,377,423	6,307,642	96,328,884	648,183	(4,822,352)	303,430,035	(322,280,157)	402,099,048	29,789,966	675,172,654
1 January 2021	148,867,243	(1,573,261)	16,377,423	6,307,642	100,248,746	648,183	(9,200,197)	303,430,035	(322,280,157)	402,099,048	59,475,456	704,400,161
Transfers	-	-	-	-	(118,457)	-	-	1,390,503	-	58,203,410	(59,475,456)	-
Total comprehensive income	-	-	-	-	(502,920)	-	(429,596)	-	-	502,920	65,948,450	65,518,854
30 June 2021	148,867,243	(1,573,261)	16,377,423	6,307,642	99,627,369	648,183	(9,629,793)	304,820,538	(322,280,157)	460,805,378	65,948,450	769,919,015

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

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

STATEMENT OF CASH FLOWS	Notes	Current Period Reviewed 1 January 30 June 2021	Prior Period Reviewed 1 January 30 June 2020
A. Cash flows from operating activities		18,523	7,383,220
Net profit for the period		65,948,450	29,789,966
Adjustments to reconcile profit / (loss) for the period		(45,840,888)	(13,972,701)
Adjustments for losses arised from sale of tangible and intangible assets		2,920	12,115
Adjustments for amortization and depreciation	10, 11	12,684,061	10,825,677
Adjustments for provisions related with employee benefits	12	581,013	464,183
Adjustments for lawsuit and/or penalty provisions	12	4,003,511	2,769,577
Adjustments for tax expense/(income)	21	20,440,129	8,733,977
Adjustments for interest (income)/expense		(8,329,797)	(5,073,402)
Adjustments for unrealized currency translation differences		(73,263,325)	(31,306,157)
Adjustments for other items that resulting to cash flows from investing or financing activities		(459,400)	-
Other adjustments to the profit/loss reconciliation		(1,500,000)	(398,671)
Adjustments for working capital		(10,081,355)	879,112
Adjustments for (increase) in inventories		(2,888,190)	(5,689,740)
Adjustments for decrease/(increase) in trade receivables		(2,096,604)	1,051,496
Adjustments for decrease/(increase) in other receivables		(80,419)	2,462,658
Adjustments for (decrease) in trade payables		(520,711)	(6,098,219)
Adjustments for increase in payables related to the employee benefits		46,625	858,651
Adjustments for (increase) in prepaid expenses		(658,038)	(336,184)
Adjustments for (increase) in other current asstes from operations		(1,948,059)	(3,003,134)
Adjustments for increase in other payables from operations		244,886	426,465
Adjustments for (decrease)/increase in other liabilities from operations		(2,104,798)	11,260,910
Adjustments for (decrease) in deferred income		(76,047)	(53,791)
Cash generated from operations		10,026,207	16,696,377
Payments made related to provisions for employee benefits	12	(236,830)	(178,341)
Payments made related to other provisions	12	(5,062,156)	(1,556,879)
Tax (payments)		(4,708,698)	(7,577,333)
Other cash outflows		-	(604)
B. Cash flows from investing activities		(45,704,886)	(8,210,498)
Cash outflows of acquisitions of fixed and intangible assets		(14,417,219)	(12,533,332)
Proceeds from sales of fixed and intangible assets		500,000	-
Cash inflows of sales of investment properties		-	2,801,244
Cash inflows/(outflows) of advance and receivables from related parties		(32,388,363)	1,521,590
Other cash inflows		600,696	-
C. Cash flows from financing activities		(145,986)	(28)
Interest paid		(81)	(28)
Interest received		40,968	-
Other cash outflows		(186,873)	-
D. Foreign currency translation differences on cash and cash equivalents		763,357	729,163
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)		(45,068,992)	(98,143)
Cash and cash equivalents at the beginning of the period	4	48,223,219	6,214,119
Cash and cash equivalents at the end of the period	4	3,154,227	6,115,976

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

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (“Park Elektrik” or “The Company”) was established in 1994 and the field of activity of the Company is to search, extract, process and operate all kinds of minerals, ore and their derivatives, to produce all kinds of materials used in the industry and for this purpose, searching mine sites, acquiring operating licenses and operating privileges, operating or having them operated, processing, purifying, refining, and establishing cogeneration power plants to meet the need for electricity, energy and steam, establishing all kinds of facilities in order to operate them, to sell surplus of the energy produced, to produce all kinds of fiber from glass mines and mineral derivatives and to produce all kinds of products from these fibers, establishing and processing plants for the electric energy production and also engages in the acquisition, performing leasing transactions and energy sale of electric energy produced to companies with wholesale and retail licenses as well as regular customers through bilateral agreements.

On 17 November 2016, a landslide happened in the Madenköy copper mine field of the company located in Siirt, Şirvan and following time, assets related to the concentrated copper production were sold on 17 March 2017. With this transaction, copper production operations of the company is ceased.

The Company changed its operations following the sale of the copper production activity and purchased 100% of the shares of Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Konya Ilgın") owned by the main shareholder of the company, Park Holding A.Ş. and Turgay Ciner. The purchase was approved at the General Assembly meeting held on 10 May 2017. This was followed by the subsequent transfer of shares.

The affiliate Konya Ilgın has the right to operate in related fields with the aim of production of lignite coal within the framework of its mining license and royalty contracts and has a license dated 27 February 2013 granted by Energy Market Regulation Author for electricity generation and its sale. It is planned to establish a thermal power plant in the Ilgın District of Konya with fluid bed boiler technology that will have an installed capacity of 500 MW. In the field under the royalty agreement, of which Konya Ilgın is a party, stripping works have started for the start of lignite coal production from the open pit as a preparation for the period that power plant will operate and started coal production in the last quarter of 2019. The priority of the pre-mining planning that covers the June 2019-May 2025 period is to get prepared for the main mining plan with high coal production capacity which is to be carried out when the power plant is operational, and the coal produced by the field in the scope of the main mining plan will be used to provide fuel for the thermal power plant. The Company will be named as the “Group”, collectively together with its subsidiary Konya Ilgın.

The Company has also signed a royalty contract for the purpose of operation at bauxite site in Islahiye district of Gaziantep, which it has an operating license, and started to earn royalty income as of the third quarter of 2019. Related income is calculated over the production amount and included in the consolidated financial statements.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY (Continued)

The Company’s legal headquarter is located at Sultantepe Mahallesi Paşalimanı Caddesi No: 41 Üsküdar / İstanbul.

As of 30 June 2021, the Company has 43 employees (31 December 2020: 49).

Shares of The Company is listed on Borsa Istanbul since 1997.

The Company’s shareholding structure is presented as below:

Shareholders	30 June 2021		31 December 2020	
	Shareholding Ratio	Amount	Shareholding Ratio	Amount
Park Holding A.Ş.	61.24	91,168,622	61.24	91,168,622
Turgay Ciner	6.76	10,065,983	6.76	10,065,983
Other	32.00	47,632,638	32.00	47,632,638
Total	100.00	148,867,243	100.00	148,867,243

The Company’s main shareholder Park Holding A.Ş., is ultimately controlled by Turgay Ciner.

The company included in consolidation:

Subsidiaries:

The Group has included the following subsidiary in the accompanying consolidated financial statements in accordance with the principles of consolidation.

Company title	Current Operations	Country
Konya Ilgın	Coal generation and sales	Turkey

Approval of Financial Statements

These consolidated financial statements were approved by the Board of Directors on 18 August 2021 and authorized for issue. The Company’s General Assembly has the authority to alter consolidated financial statements.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The accompanying interim consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the Communiqué) announced by the Capital Markets Board (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the Communiqué, companies should apply Turkish Financial Reporting Standards (“TFRS”) and interpretations regarding these standards as published by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”). The consolidated financial statements are presented in accordance with announcement regarding with TFRS taxonomy which was published by POA and the format and mandatory information recommended by CMB.

The Group prepared its interim financial statements as of 30 June 2021 in accordance with TAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements do not include all information required to be included in the annual financial statements and should be read in conjunction with the annual financial statements of the Group as of 31 December 2020.

The Group maintain their books of account in accordance with rules and principles defined by Turkish Commercial Code (“TCC”) and tax legislation.

The consolidated financial statements are prepared in Turkish Lira (“TRY”) based on the historical cost except for (if any) land, building, machinery, machinery and equipment, investment properties and financial assets and liabilities which are presented in fair values.

Functional Currency

Consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency) TRY. For the purpose of the financial statements, the results and financial position are expressed in Turkish Lira (“TRY”), which is the functional and presentation currency of the Group.

Restatement of Financial Statements in Hyperinflationary Periods

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required. Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies”, issued by the TASB, has not been applied in the financial statements for the accounting periods starting 1 January 2005.

Comparative Information and Correction to Previous Year Financial Statements

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. The Group has prepared the consolidated statement of financial position as of 30 June 2021 comparatively with the statement of financial position as of 31 December 2020 and The Group has compiled the comprehensive income statement, the cash flow statement and the statement of changes in equity for the period ended 30 June 2021 comparatively with the financial statements for the period ended 30 June 2020.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Comparative Information and Correction to Previous Year Financial Statements(Continued)

In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period financial statements and significant changes are explained. The Group has performed the following reclassification:

- The Group reclassified its mining preparation and development expenses of TRY 72,004,986, which had been classified under intangible fixed assets, to property, plant and equipment that are mine assets as of 30 June 2020.

Going concern

The consolidated financial statements have been prepared on the basis of the going concern assumption that the Group will benefit from its assets and fulfill its obligations within the next year during the natural course of its activities.

Basis for consolidation

Subsidiaries

Subsidiaries are companies in which the Group is controlled, including structured entities. Control of the Group is ensured by the exposure to variable returns in these companies, the right to be entitled to these assets and the ability to direct them. Subsidiaries are consolidated by using the full consolidation method from the date of transition. They are excluded from the scope of consolidation as of the date on which the control is due.

The assets, liabilities, equity items, income and expense accounts of the subsidiaries and cash flow movements are included in the consolidated financial statements by full consolidation method. The carrying values of the shares of Park Elektrik and subsidiaries are eliminated against the related equity.

Subsidiaries	Current Operations	Ownership ratio (%)
Konya İlgin	Coal production and sales	100.00

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOT 2 - BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.2 New and Revised Turkish Accounting Standards

a) *Standards, amendments and interpretations applicable as at 30 June 2021*

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Amendments IFRS 4, ‘Insurance contracts’, deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

a) *Standards, amendments and interpretations that are issued but not effective as at 30 June 2021:*

- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16, ‘Property, plant and equipment’** 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.
 - **Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOT 2 - BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.2 New and Revised Turkish Accounting Standards (Continued)

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

The Group does not expect the standards that mentioned above to have a material impact on the financial statements.

2.3 Summary of Significant Accounting Policies

Significant changes and errors in accounting policies and significant errors in accounting estimates are applied retrospectively and prior period financial statements are restated. The effect of change in accounting estimate shall be recognized prospectively, if the change affects that period only; or period of the change and future periods, if the change affects both. The accounting policies used in the preparation of the consolidated financial statements for the six month period ended 30 June 2021 are consistent with the accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2020.

2.4 Critical accounting estimates, assumptions and judgements

While preparing its consolidated financial statements, the Group uses estimates and assumptions that may cause significant adjustments in the registered value of assets and liabilities. Although these estimates and assumptions are based on the best knowledge of the Group Management regarding current events and transactions, actual results may differ from the assumptions. These estimates and assumptions are regularly reviewed, necessary corrections are made and reflected in the operating results of the relevant period. Estimates and assumptions that may cause significant adjustments in the book value of assets and liabilities are the assumptions used in the provisions for legal cases, environmental obligations and determination of fair values of investment properties, property, plant and equipment and financial investments. The cases related to the Corona virus (“Covid – 19”) that started in China and is described as a pandemic by the World Health Organization, was recorded in Turkey in March 2020. Due to the rapid spread of the Covid-19 epidemic, negative effects can be seen on both the global economy and national markets. In order to protect from the Covid-19 and to prevent the spread of the epidemic, the government has started to take precautions regarding social and economic life. Group Management has evaluated the effects of the pandemic on the assumptions stated in the above and it is anticipated that it will not have a significant impact by considering the current conditions and health measures related to social and economic life are taken into account.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING

None.

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
Cash on hand	330	330
Cash in banks	3,153,897	48,222,889
<i>Demand deposits</i>	3,153,897	4,171,586
<i>Time deposits with a maturity of less than three months</i>	-	44,051,303
	3,154,227	48,223,219

As of 30 June 2021, the Group has no blocked cash or cash equivalents (31 December 2020: None)

NOTE 5 - FINANCIAL INVESTMENTS

a) Short-term financial investments

As of 30 June 2021, the Group has short term financial investments amounting to TRY49,997 (31 December 2020: None).

b) Long-term financial investments

As of 30 June 2021, the Group’s long-term financial investments is as follows:

	30 June 2021	31 December 2021
Long-term financial investments		
Financial investments	-	452,207
	-	452,207
	30 June 2021	31 December 2020
	Shareholding	Shareholding
	Ratio (%)	Ratio (%)
	Amount	Amount
Ciner Enerji Madencilik San. ve Ticaret A.Ş.	-	10
	-	452,207
	-	452,207

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 5 - FINANCIAL INVESTMENTS (Continued)

The movements of fair value gains/losses of financial assets reflected to other comprehensive income as of 30 June 2021 and 2020 is as follows:

	2021	2020
As of 1 January	452,207	13,842,856
Change in fair value (*)	(452,207)	(8,343,399)
As of 30 June	-	5,499,457

(*) Çayırhan Thermal Power Plant located in Ankara Çayırhan with a total capacity of 620 MW operated by Ciner Enerji Madencilik San. ve Tic. A.Ş., in which the Company has 10% share, had an operating concession period and this concession period has expired on 30 June 2020 and the power plant, other relevant movables and immovable, mine sites supplying coal to the power plant and supporting facilities were transferred in working condition to Elektrik Üretim A.Ş.. In this respect, the fair value studies of the relevant financial investment are revisited and updated by considering estimated effects of the continuing transactions to be completed after the transfer and fair value differences were accounted in other comprehensive income. This impairment is resulted by the failure to generate the expected cash flows due to the decrease in the electricity production of the power plant which was due to low demand, especially in the second quarter of 2020 as a result of the Covid-19 pandemic, and due to the transfer costs which were higher than anticipated in the transfer process and which are largely dependent on foreign currency.

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Short-term trade receivables	30 June 2021	31 December 2020
Trade receivables	12,011,757	9,439,557
Trade receivables from related parties (Note 23)	3,769,186	3,232,714
Allowance for doubtful trade receivables (-)	(6,493,188)	(5,567,229)
	9,287,755	7,105,042

The average maturity for short-term trade receivables varies between 15 - 30 days (31 December 2020: 15 - 30 days).

The maturity analysis of the receivables is provided in Note 24.

The movement of allowance for doubtful receivables is as follows:

	30 June 2021	31 December 2020
Within 1 - 5 years	-	-
5 years or more	6,493,188	5,567,229
	6,493,188	5,567,229

Allowance has been made for estimated irrecoverable amounts. Allowance is determined based on the Group’s past experience. While the Group makes estimations on the collectability of its receivables, it assesses whether there are any changes to the loan quality of these receivables as of balance sheet date. Therefore, the Group’s Management believes allowance doubtful receivable amount presented in the accompanying consolidated financial statements are appropriate.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of allowance for doubtful receivables is as follows:

Movement of allowance for doubtful trade receivables	1 January- 30 June 2021	1 June - 30 June 2020
Opening balance	(5,567,229)	(4,617,115)
Foreign currency exchange differences	(925,959)	(612,013)
Closing balance	(6,493,188)	(5,229,128)

Trade payables

Short-term trade payables	30 June 2021	31 December 2020
Trade payables	12,060,563	4,546,336
Trade payables to related parties (Note 23)	653,256	474,981
	12,713,819	5,021,317

The average maturity for short-term trade payables are 30 days (31 December 2020: 30 days).

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables	30 June 2021	31 December 2020
Due from related parties (Note 23)	56,453,820	55,885,452
Receivables from state authority	1,796,503	1,578,186
Deposits and guarantees given	1,505,751	1,641,398
Other receivables	609,483	609,483
Allowance for other doubtful receivables (-)	(609,483)	(609,483)
	59,756,074	59,105,036

Other long-term receivables	30 June 2021	31 December 2020
Due from related parties (Note 23)	439,756,942	326,735,127
Deposits and guarantees given	210,010	212,261
	439,966,952	326,947,388

Other short-term payables	30 June 2021	31 December 2020
Deposits and guarantees received	265,354	522,615
Due to related parties (Note 23)	175,916	3,235
Dividend payables (Note 23)	2,803	2,803
Other payables	-	27
	444,073	528,680

Other long-term payables	30 June 2021	31 December 2020
Deposits and guarantees received	3,703,067	3,020,942
	3,703,067	3,020,942

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 8 - INVENTORIES

	30 June 2021	31 December 2020
Raw materials	299,088	273,537
Finished goods(*)	4,373,699	1,511,060
Other inventories	673,239	673,239
	5,346,026	2,457,836

(*) Almost all finished goods consist of coal inventory. (31 December 2020: Almost all finished goods)

NOTE 9 - INVESTMENT PROPERTIES

Fair value

Opening balance, 1 January 2021	204,548,131
Expenses related to investment properties	231,000
Carrying value as of 30 June 2021	204,779,131

As of 30 June 2021, there are no mortgages on the Group’s investments properties (31 December 2020: None).

Fair value

Opening balance, 1 January 2020	191,995,000
Sales of investment properties	(2,813,359)
Carrying value as of 30 June 2020	189,181,641

As of 31 December 2020, the fair values of the investment properties of the Group are determined by real estate valuation companies authorized by Capital Market Board (“CMB”) and providing real estate valuation services in accordance with the capital market legislation. The fair value of investment properties is determined by the comparative and cost approaches.

Details of the Group’s investment properties and information about the fair value hierarchy as at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	Fair value as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Lands	62,938,131	-	62,938,131	-
- Ceyhan	34,665,000	-	34,665,000	-
- Edirne	28,273,131	-	28,273,131	-
Buildings	141,841,000	-	141,841,000	-
- Ceyhan	26,420,000	-	26,420,000	-
- Edirne	10,645,000	-	10,645,000	-
- Şiřhane	104,776,000	-	104,776,000	-

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOT 9 - INVESTMENT PROPERTIES (Continued)

There has been no transition between levels in the current period.

	31 December 2020	Fair value as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Lands	62,938,131	-	62,938,131	-
- Ceyhan	34,665,000	-	34,665,000	-
- Edirne	28,273,131	-	28,273,131	-
Buildings	141,610,000	-	141,610,000	-
- Ceyhan	26,420,000	-	26,420,000	-
- Edirne	10,645,000	-	10,645,000	-
- Şişhane	104,545,000	-	104,545,000	-

There has been no transition between levels in the current period.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIMCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Cost	Land Improvements	Mine assets	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Opening balance, 1 January 2021	2,490,787	105,562,756	16,802,357	220,009	611,803	54,775	2,857,205	128,599,692
Additions	-	20,971,612	738,645	130,000	18,346	-	556,358	22,414,961
Disposal	-	-	(1,055,632)	-	-	-	-	(1,055,632)
Closing balance, 30 June 2021	2,490,787	126,534,368	16,485,370	350,009	630,149	54,775	3,413,563	149,959,021
Accumulated depreciation								
Opening balance, 1 January 2021	65,101	23,345,318	4,459,558	127,205	551,798	10,262	-	28,559,242
Charge for the period	49,427	11,818,493	334,962	18,874	5,952	2,236	-	12,229,944
Disposals	-	-	(552,712)	-	-	-	-	(552,712)
Closing balance, 30 June 2021	114,528	35,163,811	4,241,808	146,079	557,750	12,498	-	40,236,474
Carrying value as of 1 January 2021	2,425,686	82,217,438	12,342,799	92,804	60,005	44,513	2,857,205	100,040,450
Carrying value as of 30 June 2021	2,376,259	91,370,557	12,243,562	203,930	72,399	42,277	3,413,563	109,722,547

As of 30 June 2021, there are no mortgages or pledges on the Group’s property, plant and equipment.

During the period of 1 January – 30 June 2021, accumulated depreciation balance is allocated to the cost of sales amounting to TRY12,165,010 (30 June 2020: TRY10,272,210) and general administrative expenses amounting to TRY64,934 TL (30 June 2020:TRY99,350).

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIMCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	Land Improvements	Mine assets	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Opening balance, 1 January 2020	7,500	68,875,017	8,438,815	221,431	604,532	54,775	3,373,759	81,575,829
Additions	-	14,905,866	110,044	-	1,000	-	6,803,509	21,820,419
Transfers	1,980,357	-	4,559,377	-	-	-	(6,539,734)	-
Closing balance, 30 June 2020	1,987,857	83,780,883	13,108,236	221,431	605,532	54,775	3,637,534	103,396,248
Accumulated depreciation								
Opening balance, 1 January 2020	541	1,668,602	4,899,820	199,864	541,813	5,790	-	7,316,430
Charge for the period	27,728	10,107,295	226,267	3,081	4,953	2,236	-	10,371,560
Closing balance, 30 June 2020	28,269	11,775,897	5,126,087	202,945	546,766	8,026	-	17,687,990
Carrying value as of 1 January 2020	6,959	67,206,415	3,538,995	21,567	62,719	48,985	3,373,759	74,259,399
Carrying value as of 30 January 2020	1,959,588	72,004,986	7,982,149	18,486	58,766	46,749	3,637,534	85,708,258

As of 30 January 2020, there are no mortgages or pledges on the Group’s property, plant and equipment.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS

Cost	Rights	Total
Opening balance, 1 January 2021	24,817,417	24,817,417
Additions	-	-
Closing balance, 30 June 2021	24,817,417	24,817,417
Accumulated amortization		
Opening balance, 1 January 2021	6,608,573	6,608,573
Charge for the period	454,117	454,117
Closing balance, 30 June 2021	7,062,690	7,062,690
Carrying value as of 1 January 2021	18,208,844	18,208,844
Carrying value as of 30 June 2021	17,754,727	17,754,727
Cost	Rights	Total
Opening balance, 1 January 2020	24,817,417	24,817,417
Additions	-	-
Closing balance, 30 June 2020	24,817,417	24,817,417
Accumulated amortization		
Opening balance, 1 January 2020	5,700,339	5,700,339
Charge for the period	454,117	454,117
Closing balance, 30 June 2020	6,154,456	6,154,456
Carrying value as of 1 January 2020	19,117,078	19,117,078
Carrying value as of 30 June 2020	18,662,961	18,662,961

As of 30 June 2021 and 2020, the period depreciation is included in general administrative expenses.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term provisions

Short-term provisions for employee benefits	30 June 2021	31 December 2020
Unused vacation provisions	1,232,532	957,595
	1,232,532	957,595

The movement of provisions for unused vacation liability is presented as below:

	1 January - 30 June 2021	1 January - 30 June 2020
Opening balance	957,595	731,496
Charge for the period/(provisions no longer required), net	311,540	245,584
Payment during the period	(36,603)	(51,033)
Closing balance	1,232,532	926,047

Other short-term provisions	30 June 2021	31 December 2020
Provisions for litigation (*)	33,416,653	34,475,298
Other	31,045	-
	33,447,698	34,475,298

(*) During the period, the Group is involved in a number of legal proceedings (both as a plaintiff and as a defendant) during the year arising in the ordinary course of business. An important part of the Group's existing lawsuits are employee lawsuits related to the Madenköy operation in the Şirvan district of Siirt, which was closed in 2017, and the claims include the Company's staff and subcontractors and their legal successors (pecuniary and non-pecuniary indemnities due to death, receivables and reemployment). The Group has recognized a provision amounting to TRY33,447,698 (31 December 2020: TRY34,475,298) as a result of the evaluation of legal opinions related to prosecuted law, business, commercial and administrative lawsuits and current lawsuits which similar lawsuits were concluded in the past. The provision amount is updated in every reporting period by considering the risks and uncertainties regarding the liabilities and the developments occur in ongoing cases. In this context, the Group Management believes that there are no undisclosed litigation or legal proceedings in the footnotes of consolidated financial statements or that the required provisions are not considered which might have a negative impact on the financial position or operating results of the Group.

The movement of provisions for litigation is presented as below:

	1 January - 30 June 2021	1 January - 30 June 2020
Opening balance	34,475,298	35,137,704
Charge for the period/(provisions no longer required), net	3,519,186	2,769,577
Payment during the period	(5,062,156)	(1,856,436)
Effect of foreign exchange	484,325	350,590
Closing balance	33,416,653	36,401,435

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

b) Long-term provisions

	30 June 2021	31 December 2020
Retirement pay provisions	3,631,172	3,561,926
	3,631,172	3,561,926

Retirement Pay Provisions

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed 25 years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month’s salary limited to a maximum of TRY7,638.96 TL for each period of service at 30 June 2021 (31 December 2020: TRY7,117.17 TL).

The liability is not funded, as there is no funding requirement.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Revised TFRS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the Group’s obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 June 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption The provisions at the respective balance sheet dates have been calculated with the assumption 3.49% real discount rate (31 December 2020: 3.96%) calculated by using 8.21% annual inflation rate and 12.96% discount rate. Voluntary leave rates are also taken into consideration as 5.16% for employees 0 - 15 years and 0% for employees 15 years and over.

Ceiling amount of TRY8,284.51 which is in effect since 1 June 2021 is used in the calculation of Group’s provision for retirement pay liability.

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

The movement of the employment termination benefits is as follows:

	1 January - 30 June 2021	1 January - 30 June 2020
Opening balance	3,561,926	3,657,145
Service cost	199,610	145,656
Interest cost	69,863	72,943
Payment during the period (-)	(200,227)	(178,341)
Closing balance	3,631,172	3,697,403

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

b) Long-term provisions (Continued)

	30 June 2021	31 December 2020
Other long-term provisions		
Provision for cost of mine rehabilitation	4,478,609	4,393,283
	4,478,609	4,393,283

The provision for cost of mine rehabilitation was prepared by the management based on the estimates. The critical assumptions used in the forecast are the timing of spendings by 2054. The present value of the balance is determined with the assumption 3.96% real discount rate calculated by using 8.21% annual inflation rate and 12.49% interest rate by considering the long term inflation and bond rates accordingly.

c) Guarantees received and given

Guarantees received (TRY)	30 June 2021		31 December 2020	
	FC Balance	Equivalent of TRY	FC Balance	Equivalent of TRY
Letters of guarantees (USD)	100,000	870,520	100,000	734,050
Guarantee cheques (TRY)	200,000,000	200,000,000	200,000,000	200,000,000
Cash guarantees (TRY)	297,644	297,644	1,708,432	1,708,432
Cash guarantees (USD)	250,000	2,176,300	250,000	1,835,125
Total		203,344,464		204,277,607

The details of the Group’s Guarantees/Pledges/Mortgages (“GPMs”) position as of 30 June 2021 and 31 December 2020 is presented as follows:

30 June 2021	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	72,679,399	72,679,399
<i>Guarantee Letters</i>	70,994,487	70,994,487
<i>Cash guarantees</i>	1,684,912	1,684,912
<i>Obligations granted on behalf of shareholders</i>	-	-
B. GPMs given on behalf of consolidated subsidiaries	-	-
C. GPMs given on behalf of third parties within ordinary business activities	-	-
D. GPMs given for other purposes	-	-
Total (*)	72,679,399	72,679,399

(*) All guarantees, pledges and mortgages included in the above table are denominated in TRY.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Guarantees received and given (Continued)

31 December 2020	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	71,148,600	71,148,600
<i>Guarantee Letters</i>	69,328,041	69,328,041
<i>Cash guarantees</i>	1,820,559	1,820,559
<i>Obligations granted on behalf of shareholders</i>	-	-
B. GPMs given on behalf of consolidated subsidiaries	-	-
C. GPMs given on behalf of third parties within ordinary business activities	-	-
D. GPMs given for other purposes	-	-
Total (*)	71,148,600	71,148,600

(*) All guarantees, pledges and mortgages included in the above table are denominated in TRY.

NOTE 13 - OTHER ASSETS AND LIABILITIES

	30 June 2021	31 December 2020
Other current assets		
Personnel advances	120,343	75,425
Business advances	34,528	10,271
	154,871	85,696
Other non-current assets		
VAT deductible in future years	13,080,363	11,018,700
Other	54,609	68,304
	13,134,972	11,087,004

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 13 - OTHER ASSETS AND LIABILITIES (Continued)

	30 June 2021	31 December 2020
Other short-term liabilities		
Taxes and funds payables	1,287,281	4,751,700
Other liabilities payable (*)	2,766,469	1,153,025
	4,053,750	5,904,725
Other long-term liabilities		
Other long-term liabilities (*)	2,052,227	2,306,050
	2,052,227	2,306,050

(*) 1,153,025 TRY (31 December 2020: 1,153,025 TRY) of other liabilities payable is comprised of debt restructured related with lawsuit provisions, and 1,613,244 TRY (31 December 2020: N/A) is comprised of debt restructured related with tax penalties. 1,729,538 TRY (31 December 2020: 2,306,050 TRY) of other long-term liabilities is comprised of debt restructured related with lawsuit provisions, and 322,689 TRY (31 December 2020: N/A) is comprised of debt restructured related with tax penalties.

NOT 14 - DEFERRED INCOME

	30 June 2021	31 December 2020
Short-term deferred income		
Deferred income (*)	2,754,340	2,830,387
	2,754,340	2,830,387

(*) 2.686.861 TRY (31 December 2020: 2.686.861 TRY) of the relevant amount consists of state right tax amounts collected back by the Company but the legal process has not yet been finalized.

NOT 15 - EQUITY

a) Share Capital

The Company’s share capital structure as of 30 June 2021 and 31 December 2020 is presented as follows:

Shareholders	30 June 2021		31 December 2020	
	Shareholding ratio (%)	Amount	Shareholding ratio (%)	Amount
Park Holding A.Ş.	61.24	91,168,622	61.24	91,168,622
Turgay Ciner	6.76	10,065,983	6.76	10,065,983
Diğer	32.00	47,632,638	32.00	47,632,638
Toplam	100.00	148,867,243	100.00	148,867,243

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 15 - EQUITY (Continued)

Information Regarding to Equity Shares				
Group	Type	Nominal Value (TRY)	Share Participation (%)	Rights
A Directors	In the name	18,290,866	% 12.29	Nomination of 6 members of the Board of Directors
B Directors	In the name	130,576,377	% 87.71	Nomination of 3 members of the Board of Directors
		148,867,243	%100.00	

The paid in capital amount of the Company is TRY148,867,243 and authorised share capital ceiling is TRY 300,000,000.

b) Restricted reserves appropriated from profit

50% of the profits arising from the sales of the immovables included in the assets of the institutions for at least two full years in accordance with the first paragraph of the 5th article of the Tax Law No,5520 (e) by themselves (the effective date of the Article 89 of the Law No. 7061 dated 05.12,2017 the 75% portion of the sales made before the date of the sale) is exempt from the corporation tax and the exceptional amount is exempted from the corporation tax and the exempted portion of the sales profit must be held in a special fund account until the end of the fifth year following the sale.

In the ordinary General Assembly meeting of the Company held on 2 June 2021 for 2020, the Company has decided to allocate a general legal reserve amounting to TRY 1,390,503 calculated in accordance with the relevant legislation, allocate 50% of the profits derived from the sale of assets related to part of properties activities under equity as a special reserve to benefit from the tax exemption in accordance with the first paragraph (e) of the first paragraph of Article 5 of the Corporate Tax Law numbered 5520. In this context, the related amounts in the Group's financial statements are reported as “Restricted Reserves Allocated from Profit”.

c) Increase/(decrease) in revaluation of property, plant and equipment

The revaluation fund is the difference between lands and buildings reflected in fair value and net book value on a cost basis after the deferred tax effect is deducted.

Properties that were previously recognised as property, plant and equipment were transferred to investment property as of 2017 reporting period due to change in their intended use and recognised with fair value method. Accordingly, the Group accounted the fair value increase amounting to TRY 96,328,884 before the transfer, as the revaluation fund in the consolidated financial statements prepared as of 31 December 2020 by eliminating the tax effect in equity.

As of 31 December 2020, valuation works for plants, machinery and equipments that owned by Park Elektrik were realized by EVA Gayrimenkul Değerleme Danışmanlık A.Ş. authorized by CMB. Valuation works for subsidiary of Konya Ilgın were realized by Türkiye Sınai Kalkınma Bankası A.Ş. Consequently, TRY 3,919,862 fair value increase that occurred as a result of valuation is accounted as increasing fund equity.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIMCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 16 - REVENUE AND COST OF SALES

Revenue	1 January - 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Revenue from sale of coal (Note 1)	16,835,221	9,594,524	9,500,170	4,926,491
Revenue from royalty contracts (Note 1)	15,027,489	8,980,669	11,320,313	5,295,207
Other	-	-	199,017	157,726
Sales returns	(2,486)	-	(367,136)	(367,136)
	31,860,224	18,575,193	20,652,364	10,012,288

Cost of sales	1 January - 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Amortisation expenses (Note 12)	11,819,318	7,176,121	10,108,120	4,683,140
General production overheads	6,634,335	3,804,431	5,170,471	2,505,048
Personnel expenses	1,541,004	713,806	846,681	429,324
Depreciation expenses	345,692	182,087	164,090	92,911
Raw materials expenses	183,344	156,792	42,382	14,839
Change in finished product inventory	(2,862,639)	(3,048,114)	(5,428,887)	(2,041,775)
Cost of other sales	-	-	73,193	50,702
	17,661,054	8,985,123	10,976,050	5,734,189

NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	1 January- 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Personnel expenses	2,693,630	1,398,376	2,407,113	1,274,525
Amortization expenses	519,051	259,628	553,467	267,866
Consultancy and recharge costs	514,212	279,443	409,470	221,714
Outsourced services	352,648	177,557	307,283	152,079
Rent expenses	313,989	158,036	302,678	152,151
Taxes and other legal expenses	2,236,111	2,128,709	254,567	189,872
Donation and aid expenses	39,554	18,217	289,357	105,467
Other	524,936	203,556	465,301	216,523
	7,194,131	4,623,522	4,989,236	2,580,197

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
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(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 18 - OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES

Income from other operating activities	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Exemption and discounts	1,500,000	-	398,671	398,671
Interest income	166,176	148,611	100,027	63,314
Foreign exchange gain	-	-	247,230	240,550
Provisions no longer required	-	-	6,208	-
Other	26,944	17,270	2,356	2,356
	1,693,120	165,881	754,492	704,891
Expenses from other operating activities	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Provision expense	4,003,511	2,776,682	3,083,166	2,863,670
Foreign exchange loss	473,118	222,634	238,895	88,724
Interest expense	7,807	5,719	12,193	7,972
Other	189,960	134,737	52,039	51,996
	4,674,396	3,139,772	3,386,293	3,012,362

NOTE 19 - INCOME/(EXPENSES) FROM INVESTING ACTIVITIES

Income from investing activities	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Rent income	646,272	535,046	307,211	171,855
	646,272	535,046	307,211	171,855
Loss on investing activities	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Loss from sale of fixed assets	2,920	-	12,115	12,115
	2,920	-	12,115	12,115

NOTE 20 - FINANCIAL INCOME/(EXPENSE)

Financial Income	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Foreign exchange income	73,736,577	20,626,623	31,312,607	13,143,732
Interest income	8,268,817	4,155,825	5,508,622	2,521,741
	82,005,394	24,782,448	36,821,229	15,665,473
Financial Expenses	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Interest expenses	96,920	95,004	523,054	517,105
Foreign exchange losses	134	134	14,785	35
Other financial expenses	186,876	92,076	109,820	61,789
	283,930	187,214	647,659	578,929

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 21 - TAX ASSETS AND LIABILITIES

Corporate tax

	30 June 2021	31 December 2020
Current period corporate tax liability (*)	21,541,534	32,753,061
Prepaid corporate tax	(11,366,368)	(38,129,811)
Corporate tax liability/(assets)	10,175,166	(5,376,750)

(*) As explained in Note 23, current tax effects related to the transactions under common control have been presented in equity under “Effects of business combinations under common control” account in accordance with Article 61A of TAS 12 “Income Taxes”.

Taxation on income in statement of profit or loss as of 30 June 2021 and 2020 is as follows:

	30 June 2021	30 June 2020
Current period tax expense	21,541,534	9,191,419
Deferred tax income/(expense)	(1,101,405)	(457,442)
	20,440,129	8,733,977

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% (31 December 2020: 20%).

Deferred tax assets/(liabilities)	30 June 2021	31 December 2020
Revaluation differences of investment properties	(20,327,039)	(20,126,657)
Useful life and valuation differences on property, plant, and equipment and intangible assets	(4,610,156)	(4,384,517)
Provisions for liability and accruals	8,445,486	6,989,373
Provision for retirement pay and unused vacation	1,034,367	903,904
Evaluation differences on financial investments	360,500	337,890
Discount on receivable and payables	(416)	54,773
Other	123,358	127,319
	(14,973,900)	(16,097,915)

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

Tax reconciliation

	1 January - 30 June 2021	1 January - 30 June 2020
Profit before tax	86,388,579	38,523,943
Applicable tax rate	%25	%22
Calculated tax expense	(21,597,145)	(8,475,267)
Disallowable expenses and differences	(776,771)	(387,169)
Tax rate differences	(44,360)	(273,258)
Deductions and exceptions	1,232,937	360,892
Carry forward tax loss	484,033	-
Other	261,177	40,825
Total tax expense	(20,440,129)	(8,733,977)

Turkish tax legislation does not permit a parent company, its subsidiaries and joint ventures to file a tax return in its consolidated financial statements. For this reason, the tax provisions reflected in the financial statements in the console are calculated separately for all companies that are included in consolidation.

The Corporate Tax Law amendment promulgated in Official Gazette No. 31462 dated 22 April 2021, states the tax rate on corporate earnings shall be 25% for 2021 and 23% for 2022, and the corporate tax rate of the Company is as 25% as at 30 June 2021 (31 December 2020: 20%). As per this law, deferred tax assets and obligations were calculated in the financial statements dated 30 June 2021, applying a tax rate of 25% for temporary differences' portion to lead to tax effects in 2022 and 2020, and at 20% for the portion to lead to tax effects in 2023.

Institutions tax rate is applied to the tax base that will be deducted from the income of the corporations for commercial income according to the tax law, deduction of the deductible expenses, exemption in tax laws (exemption of participation gains, investment discount exception etc.) and deductions (such as R&D deduction). No further tax is payable unless the profit is distributed (except for the withholding tax at the rate of 19,8% calculated and paid on the exemption amount utilized in case of the exemption of investment discount utilized in accordance with Article 61 of the Income Tax Law).

No deductions from dividends paid to non-resident corporations that earn income through a business office or permanent representative in Turkey and dividends paid to resident corporations in Turkey. Dividend payments made to persons and institutions other than these are subject to 15% stoppage, profit distribution is not considered.

Corporations are required to declare a temporary tax of 25% on their quarterly financial income until the 14th day of the second month following that period and pay until the evening of 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated on the tax declaration of the institutions to be given in the following year. If the temporary tax amount paid remains in spite of the indictment, this amount can be refunded or any other financial debt to the state can be deducted.

There is no practice to reconcile with the tax authority on the taxes payable in Turkey. The corporation tax returns are given to the tax attached until the evening of the 25th day of the fourth month following the month of the accounting period.

Authorities of the tax examination may examine their accounting records over a period of five years, and if incorrect operation is detected, the amount of tax may change due to tax assessment to be made.

According to Turkish tax legislation, financial losses shown on the tax return can be deducted from the period corporate income for not more than 5 years. However, financial losses can not be deducted from retained earnings.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIMCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 22 - EARNINGS PER SHARE

	1 January - 30 June 2021	1 January - 30 June 2020
Earnings per share		
Average number of shares in circulation during the period (in full)	14,886,724,300	14,886,724,300
Net profit attributable to equity holders of the Group	65,948,450	29,789,966
Basic and diluted earnings per share	0.0044	0.0020

NOTE 23 - RELATED PARTY DISCLOSURES

Due from Related Parties

Related party	Type of Relationship	30 June 2021		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş.	Shareholder	-	496,207,090	496,207,090
Ciner Enerji Madencilik San. ve Tic. A.Ş.	Associate	17,253	8	17,261
Silopi Elektrik Üretim A.Ş.	Group Company	372	3,664	4,036
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş.	Related Party	3,751,561	-	3,751,561
Total		3,769,186	496,210,762	499,979,948

Related party	Type of Relationship	31 December 2020		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş. (*)	Shareholder	-	382,613,962	382,613,962
Ciner Enerji Madencilik San. ve Tic. A.Ş. (**)	Associate	-	2,201	2,201
Silopi Elektrik Üretim A.Ş.	Group Company	58,503	4,416	62,919
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş.	Related Party	3,174,211	-	3,174,211
Total		3,232,714	382,620,579	385,853,293

(*) The consideration amount of USD 150 million for Konya Ilgın subsidiary acquisition conducted in 2017 has been revised by the relevant parties as USD 126.2 million and the difference with corresponding interest charges has been reflected to the current accounts of Park Holding A.Ş. as a receivable. This transaction is accounted as a business combination under common control and all differences together with their current tax effects (TRY16,653,195) have been presented in equity under “Effects of business combinations under common control” account.

(**) Park Termik Elektrik San. ve Tic. A.Ş.’s title was registered and changed as Ciner Enerji Madencilik San. ve Tic. A.Ş. on 19 August 2020.

The Group’s interest rates applied for TL during January - March: 18.80% and April - June: 20.09% (2020: January - March: 10.93%, April - June: 9.51%). For USD, January - March: 2.52% and April - June: 2.41% (2019: January - March: 2.94%, April - June: 2.10%).

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Due to Related Parties

Related party	Type of Relationship	30 June 2021		Total
		Trade Payables	Other Payables	
Park Sigorta Ara. Hiz. A.Ş.	Group Company	260,027	-	260,027
Park Holding A.Ş.	Shareholder	145,030	-	145,030
Park Teknik Elekt. Maden. Turizm San. Tic. A.Ş.	Group Company	115,214	2,712	117,926
Havaş Turizm Seyahat ve Kargo Taş. A.Ş.	Group Company	97,527	-	97,527
Silopi Elektrik Üretim A.Ş.	Group Company	27,226	-	27,226
Ciner Enerji Madencilik San. ve Tic. A.Ş. (*)	Associate	8,232	173,204	181,436
Dividends payables to other related parties	Shareholder	-	2,803	2,803
Total		653,256	178,719	831,975

Related party	Type of Relationship	31 December 2020		Total
		Trade Payables	Other Payables	
Park Sig. Ara. Hiz. A.Ş.	Group Company	224,906	-	224,906
Park Holding A.Ş.	Shareholder	163,812	-	163,812
Silopi Elektrik Üretim A.Ş.	Group Company	19,066	-	19,066
Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.	Group Company	62,345	-	62,345
Park Teknik Elekt. Maden Turizm San. Tic. A.Ş.	Group Company	4,852	3,235	8,087
Dividends payables to other related parties	Shareholder	-	2,803	2,803
Total		474,981	6,038	481,019

(*) Park Termik Elektrik San. ve Tic. A.Ş.’s title was registered and changed as Ciner Enerji Madencilik San. ve Tic. A.Ş. on 19 August 2020.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED INTERIMCONSOLIDATED
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(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Goods and Services Purchased from Related Parties

		30 June 2021						
Related party	Type of Relationship	Goods	Service	Fixed Assets	Finance expense	Rent	Other	Total
Park Teknik Madencilik								
Turizm San. ve Tic. A.Ş.	Group Company	72,000	12,572	850,000	4,433	-	4,619	943,624
Ciner Enerji Madencilik San. ve Tic. A.Ş.	Associate	-	-	-	9,224	-	-	9,224
Park Holding A.Ş.	Shareholder	-	202,319	-	-	285,444	649,429	1,137,192
Silopi Elektrik Üretim A.Ş.	Group Company	93,182	-	-	-	48,749	27,394	169,325
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	-	-	5,616	47,340	1,248	54,204
Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	188,571	-	1,154	-	-	189,725
Total		165,182	403,462	850,000	20,427	381,533	682,690	2,503,294

		30 June 2020						
Related party	Type of Relationship	Goods	Service	Fixed Assets	Finance expense	Rent	Other	Total
Park Teknik Madencilik								
Turizm San. ve Tic. A.Ş.	Group Company	89,094	30,378	4,001,000	12,891	72,000	10,309	4,215,672
Ciner Enerji Madencilik San. ve Tic. A.Ş.(*)	Associate	79,358	455,980	-	9,976	-	13,458	558,772
Park Holding A.Ş.	Shareholder	-	112,683	-	-	281,100	438,446	832,229
Silopi Elektrik Üretim A.Ş.	Group Company	120,216	-	-	-	-	-	120,216
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	-	-	1,015	79,248	-	80,263
Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	-	-	21	-	-	21
Total		288,668	599,041	4,001,000	23,903	432,348	462,213	5,807,173

(*) Park Termik Elektrik San. ve Tic. A.Ş.’s title was registered and changed as Ciner Enerji Madencilik San. ve Tic. A.Ş. on 19 August 2020.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIMCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Goods and Services Sold to Related Parties

Related party	Type of Relationship	30 Haziran 2021					Total
		Goods	Financial Income	Rent	Fixed Assets	Other	
Park Holding A.Ş.	Shareholder	-	81,197,245	-	-	-	81,197,245
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş.	Related Party	16,832,735	165,766	-	-	-	16,998,501
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	-	333	-	500,000	-	500,333
Silopi Elektrik Üretim A.Ş.	Group Company	-	3,680	53,421	-	567	57,668
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	56	-	-	-	56
Total		16,832,735	81,367,080	53,421	500,000	567	98,753,803

Related party	Type of Relationship	30 Haziran 2020				Total
		Goods	Financial Income	Rent	Service	
Park Holding A.Ş.	Shareholder	-	35,865,402	-	-	35,865,402
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş.	Related Party	9,076,069	72,388	-	-	9,148,457
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	185,523	6	36,500	13,736	235,765
Silopi Elektrik Üretim A.Ş.	Group Company	-	3,446	191,920	-	195,366
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	21	-	-	21
Total		9,261,592	35,941,263	228,420	13,736	45,445,011

Benefits provided to directors and executive personnel (*)	1 Ocak -	1 Ocak -
	30 Haziran 2021	30 Haziran 2020
Wages, premiums and other similar benefits	103,641	90,610
Benefits related with retirement pay and unused vacation	-	-

(*) Senior management consists of the members of the Board of Directors of the Company and its subsidiary, General Manager, Vice General Managers and management personnel with titles above managers in hierarchy. Only the independent members of the Board of Directors are paid in line with the decision taken at the Ordinary General Assembly meeting, and no payment is made to the Board members due to their duties in the Board of Directors.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Park Holding A.Ş.

The Group provides a portion of the generated cash surplus as financial debt to its main shareholder, Park Holding A.Ş. The Group earns interest income at the interest rates stated above for the financial assets.

As discussed above, the Group charges interest for all financial and commercial transactions with related parties. Group earned finance income amounting to TRY 81,197,245 in 2020 (30 June 2020: TRY35,865,402).

The main shareholder of the Company, Park Holding A.Ş. provides the group companies with the management services needed to carry out their activities properly. These services include but not limited to; the fulfillment of procurement functions, the realization of information processing investments, the provision of technical information and support for human resources processes, financial reporting, audit and tax planning and legal consultancy processes. Park Holding A.Ş. allocates the costs incurred in order to provide the indicated services to companies based on the level of utilization of these services.

The Company also uses the allocated area of the real estate owned by Park Holding A.Ş. as the headquarter and bears the rent and similar usage and operating expenses.

Other Group/Related Companies

The Group received equipment and labour force from Park Teknik Madencilik Turizm Sanayi ve Ticaret A.Ş. and Ciner Enerji Madencilik Sanayi ve Ticaret A.Ş.

The Group purchases electricity energy from Silopi Elektrik Üretim A.Ş. to be used in investment properties.

The Group leases cars from Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.

The Group purchases insurance policy from Park Sigorta Aracılık Hizmetleri A.Ş.

The Group sales coal to Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş.

NOT 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) **Capital Risk Management**

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return of stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debts including the borrowings and other debts disclosed in Notes 6 and 7, cash and cash equivalents disclosed in Note 4 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 15.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Capital Risk Management (Continued)

The Management of the Group considers the cost of capital and risks associated with each class of capital. The Management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is calculated as net debt divided by the total equity amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents.

As of 30 June 2021 and 31 December 2020 the Group’s net debt / total equity ratio is detailed as follows:

	30 June 2021	31 December 2020
Financial liabilities		-
Less: Cash and cash equivalents and short-term financial investments	(3,204,224)	(48,223,219)
Net debt	(3,204,224)	(48,223,219)
Total equity	769,919,015	704,400.161
Net debt/Total equity ratio (%)	(0.42)	(6.85)

The Group has not made any changes to its overall capital risk management policy in the current period.

b) Financial Risk Factors

The Group’s activities expose it to various financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group’s financial performance.

The Group manages its financial instruments centrally in accordance with the Group’s risk policies through the Financial Transactions Department. The Group’s cash inflows and outflows are monitored by using the reports prepared on a daily, weekly and monthly basis and the related data is compared to the monthly and yearly cash flow budgets.

Risk management is carried out by the Risk Management Department which is independent from steering, under the policies approved by the Board of Directors. The Group’s Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group’s operating units.

(b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group’s Management mitigates such risk by putting limitations on the contracts with counterparties and obtaining sufficient collaterals, where appropriate. Trade receivables are evaluated based on the Group’s policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 6)

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED INTERIMCONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOT 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Financial Risk Factors (Continued)

(b.1) Credit Risk Management (Continued)

Credit risks exposed through types of financial instruments	30 June 2021				Bank Deposits
	Receivables		Receivables		
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
Maximum credit risk exposed as of the balance sheet date (*) (A +B+C+D+E)	3,769,186	5,518,569	496,210,762	3,512,264	3,153,897
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(870,520)	(200,000,000)	-	-
A. Net book value of financial assets neither overdue nor impaired	3,769,186	5,517,401	496,210,762	3,503,118	3,153,897
- Portion covered by guarantees, collaterals etc.	-	(870,520)	(200,000,000)	-	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	-	1,168	-	9,146	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	6,493,188	-	609,483	-
- Impairment (-)	-	(6,493,188)	-	(609,483)	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) Factors that increase the credit reliability, such as; guarantees received, are not taken into consideration in the calculation.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIMCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Financial Risk Factors (Continued)

(b.1) Credit Risk Management (Continued)

Credit risks exposed through types of financial instruments	31 December 2020				Bank Deposits
	Receivables		Receivables		
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
Maximum credit risk exposed as of the balance sheet date (*) (A+B+C+D+E)	3,232,714	3,872,328	382,620,579	3,431,845	48,222,889
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(734,050)	(200,000,000)	-	-
A. Net book value of financial assets neither overdue nor impaired	3,232,714	3,872,328	382,620,579	3,419,956	48,222,889
- Portion covered by guarantees, collaterals etc.	-	(734,050)	(200,000,000)	-	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	-	-	-	11,889	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	5,567,229	-	609,483	-
- Impairment (-)	-	(5,567,229)	-	(609,483)	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
- Not due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) Factors that increase the credit reliability, such as; guarantees received, are not taken into consideration in the calculation.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOT 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Financial Risk Factors (Continued)

(b.1) Credit Risk Management (Continued)

Past due but not impaired assets are presented as below:

	30 June 2021	
	Trade Receivables	Other Receivables
Due within 1-30 days	378	-
Due within 1-3 months	-	2,861
Due within 3-12 months	790	6,285
Due within 1-5 years	-	-
Total overdue receivables	1,168	9,146

	31 December 2020	
	Trade Receivables	Other Receivables
Due within 1-30 days	-	11,889
Due within 1-3 months	-	-
Due within 3-12 months	-	-
Due within 1-5 years	-	-
Total overdue receivables	-	11,889

(b.2) Liquidity Risk Management

The Group manages its liquidity through a systematic monitoring of its cash flows and matching the maturities of its assets and liabilities to maintain adequate funds and loan reserves.

Liquidity risk tables

Conservative liquidity risk management requires maintaining adequate reserves, having the ability to utilize adequate level of credit lines and funds, and closing market positions.

Funding risk attributable to current and future potential borrowing needs is managed by providing ongoing access to adequate number of creditors with high quality.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOT 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Financial Risk Factors (Continued)

(b.2) Liquidity Risk Management (Continued)

Liquidity risk tables (Continued)

The following table details show the Group’s financial liabilities and their maturities. The tables below have been drawn up based on the undiscounted liabilities and earliest payment dates of financial liabilities. Interest to be paid over those liabilities are included and summarized in the below table:

Contractual maturities	30 June 2021				
	Carrying value	Total cash Outflows in accordance with contracts (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 year (III)
Non-derivate financial liabilities	22,966,936	22,969,484	12,819,729	4,394,461	5,755,294
Trade payables	12,713,819	12,716,367	11,356,532	1,359,835	-
Other payables	4,147,140	4,147,140	175,916	268,157	3,703,067
Other short term and long term liabilities	6,105,977	6,105,977	1,287,281	2,766,469	2,052,227

Contractual maturities	31 December 2020				
	Carrying value	Total cash Outflows in accordance with contracts (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 year (III)
Non-derivate financial liabilities	16,781,714	16,789,740	8,457,920	3,004,828	5,326,992
Trade payables	5,021,317	5,029,343	3,702,958	1,326,385	-
Other payables	3,549,622	3,549,622	3,262	525,418	3,020,942
Other short term and long term liabilities	8,210,775	8,210,775	4,751,700	1,153,025	2,306,050

(b.3) Market risk management

The Group’s activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no change in the Group’s exposure to market risks, hedging methods used or the measurement methods used for such risks.

(b.3.1) Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates. The breakdown of the Group’s foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follow:

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOT 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Financial Risk Factors (Continued)

(b.3) Market risk management (Continued)

(b.3.1) Foreign currency risk management (Continued)

	30 June 2021			
	TRY Equivalent	USD	Euro	GBP
1. Trade Receivable	4,110,891	472,234		
2a. Monetary Financial Assets	34,250,970	3,887,155	39,799	1
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	38,361,861	4,359,389	39,799	1
5. Trade Receivable	-	-	-	-
6a. Monetary Financial Assets	439,756,941	50,516,581	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	439,756,941	50,516,581	-	-
9. TOTAL ASSETS	478,118,802	54,875,970	39,799	1
10. Trade Payables	189,090	-	18,244	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	3,707,392	-	357,701	-
13. CURRENT LIABILITIES	3,896,482	-	375,945	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	2,176,300	250,000	-	-
16b. Other Non-monetary Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	2,176,300	-	-	-
18. TOTAL LIABILITIES	6,072,782	250,000	375,945	-
19. Net assets/(liability) position of off balance sheet derivatives items (19a-19b)				
19a. Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b. Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
20. Net foreign currency assets/(liability) position	472,046,020	54,625,970	(336,146)	1
21. Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	475,753,412	55,125,970	58,043	1
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Total amount of assets hedged	-	-	-	-
24. Total amount of liabilities hedged	-	-	-	-

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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NOT 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Financial Risk Factors (Continued)

(b.3) Market risk management (Continued)

(b.3.1) Foreign currency risk management (Continued)

	31 December 2020			
	TRY Equivalent	USD	Euro	GBP
1. Trade Receivable	2,529,911	344,651	-	-
2a. Monetary Financial Assets	68,587,613	9,304,548	31,924	1
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	71,117,524	9,649,199	31,924	1
5. Trade Receivable	-	-	-	-
6a. Monetary Financial Assets	326,735,124	44,511,290	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	326,735,124	44,511,290	-	-
9. TOTAL ASSETS	397,852,648	54,160,489	31,924	1
10. Trade Payables	214,674	801	23,179	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	3,211,181	-	356,485	-
13. NON-CURRENT LIABILITIES	3,425,855	801	379,664	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	1,835,125	250,000	-	-
16b. Other Non-monetary Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	1,835,125	250,000	-	-
18. TOTAL LIABILITIES	5,260,980	250,801	379,664	-
19. Net assets/(liability) position of off balance sheet derivatives items (19a-19b)	-	-	-	-
19a. Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b. Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
20. Net foreign currency assets/(liability) position	392,591,668	53,909,688	(347,741)	1
21. Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	395,802,849	53,909,688	8,745	1
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Total amount of assets hedged	-	-	-	-
24. Total amount of liabilities hedged	-	-	-	-

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

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NOT 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Financial Risk Factors (Continued)

(b.3) Market risk management (Continued)

(b.3.1) Foreign currency risk management (Continued)

The Group is mainly exposed to USD risks. Effects of other currencies are immaterial.

Assets and liabilities denominated in foreign currencies are translated at the exchange rates announced by the Turkish Central Bank as of 30 June 2021 (30 June 2021: 1 USD = 8.7052 TRY, 1 Euro = 10.3645 TRY ve 1 GBP = 12.0343, 31 December 2020: 1 USD = 7.3405 TRY, 1 Euro = 9.0079 TRY ve 1 GBP = 9.9438).

The table below presents the Group’s sensitivity to a 10% (31 December 2020: 10%) deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group’s Management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit/loss or equity.

Foreign currency sensitivity

	30 June 2021	
	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY	47,552,999	(47,552,999)
USD net asset/(liability)	47,552,999	(47,552,999)
When 10% appreciation of EUR against TRY	(348,399)	348,399
EUR net asset/(liability)	(348,399)	348,399
When 10% appreciation of other foreign currency against TRY	1	(1)
Other foreign currency net asset/(liability)	1	(1)
Total	47,204,601	(47,204,601)

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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NOT 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Financial Risk Factors (Continued)

(b.3) Market risk management (Continued)

(b.3.1) Foreign currency risk management (Continued)

	31 December 2020	
	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY	39,572,406	(39,572,406)
USD net asset/(liability)	39,572,406	(39,572,406)
When 10% appreciation of EUR against TRY	(313,242)	313,242
EUR net asset/(liability)	(313,242)	313,242
When 10% appreciation of other foreign currency against TRY	1	(1)
Other foreign currency net asset/(liability)	1	(1)
Total	39,259,165	(39,259,165)

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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NOT 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Group’s financial assets and liabilities do not expose interest rate risk.

Financial Instruments Categories

30 June 2021	Financial liabilities at amortized cost	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Carrying value	Note
Financial assets		-	512,165,008	49,997	512,215,005
Cash and cash equivalents	4	-	3,154,227	-	3,154,227
Trade receivables	6	-	5,518,569	-	5,518,569
Due from related parties	23	-	499,979,948	-	499,979,948
Other receivables	7	-	3,512,264	-	3,512,264
Financial investments	5	-	-	49,997	49,997
Financial liabilities		22,966,936	-	-	22,966,936
Trade payables	6	12,060,563	-	-	12,060,563
Due to related parties	23	831,975	-	-	831,975
Other payables	7	3,968,421	-	-	3,968,421
Other short term and long term liabilities	13	6,105,977	-	-	6,105,977

31 December 2020	Financial liabilities at amortized cost	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Carrying value	Note
Financial assets		-	441,380,685	452,207	441,832,892
Cash and cash equivalents	4	-	48,223,219	-	48,223,219
Trade receivables	6	-	3,872,328	-	3,872,328
Due from related parties	23	-	385,853,293	-	385,853,293
Other receivables	7	-	3,431,845	-	3,431,845
Financial investments	5	-	-	452,207	452,207
Financial liabilities		16,781,714	-	-	16,781,714
Trade payables	6	4,546,336	-	-	4,546,336
Due to related parties	23	481,019	-	-	481,019
Other payables	7	3,543,584	-	-	3,543,584
Other short term and long term liabilities	13	8,210,775	-	-	8,210,775

NOTE 25 - SUBSEQUENT EVENTS

Konya Ilgın, a subsidiary of the company, signed an agreement with HF Penta Madencilik Sanayi ve Ticaret Limited Şirketi on 9 August 2021 for the sale of the clay produced during coal production in the lignite field with license number 1247 in the Ilgın district of Konya that Konya Ilgın operates on a royalty basis. This agreement is valid until 31 December 2021, and 30 thousand tonnes of clay sales are planned by the end of the year. The sales amount may increase or decrease by 30% depending on production in the field. Konya Ilgın also signed a new agreement with Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim A.Ş. (“Eti Soda”) on 14 July 2021, effective as of 17 July 2021, for the sale of 240,000 tonnes of coal with a base calorific value of 2,000 kcal/kg, as the existing coal purchase and sale agreement expired on 16 July 2021. Eti Soda may increase or decrease the amount of coal by 30%.