

**ÇATI MADENCİLİK İTHALAT  
VE İHRACAT ANONİM ŞİRKETİ  
FINANCIAL STATEMENTS  
TOGETHER WITH AUDITOR'S REPORT  
AS OF 31 MARCH 2021**

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**INDEPENDENT AUDITOR'S REPORT AS OF 31 MARCH 2021**

To the Shareholders and the Board of Directors of  
Çatı Madencilik İthalat ve İhracat Anonim Şirketi İstanbul.

We have audited the accompanying financial statements of Çatı Madencilik İthalat ve İhracat Anonim Şirketi ("the Company") which comprise the balance sheet as at 31 March 2021 and the statement of income for the period then ended, and a summary of significant accounting policies and other notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**DENK BAĞIMSIZ**  
**DENETİM ANONİM**  
**ŞİRKETİ**

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Çatı Madencilik İthalat ve İhracat Anonim Şirketi as of 31 March 2021 and its financial performance for the period then ended in accordance with International Financial Reporting Standards.

**İstanbul, 07 June 2021**

**GENEL DENETİM  
MENETİM ANONİM  
ŞİRKETİ**

**Eyüp KÖMBE, CPA**

**Partner**

BALANCE SHEETS AS OF 31.03.2021 AND 31.03.2020 .....	4
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY .....	7
NOTES OF THE FINANCIAL STATEMENTS.....	9
1. General .....	9
2. Basis of Presentation of the financial statements.....	9
3. Summary of Significant Accounting Policies.....	11
4. Cash and Bank Balances.....	17
5. Trade Receivables.....	17
6. Inventories.....	17
7. Other Current Assets .....	18
8. Property, Plant and Equipment .....	18
9. Intangible Assets.....	19
10. Other Non-Current Assets .....	19
11. Short Term Financial Liabilities.....	19
12. Trade Payables.....	19
13. Other Payables.....	20
14. Other Current Liabilities .....	20
15. Long Term Financial Liabilities.....	21
16. Employee termination benefits.....	21
17. Long Term Other Liabilities.....	21
18. Taxation on Income .....	22
19. Share Capital.....	23
20. Translation differences.....	23
21. General Reserves.....	23
22. Net Sales .....	24
23. Cost of The Sales.....	24
24. Marketing, Selling and Distribution Expenses .....	24
25. General Administrative Expenses.....	24
26. Other Income / (Expenses), net.....	25
27. Financial Income / (Expenses), Net.....	25
28. Losses From Discontinued Operations .....	25

**ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.**  
**BALANCE SHEETS AS OF 31.03.2021 AND 31.03.2020**

(Currency - Turkish Lira)

(Amounts translated into USD at respective year end exchange rates for convenience purposes)

ASSETS	Note	31.03.2021		31.03.2020	
		USD	TL	USD	TL
<b>CURRENT</b>					
Cash and Cash Equivalents	04	5.540	46.138	21.169	137.937
Trade Receivables	05	1.027	8.554	36.879	240.305
Inventories	06	7.861	65.448	10.044	65.448
Other Current Assets	07	118.741	988.643	145.988	951.263
<b>Total Current Assets</b>		<b>133.169</b>	<b>1.108.783</b>	<b>214.080</b>	<b>1.394.953</b>
<b>NON-CURRENT</b>					
Property, Plant and Equipment	08	651.781	5.426.736	884.872	5.765.821
Intangible Assets	09	79.755	664.039	98.450	641.501
Other Non-Current Assets	10	3.623	30.168	4.630	30.168
Deferred Tax Asset	18	13.940	116.061	17.812	116.061
<b>Total Non-Current Assets</b>		<b>749.099</b>	<b>6.237.004</b>	<b>1.005.764</b>	<b>6.553.551</b>
<b>TOTAL ASSETS</b>		<b>882.268</b>	<b>7.345.787</b>	<b>1.219.844</b>	<b>7.948.504</b>

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

**ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.**  
**BALANCE SHEETS AS OF 31.03.2021 AND 31.03.2020**  
**(Currency - Turkish Lira)**

(Amounts translated into USD at respective year end exchange rates for convenience purposes)

LIABILITIES	Note	31.03.2021		31.03.2020	
		USD	TL	USD	TL
<b>CURRENT</b>					
Financial Liabilities	11	-	-	-	-
Trade Payables	12	55.449	461.666	69.182	450.793
Other Payables	13	194.203	1.616.944	277.891	1.810.739
Other Current Liabilities	14	2.550.652	21.236.727	2.529.186	16.480.181
<b>Total Short Term Liabilities</b>		<b>2.800.304</b>	<b>23.315.337</b>	<b>2.876.259</b>	<b>18.741.713</b>
<b>NON - CURRENT</b>					
Financial Liabilities	15	-	-	-	-
Employee termination benefits	16	2.988	24.882	2.354	15.340
Other Liabilities	17	-	-	-	-
<b>Total Long Term Liabilities</b>		<b>2.988</b>	<b>24.882</b>	<b>2.354</b>	<b>15.340</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share Capital	19	444.391	3.700.000	567.833	3.700.000
Translations differences	20	(1.725.648)	(14.367.759)	(1.511.519)	(9.849.070)
General Reserves	21	(560.170)	(4.663.972)	(965.756)	(6.292.869)
Net Loss for the period		(79.597)	(662.701)	250.673	1.633.390
<b>Total Shareholders' Equity</b>		<b>(1.921.024)</b>	<b>(15.994.432)</b>	<b>(1.658.769)</b>	<b>(10.808.549)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>882.268</b>	<b>7.345.787</b>	<b>1.219.844</b>	<b>7.948.504</b>

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

**DENK BAĞIMSIZ  
DENETİM ANONİM  
ŞİRKETİ**

**ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.**  
**STATEMENT OF INCOME**  
**FOR THE PERIOD ENDED 31.12.2021 AND 31.03.2020**  
**(Currency - Turkish Lira )**

(Amounts translated into USD at respective year end exchange rates for convenience purposes)

INCOME STATEMENT	Note	01.04.2020 - 31.03.2021		01.04.2019 - 31.03.2020	
		USD	TL	USD	TL
Net Sales	22	-	-	-	-
Cost of Sales	23	-	-	-	-
<b>GROSS PROFIT</b>		-	-	-	-
Marketing, Seling and Distribution Expenses	24	-	-	-	-
General Administrative Expenses	25	(23.028)	(191.720)	(33.192)	(216.279)
<b>BASIC OPERATING LOSS</b>		<b>(23.028)</b>	<b>(191.720)</b>	<b>(33.192)</b>	<b>(216.279)</b>
Other Income / (Expences), net	26	(56.407)	(469.636)	37.044	241.382
Financial Income / (Expences), net	27	(162)	(1.345)	246.821	1.608.287
Losses From Discountinued Operations	28	-	-	-	-
<b>LOSS BEFORE TAX FOR THE PERIOD</b>		<b>(79.597)</b>	<b>(662.701)</b>	<b>250.673</b>	<b>1.633.390</b>
Tax		-	-	-	-
Deferred Tax Income / (Expences), Net		-	-	-	-
<b>NET LOSS FOR THE PERIOD</b>		<b>(79.597)</b>	<b>(662.701)</b>	<b>250.673</b>	<b>1.633.390</b>

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

**ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED 31.03.2021**

	Share Capital	Translations differences	General Reserves	Net Loss for the period	Total Equity
<b>Balance, 01.04.2020</b>	<b>567.833</b>	<b>(1.511.519)</b>	<b>(965.756)</b>	<b>250.673</b>	<b>(1.658.769)</b>
Transfer to general reserves	-	-	250.673	(250.673)	-
Increase in share capital	-	-	-	-	-
- out of general reserves	-	-	-	-	-
- in cash	-	-	-	-	-
Translation differences	(123.442)	(214.129)	154.913	-	(182.658)
Net loss for the period	-	-	-	(79.597)	(79.597)
<b>Balance, 31.03.2021</b>	<b>444.391</b>	<b>(1.725.648)</b>	<b>(560.170)</b>	<b>(79.597)</b>	<b>(1.921.024)</b>
	Share Capital	Translations differences	General Reserves	Net Loss for the period	Total Equity
<b>Balance, 01.04.2019</b>	<b>657.380</b>	<b>(1.355.908)</b>	<b>(937.536)</b>	<b>(180.175)</b>	<b>(1.816.239)</b>
Transfer to general reserves	-	-	(180.175)	180.175	-
Increase in share capital	-	-	-	-	-
- out of general reserves	-	-	-	-	-
- in cash	-	-	-	-	-
translation differences	(89.547)	(155.611)	151.955	-	(93.203)
Net loss for the period	-	-	-	250.673	250.673
<b>Balance, 31.03.2020</b>	<b>567.833</b>	<b>(1.511.519)</b>	<b>(965.756)</b>	<b>250.673</b>	<b>(1.658.769)</b>

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



**ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.**  
**STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 31.03.2021**  
**(Currency - Turkish Lira)**

	01.04.2020 31.03.2021	01.04.2020 31.03.2021	01.04.2019 31.03.2020	01.04.2019 31.03.2020
	USD	TL	USD	TL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax for the period	(79.597)	(662.701)	250.673	1.633.390
<u>Adjustment to reconcile net profit to net cash:</u>				
Depreciation and amortization expenses	(20.728)	339.085	15.749	339.555
Operating cash flows provided before changes in working capital	(100.325)	(323.616)	266.422	1.972.945
<u>Changes in operating assets and liabilities:</u>				
<u>Trade receivables</u>	35.852	231.751	(35.886)	(234.718)
Inventories	2.183	-	1.584	-
Other assets	32.126	(37.380)	41.554	84.383
Trade payables	(13.733)	10.873	(7.717)	17.973
Other payables	(83.688)	(193.795)	(15.329)	160.375
Other liabilities	22.100	4.766.088	1.000.253	7.876.832
<b>Net Cash Flows Used in Operating Activities</b>	<b>(105.485)</b>	<b>4.453.921</b>	<b>1.250.881</b>	<b>9.877.790</b>
<b>CASH FLOWS FROM FINANCING</b>				
Short term financial liabilities	-	-	(1.188.401)	(7.743.663)
Long term financial liabilities	-	-	(123.457)	(694.865)
Increase in Share capital-in cash	-	-	-	-
<b>Net Cash Flows Generated From Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(1.311.858)</b>	<b>(8.438.528)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>				
Acquisitions of tangible fixed assets	253.379	-	183.805	-
Acquisitions of intangible assets	19.135	(22.538)	(16.334)	(181.116)
<b>Net Cash Flows Used in Investment Activities</b>	<b>272.514</b>	<b>(22.538)</b>	<b>167.471</b>	<b>(181.116)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>167.029</b>	<b>4.431.383</b>	<b>106.494</b>	<b>1.258.146</b>
Translation difrencies	(182.658)	(4.523.182)	(93.203)	(1.164.555)
<b>Cash and Cash Equivalents at Beginning of period</b>	<b>21.169</b>	<b>137.937</b>	<b>7.878</b>	<b>44.346</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>5.540</b>	<b>46.138</b>	<b>21.169</b>	<b>137.937</b>

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

## **NOTES OF THE FINANCIAL STATEMENTS**

### **1. General**

Çatı Madencilik İthalat ve İhracat Anonim Şirketi (the Company) incorporated in Istanbul, Turkey on 25th June, 2012. The Company owns mining for Chrome ore mines based in Pınarbaşı, near Kayseri.

### **2. Basis of Presentation of the financial statements**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

The Company maintains its book of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. The financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

#### **Presentation and functional currency**

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

#### **Convenience translation of financial statements**

For the convenience of the reader, the accompanying financial statements have been translated from Turkish Lira to USD with the Central Bank buying exchange rates at period-ends (31.03.2021: USD 1= TL 8,326; 31.03.2020: USD 1= TL 6,5160). Such convenience translations are not intended to comply with the provisions of IAS 21 "The Effects of Changes in Foreign Exchange Rates".

#### **Adoption of new and revised International Financial Reporting Standards**

The Company applied the revised standards and interpretations that are relevant to its operations, published by International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) and effective from 1 January 2013.

#### **(a) New standards and revisions and interpretations to existing standards effective as of 1 January 2012**

- IFRS 7 (amendments), "Disclosures: Transfers of Financial Assets", will be effective for annual periods beginning on or after 1 July 2011.
- IAS 12 (amendments), "Deferred Tax: Recovery of Underlying Assets", will be effective for annual periods beginning on or after 1 January 2012.

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
**(Currency - Turkish Lira unless otherwise expressed)**

---

**(b) Standards that are issued but not yet effective and have not been early adopted by the Company and amendments and interpretations to existing standards**

- IAS 1 (amendments), "Presentation of Items of Other Comprehensive Income", will be effective for annual periods beginning on or after 1 July 2012.
- IAS 1 (amendments), "Clarification of the Requirements for Comparative Information", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 19 (amendments), "Employee Benefits", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 10, "Consolidated Financial Statements", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 11, "Joint Arrangements", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 12, "Disclosure of Interests in Other Entities", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 13, "Fair Value Measurement", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 7 (amendments), "Disclosures: Offsetting Financial Assets and Financial Liabilities", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 10, IFRS 11 and IFRS 12 (amendments), "Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 27 (revised), "Separate Financial Statements", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 28 (revised), "Investments in Associates and Joint Ventures", will be effective for annual periods beginning on or after 1 January 2013.
- IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine", will be effective for annual periods beginning on or after 1 January 2013.
- Amendments to IFRSs, "Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1, IAS 16 (amendments) Property, Plant and Equipment and IAS 32 (amendments) Financial Instruments: Presentation", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 32 (amendments), "Offsetting Financial Assets and Financial Liabilities", will be effective for annual periods beginning on or after 1 January 2014.
- IFRS 9, "Financial Instruments", will be effective for annual periods beginning on or after 1 January 2015.
- IFRS 9 and IFRS 7 (amendments), "Mandatory Effective Date of IFRS 9 and Transition Disclosures", will be effective for annual periods beginning on or after 1 January 2015.

The Company management will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and the interpretations above will not have a significant effect on the financial statements of the Company.

### **3. Summary of Significant Accounting Policies**

The principal accounting policies followed in the preparation of the accompanying financial statements are set forth below:

#### **Related parties**

For the purpose of the accompanying financial statements, key personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries of the Company are referred to as related parties.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a known amount, has high liquidity with maturities of 3 months or less. The amounts paid under the reverse repurchase agreements are included in the cash and cash equivalents. Recorded value is estimated market value of other cash and bank deposits on the balance.

#### **Finance leases**

Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property after tax advantages or incentives have been deducted, or the present value of the minimum lease payments. Principal lease payments are recorded as a payable and are reduced as paid; the interest element is charged to the statement of income as expense during the lease period. Property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset.

#### **Trade payables**

Trade payables are stated at their nominal values, discounted to present value as appropriate.

#### **Intangible assets and related amortization**

An intangible asset is recognized if it meets the identifiably criterion of intangibles, control exists over the asset; it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method. Intangible assets including acquired rights, information systems and computer software are amortized using the pro-rata method over their estimated useful economic lives of 10 years.

#### **Impairment of assets**

Assets that have indefinite useful lives, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## **Financial Instruments**

### **(i) Financial assets**

Investments are recognized and derecognized on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories as 'at fair value through profit or loss', 'held to maturity investments', 'available for sale Financial assets' and 'loans and receivables'.

#### **Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Debt instruments that are held to maturity, are available for sale, or are loans and receivables recognize in income on an effective interest rate basis.

#### **Effective interest method**

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is that exactly discounts estimated future cash receipts through the expected life of the financial assets or where appropriate a shorter period.

#### **Financial assets held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows.

#### **Financial assets available-for-sale**

Available-for-sale securities are those that are not (a) held-to-maturity investments, or (b) securities held for trading. Subsequent to acquisition, available for sale securities are valued at their fair value if reliably measurable. Otherwise, they are accounted for at the amortized cost. Unrealized gains or losses arising from changes in the fair value of securities classified as available for sale are deferred in equity until the financial asset is sold, collected or otherwise is disposed of when available for sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement. All investment securities are initially recognized at cost. Transaction costs are included in the initial measurement of debt securities. Available for sale securities are measured at fair value.

Fair value of available for sale monetary assets denominated in foreign currency is determined in that foreign currency and converted using the spot rate at the reporting date. Change in fair value attributable to conversion differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

**Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments, originated or acquired, that are not quoted in an active market, not held for trading, and not designated on initial recognition as assets at fair value through profit or loss or as available-for-sale. Loans and receivables are measured at amortized cost using the effective interest method.

**Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

**(ii) Financial liabilities**

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

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are recorded at fair value upon initial measurement and

re-measured to fair value at each reporting period. Changes in the fair values are accounted in the income statement. Net gains and losses accounted for in the income statement includes interest paid expense incurred on the financial liability.

**Other financial liabilities**

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**Taxation and deferred income taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly.

**Employee benefits / Retirement pay provision**

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (revised) "Employee Benefits" ("IAS 19"). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

**Operating expenses**

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

### **Revenue recognition**

Revenue involves the goods and service sales invoiced value. Revenues are recognized on an accrual basis at the time deliveries of goods and services or acceptances are made, the transfer of risks and benefits related to good are realized, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company, at the fair value of the consideration received or receivable. The significant risks and benefits in sales are transferred when the goods are delivered or legal proprietorship is transferred to the customer. Interest income and expenses are recognized in the income statement on an accrual basis. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes.

**Sale of goods:** Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

**Rendering of services:** Revenue earned from rendering of services is recognized by using a reference to the stage of completion of the contract.

**Interest revenue:** Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

### **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### **Foreign currency transactions**

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

### **Provisions**

Provisions are recognized when, and only when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### **Commitments and contingencies**

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events, unless the expected performance is remote. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.



**Use of estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

**Significant management judgment in applying accounting policies**

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Revenue: Management needs to make significant judgment in determining when to recognize income from after-sales services.

Impairment: An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management makes assumptions about future events and circumstances.

Provisions: The Company is currently defending certain lawsuits where the actual outcome may vary from the amount recognized in the financial statements.

**EBITDA**

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

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
**(Currency - Turkish Lira unless otherwise expressed)**

**4. Cash and Bank Balances**

As of 31 March 2021 cash and bank balances are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
(a) Cash and Cash Equivalents				
Cash on hand	439	3.659	1.010	6.579
Balance with bank	9	79	631	4.113
Fixed deposit with Is Bank	5.092	42.400	19.528	127.245
	<b>5.540</b>	<b>46.138</b>	<b>21.169</b>	<b>137.937</b>

**5. Trade Receivables**

As of 31 March 2021 trade receivables are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
EKİN MADEN TİCARET VE SAN.A.Ş.	12	100	15	100
DMS MADEN NAKLIYE YAPI.LTD.ŞTİ.	659	5.487	842	5.487
NEYMA MİMARLIK VE MADENCİLİK TİC.LTD.ŞTİ.	-	-	36.022	234.718
DATUM MADENCİLİK TİC.SAN.A.Ş.	356	2.967	-	-
	<b>1.027</b>	<b>8.554</b>	<b>36.879</b>	<b>240.305</b>

**6. Inventories**

As of 31 March 2021 inventories are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Work in process and semi-finished goods	7.861	65.448	10.044	65.448
	<b>7.861</b>	<b>65.448</b>	<b>10.044</b>	<b>65.448</b>

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
(Currency - Turkish Lira unless otherwise expressed)

**7. Other Current Assets**

As of 31 March 2021 other current assets are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Advances given (*)	7.341	61.123	9.380	61.123
Pre-paid expenses	-	-	64	417
VAT Carried Forward (**)	109.402	910.885	134.039	873.398
Pre-paid taxes	1.998	16.635	2.505	16.325
	<b>118.741</b>	<b>988.643</b>	<b>145.988</b>	<b>951.263</b>

(\*) Detail of advances given as of 31 March 2021 is provided below;

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Mustafa Tekir	3.481	28.983	4.448	28.983
Esit Elektronik Sistemler Ltd.Şti.	593	4.940	758	4.940
Bozdağı Tasarım Peyzaj Ltd. Şti.	3.267	27.200	4.174	27.200
	<b>7.341</b>	<b>61.123</b>	<b>9.380</b>	<b>61.123</b>

(\*\*) VAT Carried Forward cover to VAT receivables from government. It will deduct from VAT payment which come from future selling's.

**8. Property, Plant and Equipment**

As of 31 March 2021 property, plant and equipment's are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Buildings	544.399	4.532.670	695.622	4.532.670
Property, plant and equipment	356.501	2.968.225	455.529	2.968.225
Motor vehicles	5.953	49.567	7.607	49.567
Furniture, fixtures and office equipment	5.304	44.165	6.778	44.165
Accumulated depreciation	(260.376)	(2.167.891)	(280.664)	(1.828.806)
	<b>651.781</b>	<b>5.426.736</b>	<b>884.872</b>	<b>5.765.821</b>

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
**(Currency - Turkish Lira unless otherwise expressed)**

**9. Intangible Assets**

As of 31 March 2021 intangible assets are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Mining Rights	27.583	229.654	35.245	229.654
Research and Development	52.172	434.385	63.205	411.847
Tiger Plus License	1.585	13.193	2.025	13.193
Accumulated amortization	(1.585)	(13.193)	(2.025)	(13.193)
	<b>79.755</b>	<b>664.039</b>	<b>98.450</b>	<b>641.501</b>

**10. Other Non-Current Assets**

As of 31 March 2021 other non-current assets (Deposit and Guarantees) are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
IR.74492 Benefit Transfer	2.783	23.176	3.557	23.176
Kayseri Elektrik Perakande A.Ş.	840	6.992	1.073	6.992
	<b>3.623</b>	<b>30.168</b>	<b>4.630</b>	<b>30.168</b>

**11. Short Term Financial Liabilities**

As of 31 March 2021 short term financial liabilities are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Current portion of short-term bank loans	-	-	-	-
Finance lease liabilities, net (**)	-	-	-	-
	-	-	-	-

**12. Trade Payables**

As of 31 March 2021 trade payables are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Suppliers	46.122	384.009	58.961	384.193
Other trade payables	9.327	77.657	10.221	66.600
	<b>55.449</b>	<b>461.666</b>	<b>69.182</b>	<b>450.793</b>

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
(Currency - Turkish Lira unless otherwise expressed)

**13. Other Payables**

As of 31 March 2021 other payables are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Kayseri Elektrik Perakende Satış A.Ş.	403	3.359	23.187	151.088
Gökhan Çevik (Member of the Board)	103.705	863.450	132.512	863.450
Hüseyin Çevik (Member of the Board)	85.423	711.235	120.325	784.038
Auditya Narra (Member of the Board)	4.672	38.900	1.867	12.163
	<b>194.203</b>	<b>1.616.944</b>	<b>277.891</b>	<b>1.810.739</b>

**14. Other Current Liabilities**

As of 31 March 2021 other current liabilities are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Taxes & Dues payables	2.856	23.777	1.121	7.307
Advances received (*)	1.224.541	10.195.532	1.204.689	7.849.755
Bank Loan Interest Accruals	-	-	-	-
GCORP FZE UAE Loan Interest Accruals	9.523	79.288	9.523	62.052
Facor Minerals Loan Interest Accruals	23.457	195.303	23.457	152.846
Gcorp Fze A	100.000	832.600	100.000	651.600
Facor Alloys Ltd.	1.188.401	9.894.627	1.188.401	7.743.621
Audit expense accruals	1.874	15.600	1.995	13.000
	<b>2.550.652</b>	<b>21.236.727</b>	<b>2.529.186</b>	<b>16.480.181</b>

(\*) As of 31 March 2021 Advance received details are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Facor Minerals (Netherlands) B.V.	1.061.613	8.838.992	1.062.905	6.925.889
Facor Turkkrom Mining (Netherlands ) B.V.	21.346	177.727	21.346	139.091
Çevik Madencilik San. Ve Tic. Aş.	89.745	747.217	89.745	584.778
Harun Mugaoğlu	24.021	199.997	30.693	199.997
Datum Madencilik Tic.San.A.Ş.	27.816	231.599	-	-
	<b>1.224.541</b>	<b>10.195.532</b>	<b>1.204.689</b>	<b>7.849.755</b>

As of 31 March 2021 other non-current liabilities are none. (2020: none)

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
**(Currency - Turkish Lira unless otherwise expressed)**

**15. Long Term Financial Liabilities**

As of 31 March 2021 long term financial liabilities are as follows:

Long Term	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Long-term bank loans	-	-	-	-
Facor Minerals (Netherlands) B.V.	-	-	-	-
GCORP FZE UAE Loan	-	-	-	-
	-	-	-	-

**16. Employee termination benefits**

As of 31 March 2021 employee termination benefits are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Provision at Beginning of the Period	2.354	15.340	1.807	11.775
Current Period expense	513	4.271	488	3.183
Payments During the Period (-)	-	-	-	-
Interest Expense / (Income)	57	472	12	77
Actuarial Loss / (Gain)	64	4.799	47	306
	<b>2.988</b>	<b>24.882</b>	<b>2.354</b>	<b>15.340</b>

**17. Long Term Other Liabilities**

As of 31 March 2021 long term other liabilities are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Taxes & Dues payables	-	-	-	-
Expense provisions	-	-	-	-
	-	-	-	-

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
**(Currency - Turkish Lira unless otherwise expressed)**

**18. Taxation on Income**

The corporation tax rate on the profits for the calendar year 2021 is 22%. Taxable profits are calculated by addition of tax disallowed expenses to and deduction of tax exemptions (investment income exemption) and deductions (investment incentive deductions) from the profit disclosed in the statutory income. No other taxes are paid unless profits are distributed.

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

Dividends paid to non-resident corporations which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax. Tax losses that are reported in the Corporation Tax return can be carried forward and deducted from the corporation tax base for a maximum of five consecutive years. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The breakdown of cumulative temporary differences and the resulting deferred tax assets / (liabilities) are as follows:

	31.03.2021(*)		31.03.2020(*)	
	Cumulative temporary difference	Deferred Tax	Cumulative temporary difference	Deferred Tax
Interest income accrual	(181.851)	36.370	(181.851)	36.370
Credit to foreign currency differences	(501.125)	100.225	(501.125)	100.225
Amortization adjustment	109.203	(21.841)	109.203	(21.841)
Audit expense accruals	(4.250)	850	(4.250)	850
Retirement pay provisions	(1.321)	264	(1.321)	264
Other adjustments	(964)	193	(964)	193
<b>TL</b>	<b>(580.308)</b>	<b>116.061</b>	<b>(580.308)</b>	<b>116.061</b>
<b>USD</b>	<b>(69.698)</b>	<b>13.940</b>	<b>(89.059)</b>	<b>17.812</b>

(\*) In Turkey, loses can be deducted from next profit. In view of huge loses, the same are not considered for calculation of deferred tax.

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method is 22%.

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
(Currency - Turkish Lira unless otherwise expressed)

**19. Share Capital**

As of 31 March 2021 share capital is as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
148.000 Nos. of Shares of TL 25 each	444.391	3.700.000	567.833	3.700.000
	<b>444.391</b>	<b>3.700.000</b>	<b>567.833</b>	<b>3.700.000</b>

**20. Translation differences**

As of 31 March 2021 translation differences are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Translation differences	(1.182.928)	(9.849.070)	(1.171.207)	(7.631.586)
Foreign exchange gain	7.416	61.749	400.191	2.607.645
Foreign exchange losses	(550.137)	(4.580.438)	(740.503)	(4.825.129)
	<b>(1.725.648)</b>	<b>(14.367.759)</b>	<b>(1.511.519)</b>	<b>(9.849.070)</b>

**21. General Reserves**

As of 31 March 2021 general reserves are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Advance against Capital from Facor Turkkrom Mining (Netherlands) B.V.	17.792	148.140	22.735	148.140
Previous year's profit	171	1.422	218	1.422
Actuarial Gains and Losses	(576)	(4.799)	(47)	(306)
Previous year's loss	(575.893)	(4.794.883)	(986.537)	(6.428.273)
Legal Reserves	9	75	12	75
Less: Establishment Costs	(1.673)	(13.927)	(2.137)	(13.927)
	<b>(560.170)</b>	<b>(4.663.972)</b>	<b>(965.756)</b>	<b>(6.292.869)</b>



**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
**(Currency - Turkish Lira unless otherwise expressed)**

**22. Net Sales**

As of 31 March 2021 net sales are as follows:

None (2020: None)

**23. Cost of The Sales**

As of 31 March 2021 cost of the sales are as follows:

None (2020: None)

**24. Marketing, Selling and Distribution Expenses**

As of 31 March 2021 marketing, selling and distribution expenses are as follows:

None (2020: None)

**25. General Administrative Expenses**

As of 31 March 2021 general administrative expenses are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Office Expenses	(2.769)	(23.053)	(3.446)	(22.456)
Rent Expense	-	-	(1.543)	(10.050)
Tax Picture	(33)	(277)	(387)	(2.519)
Accounting Expenses	(5.497)	(45.765)	(5.703)	(37.160)
Attorney Expence	(1.290)	(10.740)	(5.116)	(33.338)
Control Expenses	-	-	-	-
Staff Expenses	(11.759)	(97.904)	(13.343)	(86.941)
Fuel Expense	(1.479)	(12.310)	(2.889)	(18.827)
Repair Maintenance Expenses	(15)	(122)	(560)	(3.649)
Insurance Expense	(186)	(1.549)	(205)	(1.339)
	<b>(23.028)</b>	<b>(191.720)</b>	<b>(33.192)</b>	<b>(216.279)</b>

**ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021**  
(Currency - Turkish Lira unless otherwise expressed)

**26. Other Income / (Expenses), net**

As of 31 March 2021 other income / (expenses) are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Other extraordinary income and profits	-	-	827	5.389
Renting of mining equipment	-	-	96.378	628.000
Expenses of renting of mining equipment (*)	(41.578)	(346.176)	(58.970)	(384.249)
Previous years expenses and losses	(14.413)	(120.000)	-	-
Other extraordinary expenses and losses	(416)	(3.460)	(1.191)	(7.758)
	<b>(56.407)</b>	<b>(469.636)</b>	<b>37.044</b>	<b>241.382</b>

**(\*) Detail to expenses of renting of mining equipment**

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Electricity Expense	(441)	(3.672)	(810)	(5.281)
Other Expense	(411)	(3.419)	(6.049)	(39.413)
Depreciation Expense	(40.726)	(339.085)	(52.111)	(339.555)
	<b>(41.578)</b>	<b>(346.176)</b>	<b>(58.970)</b>	<b>(384.249)</b>

**27. Financial Income / (Expenses), Net**

As of 31 March 2021 financial incomes are as follows:

	31.03.2021		31.03.2020	
	USD	TL	USD	TL
Foreign exchange gains	-	-	-	-
Interest income	293	2.441	251.693	1.640.030
Interest Expenses	(455)	(3.786)	(4.872)	(31.743)
	<b>(162)</b>	<b>(1.345)</b>	<b>246.821</b>	<b>1.608.287</b>

**28. Losses From Discontinued Operations**

As of 31 March 2021 losses from discontinued operations are as follows:

None (2020: None)