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Anel Elektrik, founded in 1986, carried out its business activities in **11 countries** and **across 3 continents**. It maintains its activities in **3 different countries** with its ongoing projects.

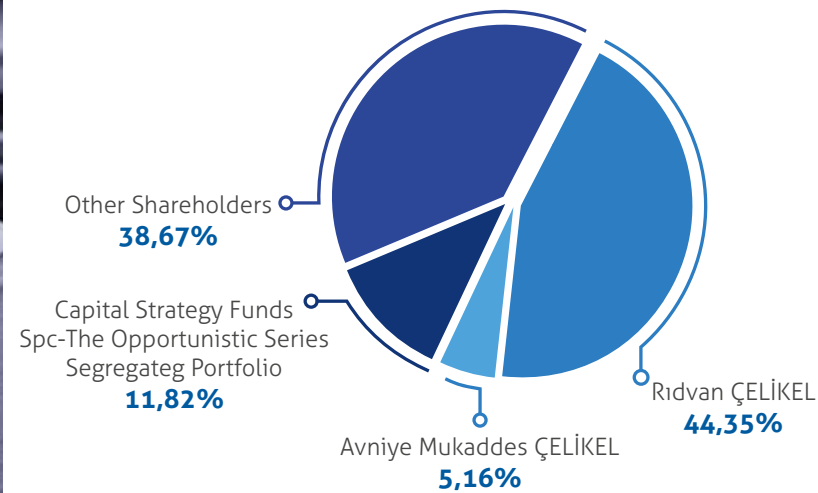
Anel Elektrik at a Glance

The foundation of Anel Group dates back to 1986, the year that Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. was established. In addition to its core business of electrical and mechanical contracting, Anel Group offers solutions in operations & maintenance, renewable energy, recycling, low and medium voltage panel production and ship electrical & electronic systems.

With its 9 subsidiaries, 3 affiliates and 4 overseas branches, Anel Elektrik is Turkey's leading electromechanical contracting company that has successfully carried out several high-profile domestic and international projects. Anel Elektrik is the flagship company of Anel Group. Following its IPO on June 16th, 2010, Anel Elektrik began trading on Borsa İstanbul, under the ticker "ANELE". With a capital of **110,000,000** Turkish liras, **%50,58** of the company's shares is free-floating.

Shareholder Structure

Shareholder's Full Name	Share Amount (TL)	Share Ratio (%)
Rıdvan ÇELİKEL	48.780.773,00	44,35
Avniye Mukaddes ÇELİKEL	5.677.038,58	5,16
Capital Strategy Funds Spc-The Opportunistic Series Segregate Portfolio	13.000.000,00	11,82
Other Shareholders	42.542.188,42	38,67
Total	110.000.000,00	100,00



The upper limit of Anel Elektrik's registered capital is **200,000,000 TL**.

Subsidiaries, Affiliates and Branches

Commercial Name	Area of Operation	Shareholder Ratio (%)	Shareholder Type
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	Telecommunications, Electronics	24,68	Affiliate
Anel Yapı Gayrimenkul A.Ş.	Real Estate Purchase and Sale	47,5	Affiliate
Anel Enerji Elektrik Üretim San. ve Tic. A.Ş.	Solar Energy	70,5	Subsidiary
Anel Marin Gemi Elektrik Elektronik Sistemleri Tic.ve San. A.Ş.	Marine Electrical and Electronic Systems	93	Subsidiary
Anel Dar Libya Constructing & Services L.L.C.	Electrical Contracting	65	Subsidiary
Anel Emirates General Contracting Limited L.L.C.	Electrical, Mechanical Contracting	49	Subsidiary
Anel Engineering - Technological Company L.L.C.	Electrical Contracting	100	Subsidiary
Dag-08 OOD	Solar Energy	100	Subsidiary
Golden Sun OOD	Solar Energy	100	Subsidiary
Energinia Kompania Bonev EOOD	Solar Energy	50	Affiliate
Anel Mep Maintenance And Operations L.L.C.	Design, Contracting and Maintenance	49	Subsidiary
Anel Mep Mekanik Elektrik Proje Limited Şirketi	Electrical, Project, Contracting-Engineering	100	Subsidiary

Branch	Area of Operation
Doha	Electrical, Mechanical Contracting
Baku	Electrical, Mechanical Contracting
Georgia	Electrical, Mechanical Contracting
Russia	Electrical, Mechanical Contracting



Vision

To be the first choice of employers, employees and investors, in electromechanical contracting sector.

Mission

We aim to be the first choice in electromechanical contracting sector and provide our customers with the most reliable and quality service. We also aim to maintain sustainability by taking on efficient and simple risk, cost and cash management in our projects; and continuous improvement by providing different project experiences and knowledge sharing to our employees. We would like to play a key role by maintaining sustainable win-win relationships with mutual trust between the material and service suppliers.

Areas Of Operation

Anel Elektrik has successfully implemented many electromechanical systems in national and international projects within the scope of its core business in electromechanical contracting.

In addition to its domestic & international electromechanical contracting services, Anel ensures the service continuity in projects with its operation and maintenance team.

Anel Elektrik is a Turkish company that is competent enough to participate in the international tenders as a sole bidder with its ability to provide both electrical and mechanical contracting services simultaneously.

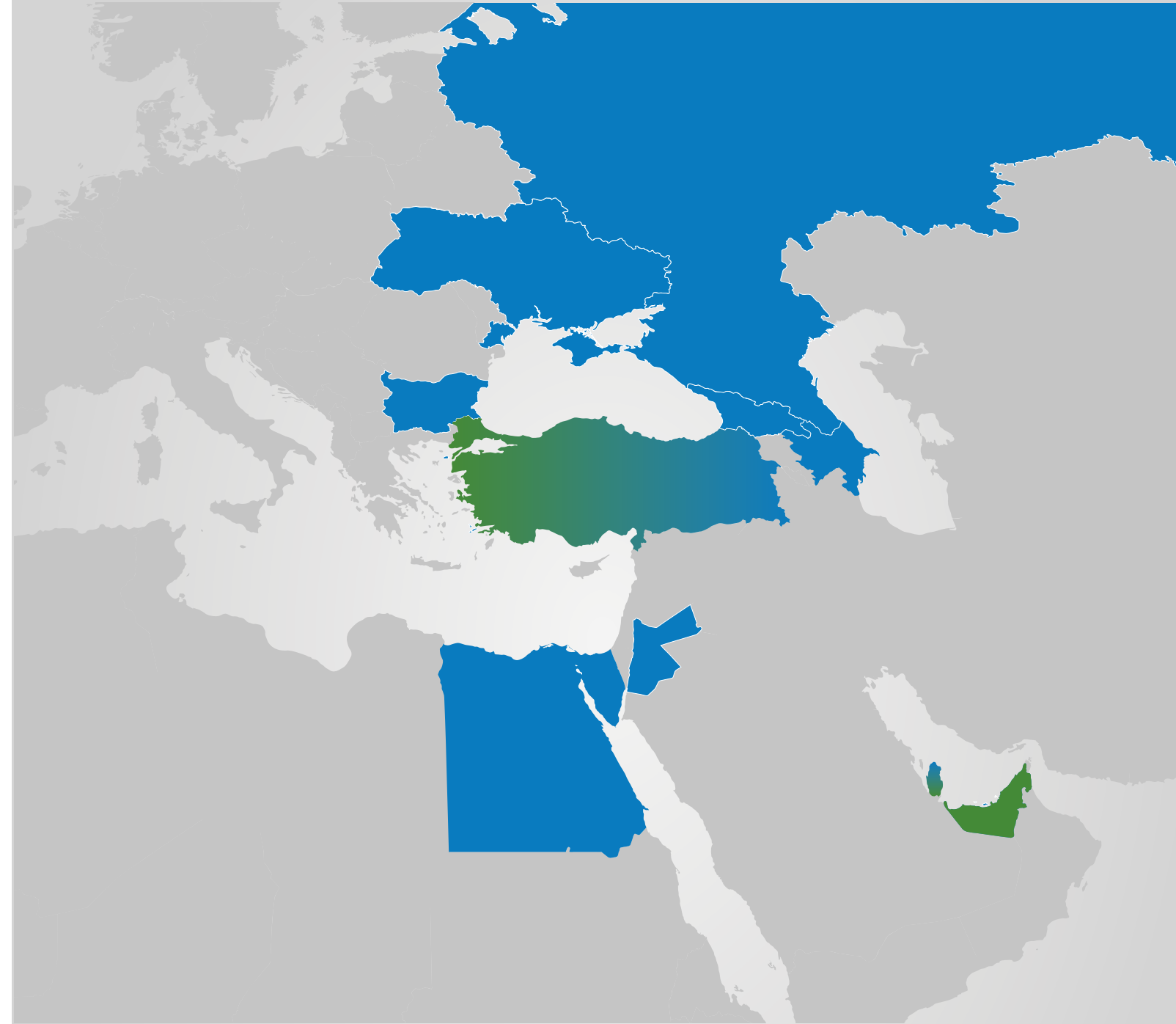
Anel Elektrik has become a well-known brand both domestically and internationally due to its success achieved by having completed 9 airport projects in 13 years, 6 of which were carried out at the same time.

Anel Elektrik has undersigned many prestigious projects that required special expertise. Some abroad projects are; Abu Dhabi, Hamad, Tbilisi, Batumi and Cairo International Airports, Qatar Red Line South Underground - Metro, Qatar National Convention Center, Baku Olympic Stadium, Qatar Research and Development Complex. Some domestic projects are; İstanbul Atatürk, Ankara Esenboğa and İzmir Adnan Menderes International Airports, Marmaray BC1 Rail Tube Tunnel Project, Turkcell Operation Centers, Kuyumcukent, Bayrampaşa Forum Mall, Four Seasons Bosphorus Hotel, Shangri La Hotel, Is REIT Tuzla Technology and Operation Center and 42 Maslak.



Anel Elektrik draws attention with its 30 years of experience, quality oriented service approach and sustainable relationships with its customers.

Operation Map



Ongoing Projects

- Turkey
- United Arab Emirates
 - Abu Dhabi
 - Dubai
- Qatar

Completed Projects

- Turkey
- Qatar
- Azerbaijan
- Bulgaria
- Georgia
- Egypt
- Russia
- Ukraine
- Jordan

1986

1986

Foundation of Anel Elektrik
Proje ve Taahhüt A.Ş.

Darlık Dam: The First Project

1988

KAV Factory: The First
Industrial Facility Project

1990

1990

Foundation of AnelSis
(Low Voltage Panel Production)

1991

Hürriyet Head Office: Transition
to Business Centers with
Technological Infrastructure

1998

Foundation of Operation &
Maintenance Unit

1999

Istanbul Atatürk International
Airport: The First International
Airport of Turkey and Anel

Russia Tverskaya Hotel:
The First International Project

Foundation of Russia Office

Turkcell Maltepe Operation Center

2000

2000

Ford Otosan Gölcük Factory

2003

Foundation of AnelTech
(Telecom Sector)

2004

Egypt Cairo Airport: The First
Overseas Airport Project

2005

Foundation of AnelMarin (Ship
Electric Electronic Systems)

Ankara Esenboğa
International Airport

AnelTech's Public Offering

2006

MİLGEM Project

Foundation of Qatar Office

2007

Hamad International Airport

2009

Transition to Electromechanical
Contracting Structure

Foundation of AnelEnerji
(Renewable Energy)

2010

2010

Cyprus Solar Power Plant

Anel Elektrik's Public Offering

2011

Marmaray BC1:
World's Deepest Submerged
Tube Project

2012

BP Head Office: The First
Project in Baku

2013

Abu Dhabi International Airport
Midfield Terminal

Baku Olympic Stadium

2014

Ganjlik Mall: The Biggest Mall
of Baku

2015

DP World Yarımcı Container
Terminal: The First Port Project

Qatar Redline South
Underground – Metro
(Conditional Letter of Award
Was Signed)

2016

Qatar Redline South Elevated
and at Grade - Metro

Dubai-I (Bluewaters) Terminal
Building: Pre-Agreement (Letter
of Award) Was Signed

Türkiye Finans Participation
Bank Head Office Building

Kosifler Oto Kavacık Showroom

Message of the Chairman

Our Esteemed Business Partners,

In addition to the celebration of our 30th anniversary in 2016, we have initiated new projects and achieved several successes together with our shareholders.

As Anel Elektrik, in 2016 we finalized Ganjlik Mall project, which is known as the biggest shopping center of Baku and İzmit Yarımca port project carried out by DP World, which operates more than 70 ports in 6 continents. As a remarkable reference for our company, we have received our final certificate in Qatar's Hamad International Airport, which was commenced to operate in 2015.

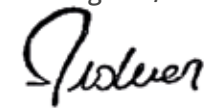
Moreover, we achieved our goal of participating in the ongoing underground system projects in Qatar ensuing our experience at Marmaray, being one of the world's utmost noteworthy transportation projects. Thus, we have undertaken the responsibility for electrical and mechanical works of Qatar Red Line South Underground and Qatar Red Line South Elevated and at Grade projects.

2016 was a year in which we were able to achieve our quantitative targets along with our qualitative targets in our projects.

We aim to be involved in projects that we believe to be able to create significant value and to strengthen our regional leadership in the electrical and mechanical contracting sector in 2017.

In the light of our motto, '**Today for Tomorrow**', we will continue to work together for contribution.

Kind Regards,



Rıdvan Çelikel
Chairman of the Board



Board of Directors

Rıdvan ÇELİKEL
(On Behalf of Anel Holding A.Ş.)
Chairman of The Board

Rıdvan Çelikel graduated from Electrical Engineering Department of Yıldız Technical University. He began his career at Öneren Engineering in 1975. After working as a partner at Aktek Elektrik between 1983-1985, Çelikel established Anel Elektrik in 1986. Currently, he is the Chairman of the Board of Anel Group companies. Rıdvan Çelikel also serves as Founding Member and Vice Chairman of the Board at ETMD, the Electrical Installation Engineers Association.

Avniye Mukaddes ÇELİKEL
Vice Chairman of The Board

Avniye Mukaddes Çelikel graduated from Chemical Engineering Department of Istanbul University, she has been serving as Member of the Board of Anel Group companies since 1986. Currently, she is the Vice Chairman of the Board, the Support Units Group President. In addition, she is the President of Çelikel Education Foundation.

Mahir Kerem ÇELİKEL
Board Member

After graduating from Robert College in 1999, Mahir Kerem Çelikel received his bachelor's degree from Johns Hopkins University's Department of Mathematical Sciences and Electrical Engineering in 2004 and his MBA from Boğaziçi University's Department of Business Administration in 2007. Subsequently, he completed his Master's degree in History at Boğaziçi University and began his Ph.D. in History at Berkeley University. Çelikel started his career at Anel Group in 2013. Currently, he serves as Member of the Board of Anel Group Companies.

**Merve Şirin ÇELİKEL
TOMBULOĞLU**
Board Member

Merve Şirin Çelikel Tombuloğlu received her bachelor's degree in Electrical & Electronical Engineering from Technische Universitaet Berlin in 2008, and received her MBA in Business Administration from INSEAD University in 2012 as a scholarship student. In November 2008, she started her professional career as Project Engineer at Hexagon Global Energy, a company that operates in alternative energy investments. Between 2009 - 2011, Merve Şirin Çelikel Tombuloğlu worked as Senior Tender Engineer at the Wind Power Department and as Project Quality Manager at the Tender Department of Siemens Energy. She joined Anel Group in 2011 and currently serves as Member of the Board of Anel Group companies.

Ahmet Bülent Batukan received his degree in Mathematics Department of Middle East Technical University in 1976, and Master's degree in Business Management Department of Gazi University. Between 1976-1981, Batukan worked as Assistant Manager in charge of Ankara Regional Sales at Koç Burroughs Computer Systems. He joined and served Saniva (Sperry Univac) in 1981 as Ankara Regional Manager and then took the position of Istanbul Major Computers Department Manager. Between 1988 and 1991, Batukan served as General Manager at Kavala Group Teleteknik. In 1991, he joined and served Setus as Founding Partner and General Manager until 1998. Between 1998-2005 he served as Board Member at Setkom. Batukan joined Anel Group in 2005. He currently serves as Board Member in Anel Group companies.

After graduating from Istanbul University Faculty of Law in 1955, Ahmet Münir Ekonomi received his Ph.D. from Munich University's Faculty of Law. Ekonomi started his academic career as Labor Law Assistant at Istanbul Technical University, and later he was appointed as Assistant Professor and Professor. He taught Labor Law at Istanbul University and Galatasaray University's Faculty of Engineering and Technology. In addition to Anel Group, Ekonomi serves as a consultant for Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama (JTI) and Unilever Holding. Formerly a Member of the Board at the Yaşar Educational and Cultural Foundation, he currently serves as a Board Member at the Istanbul Foundation for Culture and Arts, Dr. Nejat Eczacıbaşı Science and Arts Foundation, Istanbul Modern Art Foundation, Istanbul Museum of Modern Art and Istanbul Archeology Museum Society. Ekonomi currently holds the position of Independent Board Member at Anel Elektrik. He meets all the requirements defined in the Corporate Governance Principles set out by the Capital Markets Board and is not affiliated with Anel Elektrik or its subsidiaries.

Beginning her career in 1983 at the Irving Trust Company (now The Bank of New York Mellon), she is specialized in marketing, risk management and new business development. She was assigned as Board Member in Yaşar Holding in 2009. Afterwards she served as Board Member at Prysmian Kablo and Consultant at New Zealand Trade and Enterprise. She received her bachelor's degree in Economics and Political Science from Rutgers University and her master's degree in International Relations from the Fletcher School of Law and Diplomacy at Tufts University. Neslihan Tonbul is also an active member of various NGOs including ARIT (American Research Institute in Turkey), Istanbul Regional Administration of YPO (Young Presidents Organization), and member of Board of Trustees of TGEV (Educational Volunteers Foundation of Turkey). She is also the Founder of Turkish American Business Forum and a member of International Consultative Board of FSTC. (Foundation for Science, Technology and Civilization) based in United Kingdom. She has serves as Independent Board Member at Anel Elektrik since December 2015 and she is also member of Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee. She is not affiliated with Anel Elektrik or its subsidiaries.

Ahmet Bülent BATUKAN
Board Member

**Prof. Dr. Ahmet Münir
EKONOMİ**
Independent Board Member

Neslihan TONBUL
Independent Board Member

Committees

Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee as well as the Nomination and Remuneration Committee reporting to the Corporate Governance Committee continued their activities in 2016. Information about their operations and working principles have been disclosed to the public on the company's website.

Due to the current structure of the Board of Directors, Independent Board Member Prof. Dr. Ahmet Münir Ekonomi serves as the Chairman in all committees. Another Independent Board Member Neslihan Tonbul serves as a member in all committees. Committees and their members are listed below.

Corporate Governance Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir EKONOMİ	Independent Member
Member	Neslihan TONBUL	Independent Member
Member	Semra ÇAĞLAR	Executive
Audit Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir EKONOMİ	Independent Member
Member	Neslihan TONBUL	Independent Member
Early Detection of Risk Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir EKONOMİ	Independent Member
Member	Neslihan TONBUL	Independent Member

Managers

Full Name	Position	Experience
Adnan EK	Financial Affairs Group Manager	29 Years
Cem ÖZŞEN	Director of Financial Affairs and Finance	27 Years
Mustafa PARAPAN	Project Coordinator	22 Years
Nesrin BAYRAKTAR	Director of Human Resources and Corporate Communications	16 Years
Semra ÇAĞLAR	Investor Relations Manager / Committee Member	11 Years
Tolga TUTUM	Project Coordinator	20 Years
Zafer GENÇ	Project Coordinator	29 Years

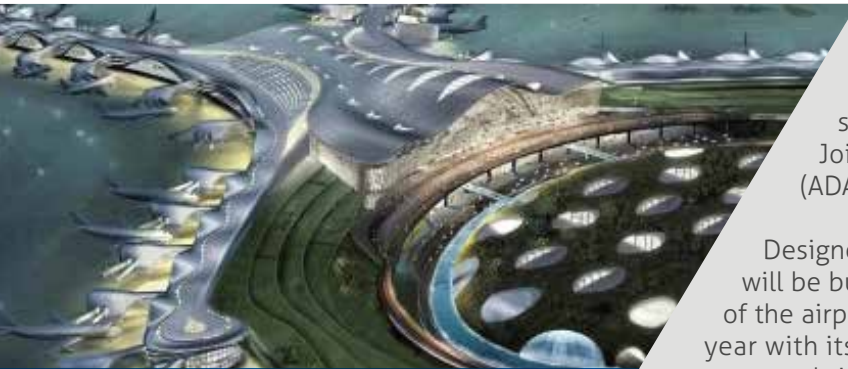
Employee Information

Total number of employees in our company is 3.840 as of December 31st, 2016. Collective agreement application is not available in Anel Elektrik; we provide all rights and benefits to our employees within the scope of Labor Law.



Hamad International
Airport
Doha, Qatar

Abroad Projects



**Abu Dhabi International Airport
Midfield Terminal**

Electrical works of the new terminal continued in this period in accordance with the agreement signed with main contractor TCA JV (TAV/CCC/ArabTec Joint Venture) and Abu Dhabi Airports Company PSJC (ADAC).

Designed by Kohn Pederson Fox Associates (KPF), the airport will be built on an area of 730,000 m². The terminal building of the airport is expected to serve 27 million passengers per year with its luggage belt which is longer than 22 km and 106 passenger bridges and a capacity of 19.000 luggage per hour.



Ganjlik Mall

The main contractor of this project, which covers 200.000 m² in Baku, Azerbaijan's capital, is Pasha Construction. Provisional acceptance of Ganjlik Mall was issued in June 2016.



Hamad Bin Khalifa Medical City

The works of this project, which is considered as the region's largest healthcare center, continued this year. Hyundai Engineering and Construction Ltd. is the main contractor.



**Qatar Al Rayyan Road Construction
and Upgrade Project**

The mechanical works of Qatar Al Rayyan Road Construction and Upgrade Project which started at the end of 2014, continued in 2016. The main contractor is Doğuş Onur JV and the project includes the construction of 10.7 km long 4x4 lanes and 6 intersections.



Hamad International Airport

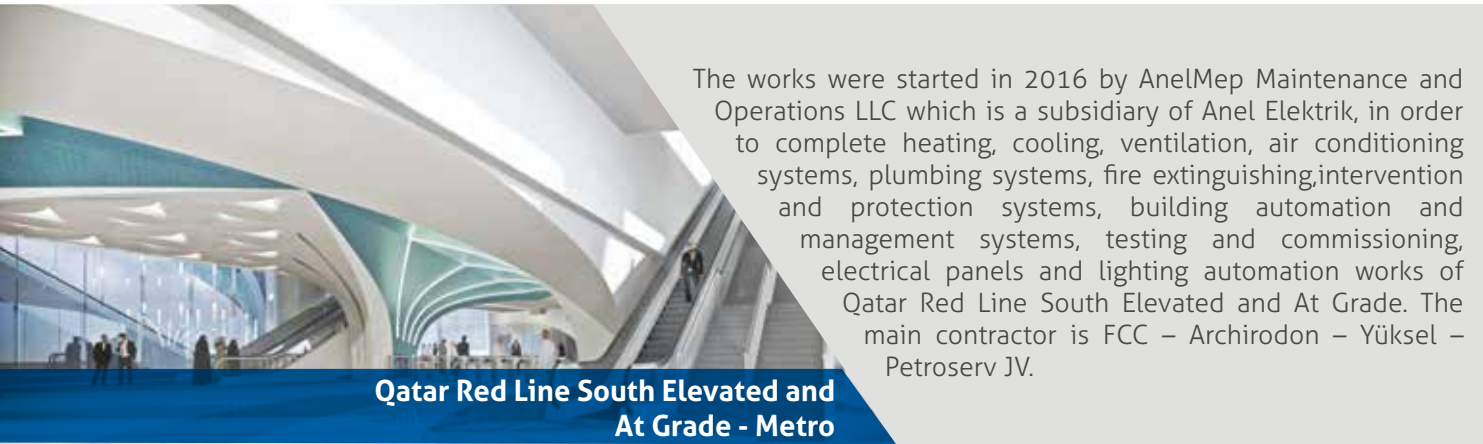
The project, which started in 2007 in Qatar, received its final acceptance certificate in December 2016.



Qatar Research and Development Complex

The works for Qatar Research and Development Complex continued in 2016. Its main contractor is Redco Construction - Almana.

Domestic Projects





**Türkiye Finans Participation Bank
Headquarter Building**

An agreement was signed with the main contractor Oğuz Bayazıt Mühendislik İnşaat ve Sanayi Ltd. Şti. for the electrical works of Türkiye Finans Participation Bank's Headquarter Building Project, located in Ümraniye, İstanbul.



Kosifler Oto Kavacık Showroom

An agreement was signed with the main contractor Kosifler İnşaat A.Ş. for the electrical and mechanical works of Kosifler Oto Kavacık Showroom in April 2016.

42 Maslak İstanbul, Turkey



Human Resources

We believe that human resource is the utmost significant element to maintain and develop activities with top-notch Anel quality, while offering reliable and innovative engineering solutions to the projects that require extensive expertise in every aspect and that are in compliance with international quality standards.

Human Resources functions are divided into 4 main areas;

1

Human Resources Planning

This function manages staff planning, budget preparation, pricing and vested benefits for the employees within Anel Elektrik organization and ensures that the employee expense of the project is realized in accordance with the budget.

Performance and Talent Management

Manages the processes to contribute to the employees development, to keep the potential employees within the company, to increase the employees' technical and managerial knowledge and abilities and to manage the employee's performance by making the employees' personal goals compatible with the company's goals.

2

3

Business Partnership

Works for adding workforce who are dynamic, fair, open to innovation and changes, sensitive to environment and society, able to add value and develop themselves and business, to Anel organization. Furthermore, they ensure that the most appropriate workforce is employed in the company in accordance with job descriptions.

Personnel Operations and Administrative Services

They manage the processes like preparation of payrolls, annual leaves, relationship management with subcontractors and suppliers, following up communication with public enterprises, checking the efficiency of the administrative services like staff meals, cleaning works, safety and shuttle services.

4

Activities in 2016

- 2.123 people were employed. (1.916 blue collar and 207 white collar employees.)
- The action plans derived from **Employee Satisfaction Survey**, which was implemented by an independent company at the end of 2015, are being followed up.

Please find below the activities that have been carried out;

Development and Improvement;

1) E-learning platform; AnelAkademi was developed in terms of usage and training content. In addition, the number of classroom trainings was increased in comparison with previous years.

2) The number of participants to the performance committee was increased. A large training committee was also founded in Qatar. Regular meetings were held and improvements were accomplished in accordance with the opinions of the employees.

3) "My Career Expectations" page was opened in "My Profile" section of Anel'IN. With this page, employees were ensured to forward their interests and expectations to the Human Resources Department by giving answers to the questions about the position, location and project type etc. that they wish to be in.

4) Outsource training and consultancy were provided to the managers for how to direct their teams' performance and improvement by using effective feedback methods. Trainings were held in Turkey, Qatar and Abu Dhabi.

Appreciation;

5) Yammer social network platform was opened to reinforce the communication within the organization. Employees can follow all the announcements from their mobile phones, communicate instantly with each other and transfer their knowledge and experience by creating groups about their hobbies or about technical issues whereas the managers can share their employees' successes by using the "praise" tool.

6) We give the priority to Anel employees for new positions. We started to share the announcements named "I Shape My Career with Anel". In the previous years only the promotions were announced. We started to add the internal assignments to these announcements.

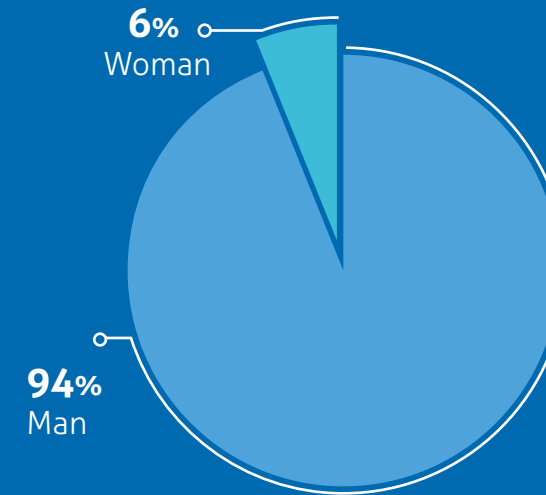
- "Senior Technician Training Committee" was founded among the technicians who worked in different projects within Anel for nearly 20 years. The committee which was founded in the previous years only for the purpose of training technicians, is now working with the support of Human Resources. There were efforts to improve the process throughout the year; wider targets were set for 2017.

2.123 people
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(1.916 blue collar and 207
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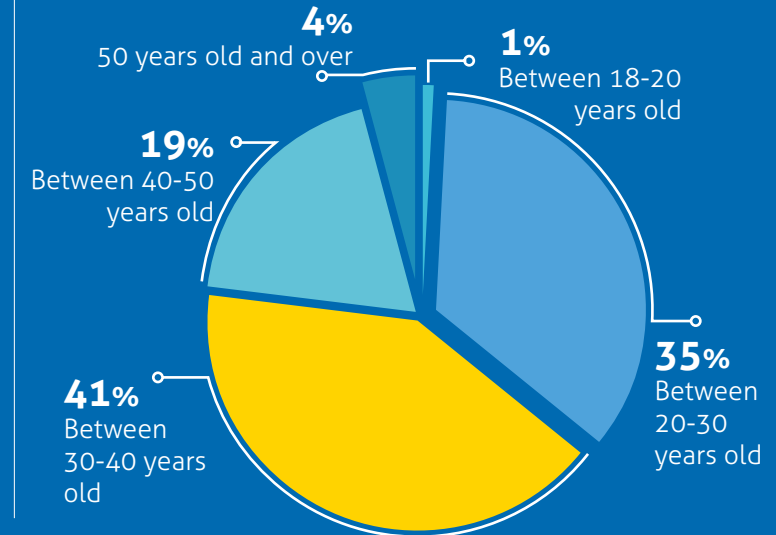
- The activities and trainings to contribute to personal development and career planning of interns with **Intern Career Support Program** (started in 2014) continued in 2016. We provided internship opportunities to 35 university students and 22 high school students in 2016.
- All candidates who pass the internship exams and interviews are enrolled in the Positive Internship Pool. Consequently, those whose internship periods are evaluated positively, are employed. The candidates who are not employed as interns but evaluated positively by Human Resources are connected again in line with the needs and employed.
- We offered part-time jobs to the students who completed fulltime internship in fall, spring and summer seasons in 2016. Thus, we assisted them to increase their professional experience and to continue their training and development period in the company. In 2016, we offered full - time jobs to the ones who gained experience in Anel Elektrik by working in part – time positions. Our main criterias were being compatible with the company's culture and passing certain evaluation processes.
- Just like the previous years, we received "Respect to Human Award" at Human Resources Summit held with the main sponsorship Kariyer.net with our success in replying all applications which is more than 20.000. With this award, our attentive works in Human Resources were highlighted and shared with the public.
- The Chairman of the Board Mr. Rıdvan Çelikel, the Vice Chairman of the Board; Mrs. Avniye Mukaddes Çelikel and Board Member Mr. Ahmet Bülent Batukan presented seniority awards to employees who completed their 10th year.
- 2016 was the 30th anniversary of the company. Small celebrations were organised in the same week in all countries where Anel Elektrik operates.
- The number of employees who are volunteers to support the programs of Çelikel Education Foundation, increased approximately by 56% in 2016 in comparison to 2015.
- Human Resources activities and demographic information were reported quarterly and shared with all employees on Yammer.
- Live music performances of young musicians continued in Anel Business Center every Monday morning this year, just like the previous years. In addition, various artists' works of art were exhibited in Galeri 5.

The number of employees who are volunteers to support the programs of Çelikel Education Foundation, increased approximately by 56% in 2016 in comparison to 2015.

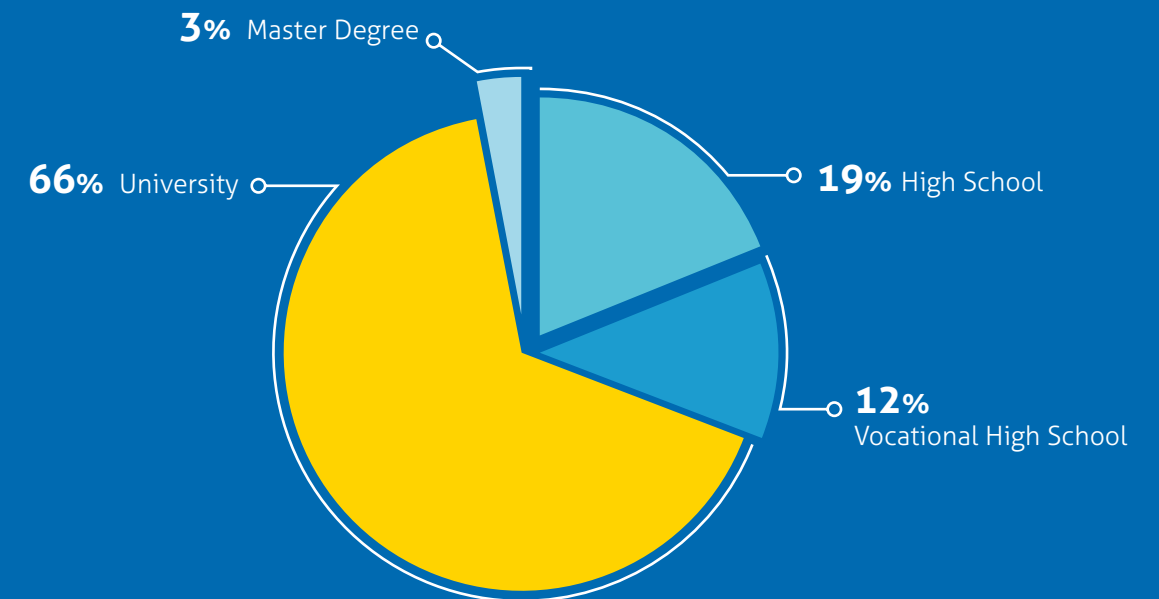
— Distribution by Gender —



— Distribution by Age —



— Distribution by Education – White Collar —



Anel Elektrik does not discriminate between its employees based on race, language, religion, national origin and other similar causes. Anel is proud of the cultural diversity of personal differences of the employees and considers this diversity as a tool for development.

51 technical trainings were published in 2016. 13 of these trainings consist of BIM (Building Information Modeling) training series. 305 in-class and e-learning trainings were held in Turkey and abroad.

Training Activities

AnelAkademi, the e-learning platform offering training contents in different categories, continued its activity and development in 2016. The number of employees in **Turkey Training Committee**, consisting of employees from different departments, reached 33. In addition, the **Overseas Training Committee**, which comprises of 21 employees, was formed. Thus, employees' demands can be collected more interactively; it is possible to make agreements with the accurate training companies. 51 technical trainings were published in 2016. 13 of these trainings consist of BIM (Building Information Modeling) training series. 305 in-class and e-learning courses were held in Turkey and abroad.

In order to support the technical and personal development of the employees, we started to work with Redvector e-learning platform which contains electromechanical engineering trainings in May 2016. Employees had the opportunity to accelerate their development by partaking in trainings, which were defined for them in this platform that we opened for all locations at the same time.

We started to work with Papagei, English language e-learning platform, in May 2016. The access to the system was granted to the employees who wanted to improve their English level and their development was monitored.

Outsource training and consultancy was provided to the managers for the methods to direct their teams' performance and ensure improvement by using effective feedback methods. Trainings were held in Turkey, Qatar and Abu Dhabi.



Performance Management Based on Target and Competency Evaluation

We sustained to improve 360 degree competency evaluation system implemented with Performance Committee in light of transparency principle, by improvement on target evaluation system this year. Workshops were organized with the Performance Committee regarding the process of target setting. We strived to standardize the target cards of the mid-level managers.

The titles on the Individual Feedback Screen, which were created last year in order to provide feedback to managers and employees as a result of 360 degree competency evaluations, were detailed in line with employee requests.

The feedback interview process was reshaped this year. The technical competency evaluation system was put into practice. Thus, we aimed to measure the technical competency of employees with technical competency evaluation, while measuring behavioral competencies of employees with 360-degree competency evaluation. Managers filled the technical competency form with their team members during the feedback meetings. Together, they determined the areas to be improved and chose the development tools to improve them. Training requests were collected from the interview forms sent by the managers as a result of the meetings, and 2017 training plan was shaped together with the Education Committee in line with these requests.

Talent and Career Management

We applied **Talent Management Model** in light of Talent matrix approach to follow up high-performing employees closely. Career plannings were prepared for the employees in line with their knowledge, skills and competencies. We defined the critical positions and the potential employees who will carry the company a step forward at the annual Human Resources Planning meetings. By supporting their development, we helped them to get ready for their future potential positions.

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Information Technologies

SAP ERP Activities

SAP ERP system is continuously improved in line with the user's demands and latest technological developments. Some enhancements on the system are listed below.

- **SAP Key User Trainings**
Handpicked in-company key users received trainings to enhance their usage of SAP.
- **SAP E-Invoice and E-Ledger Projects**
Within the scope of E-Invoice integration project, both incoming and outgoing invoices of Anel Group companies were automatically registered in the system in a faster and more secure way.
- **SAP Version Upgrade Project**
Thanks to technological improvements, current 3rd version SAP system was upgraded to the latest version.

Digital Identity Management (FIM)

Together with the analysis conducted in Anel Identity Management, improvement works were completed in accordance with the new requirements of the company in 2016.

Operation & Maintenance Project

In order to manage the processes and to track the daily business plans of the companies taking operation and maintenance service from Anel Group, Operation & Maintenance Management program was implemented.

Corporate CV and Candidate Pool Project

Corporate CV and Candidate Pool project; which is integrated with SAP system, was implemented in order to manage the recruitment processes of Human Resources faster and more efficiently.

Firewall Popularization Project

Works for the implementation of firewall structure, which provides the safety of the data transfers with external electronic environments, started for abroad projects. With the help of this project, redundant data usage was managed more efficiently and protection level was increased with the active use of the prevention system.

Infrastructure Renewal Project

Current infrastructure was replaced with the new generation equipment outfitted with new technologies. On-site internet infrastructure was improved.

Yammer

Yammer (Corporate Social Network), was opened to bring all employees together in a social environment and to increase the content they share.

E-mail Services (Office 365)

E-mail infrastructure was carried to Microsoft Office 365, as it offers high e-mail quota, promises **99.9%** continuity and removes server management costs and risks.

Cloud Server (Azure)

Works for the backup of current servers to Azure were started.

Business Continuity (BC) Works

Backup processes of all sites were reviewed and improvement works were completed.

Green IT Activities

With the help of cloud infrastructure processes implemented as of 2016, energy consumption was reduced. Excessive usage of paper and toner was prevented by using smart printing system.

IT equipment, which expired and became electronic waste, were removed from IT inventory and recycled at AnelDoğa recycling facilities. Thus, metals like copper, aluminium and lead were recovered without harming the nature.

Anel IT will continue to facilitate the employees' work through solutions that improve efficiency, profitability and competitive advantage by utilizing new technologies in accordance with the company's needs in the years ahead, as does it now.

Anel IT will continue to facilitate the employees' work through solutions that improve efficiency, profitability and competitive advantage by utilizing new technologies in accordance with the company's needs in the years ahead, as does it now.



Occupational Health and Safety

Anel Elektrik provides all favorable conditions required for occupational health and safety meticulously in every step of its operations.

Anel Elektrik's Environment, Health and Safety Policy, which is developed with an approach prioritizing respect for human and nature is as follows;

- The company acts in compliance with all applicable laws and regulations and implements the programs and the procedures accordingly.
- When defining quality standards for environment, health and safety, legal requirements are considered as the minimum benchmark that the company aims to pass beyond.
- The Company minimizes the risk by providing safe working environments to its employees with the help of high technology.
- To prepare itself for emergencies, the Company sets contingency and disaster recovery plans.
- The Company takes all necessary measures to prevent the disposal of the substances to the nature that are harmful to the environment and human. Thus minimizes the amount and hazard of the waste.
- The Company constantly seeks to develop the Environment, Health and Safety policies.
- The Company informs its employees, suppliers, customers and investors about developments, asks for their contribution for the goals and supports them to reach their own goals in the same manner.



- The Company measures its performance, improves it and shares the results with business partners and investors.
- Anel Elektrik acts in line with all the domestic and international conditions regarding occupational health and safety in every stage of its operations. Working in accordance with specific health protection and occupational safety for each project is one of the highest service standards of Anel Elektrik.

Activities of Anel Elektrik regarding occupational health and safety in 2016 were as follows;

Occupational Safety Trainings

Annual training programs for 2016 were formed in construction sites in Turkey and 16-hour-long occupational safety trainings were completed. The participants were certified.

Basic Occupational Safety Training	243 employees
Risk Analysis Training	243 employees
Ergonomics and Hygiene Training	227 employees
Occupational Safety in Electrical Works Training	244 employees
Occupational Diseases Training	229 employees
Working at Height Training	244 employees
First Aid in Theory Training	211 employees
State of Emergency Training (Fire Extinguishing Training - 30 employees, Casual Search and Rescue Training - 27 employees)	57 employees
State of Emergency Teams Training	25 employees
Occupational Safety Board Members Training	10 employees

- Daily on-the-job trainings (tool-box) continued.
- Certified first aid trainings were organized for 10 employees to meet the number of certified employees stated as mandatory in the first aid regulation.
- TEDAŞ gave EKAT (High Voltage Electrical Safety Work Permit) training to 9 technical staff working under high voltage.

Risk Analysis Works and Internal Audits

Risk analyses for offices and construction sites were conducted. The results of the construction site risk analyses were also shared with the contractors. Internal audits for occupational safety were carried out to monitor whether the construction sites fulfilled the occupational health and safety procedures.

Total man hours
11.866.330 mh

Workplace accidents 5

Number of days lost 2 days

Fatalities 0

Injury Severity Rate 0,0002

Injury Frequency Rate 0,4214

In all construction sites, subcontractors were evaluated in terms of occupational safety through Anel'İN.

Contingency Plans and Drills

Contingency plans were hatched. Fire and evacuation drills were performed in July with the participation of 184 Anel employees and all tenant companies in Anel Business Center.

Ministry of Labor and Social Security (MLSS)

The Occupational Safety Specialist and Occupational Physician declarations were submitted through İSG-Katip for Anel Elektrik. The company also ensured that all subcontractors submitted their declarations.

Occupational Safety Committee Meetings

Occupational Safety Committee Meetings were held monthly at Anel Business Center and construction sites with the participation of Site Chiefs and representatives of subcontractors. Anel ensured that the number of elected spokespersons mentioned in the regulations participated in the meetings.

Procedures and Instructions

All current occupational safety procedures and instructions were revised. Work permits for dangerous works (shaft works, electrical works – LOTO application, hot works, etc.) were applied.

Site Inspections and Controls

Construction sites inspections were done via occupational safety internal audits in terms of related procedures.

During site inspections, non-conforming works were interrupted and rectified. Noncompliant employees took renewed trainings and all nonconformities were recorded.

Nonconformity forms were filled for 221 cases in total and necessary measures were taken immediately.

All scaffoldings were regularly inspected and tag application (red for unsafe, green for safe) was maintained.

All electrical hand tools were inspected monthly and then were permitted to be used on the site.

In all construction sites, subcontractors were evaluated in terms of occupational safety through Anel'İN.

Periodic Inspections of Equipment

Periodic inspections of the equipment were followed up and the inspections were renewed by MMO (Turkish Chamber of Mechanical Engineers) and EMO (Chamber of Electrical Engineers) or the authorized organization. (Lifting equipment controls, electrical grounding controls, lightning rod controls, elevator controls, pressure vessels controls, etc.)

Employee Health Reports

Health reports were certified and issued for the 124 new employees by Occupational Physicians. Periodical medical inspections were completed for 228 employees.



Anel Elektrik continued to support the programs conducted by Çelikel Education Foundation in 2016, like in the previous years.

Contribution to the Community

Anel Elektrik promotes art and educational activities by acknowledging the importance of art and education in social life.

Social Responsibility Activities in Education

Founded in 2007, Çelikel Education Foundation aims to help our country to be mostly comprised of people who contribute to the progress built on human rights, know their limits and are also self-confident and successful worldwide. To that end, Çelikel Education Foundation develops and implements programs intending to enhance the quality of the education in order to help train people who are self-aware, can comment by using their value judgement and are creative and responsible in reaching lofty ideals.

Anel Elektrik continued to support the programs conducted by Çelikel Education Foundation in 2016, like in the previous years. These programs are mentioned below.



Alev Topları (Fire Balls) Program

Initiated in 2012, the program continued its activities with the participation of new sparks during 2016-2017 academic year as well. The program aims to help young generations who can convey their judgements from an ethical perspective, offer long-lived solutions to social dilemmas, have excellent communication skills, are highly self-aware and don't limit themselves by merely academic success. Apart from financial support, the prevailing understanding is to encompass students' whole lives through personal, cultural and social improvement opportunities.

Improvement Opportunities Offered for Sparks:

- 1) 12-month scholarship in a year
- 2) Education Program: 4-year-long tailor-cut education programs focusing on self-help and social progress for every spark group separately.
- 3) Cultural Progress: Concerts, theaters, museums, exhibitions, books as a gift, Museum Card Plus, İKSV Yellow Tulip Card membership
- 4) Taking part in several social responsibility projects
- 5) Internships before their graduation and career mentorship in the first years or in the upcoming years of their academic or professional careers (With the help of volunteers, sparks get support directly and experts in many fields are brought together to offer consultation to sparks. They also show leadership in topics such as adaptation to business life, professional progress, providing referrals in internships and/or job applications, showing guidance in choosing sector, occupation and expertise, giving information about recruitment and orientation processes and preparing cover letters and/or CV.)

Eğitimde Geniş Açı (Wide Angle in Education) Program

Çelikel Education Foundation deeply believes that schools should improve students' relationship management capabilities and their creative sides, bolster students' self-esteem and get students excited. For this transformation in the system to be effective and sustainable, Çelikel Education Foundation advocates that all players in the education system should embrace this transformation together in a solution-oriented and collaborative manner. To that end, especially students, teachers, school administration and parents should participate actively and get support from local authorities in the most efficient way possible.

To that aim, Wide Angle in Education Program was put into practice to raise the quality level in secondary education. The program has been implemented as a self-improvement opportunity for mainly students as well as teachers and parents in Rıdvan Çelikel Anatolian and Science High School since 2010-2011 academic year.

Mentorship Program

Mentorship Program is about supporting and improving specific number of students of Rıdvan Çelikel Anatolian and Science High School through "Wide Angle in Education Program". At the beginning of every academic year, the students who need the most support about "the skillsets that should be improved" are determined and they receive mentorship to perfect their skillsets, thanks to valid and secure scale factors.



Mentorship Program is an opportunity for students, which aims to improve their specific skillsets such as planning their future life, social support, text anxiety, self-sufficiency, self-esteem, hope and communication. In addition, it is also a conduit for the personal development of mentors in terms of skill and competency.

Within the context of the program, it is essential for both students and mentors to volunteer and to be willing. Introduced in the 2014-2015 academic year, Mentorship Program intends to support new student groups in every academic year.

Social Responsibility Activities in Art

Located at the entrance of Anel Business Center, Galeri 5 organizes exhibitions with the participation of both national and international artists working in various fields, and thus contributes to the development of art and lets young-generation artists show off their talents as well.

Started in recent years, live music performances were held at Anel Business Center on Monday mornings with the participation of young artists in 2016. This project not only creates a source of income for the students, but also gives them the opportunity to demonstrate their talents.



Exhibitions held in 2016

Gökyüzünde Yalnız Gezen Yıldızlar (Lonely Stars In The Sky)

Gelişi Güzel (Random)

Mutlu muyuz? (Are We Happy?)

Environment

Anel Elektrik attaching special importance to the protection of the environment in all projects it performs, takes all necessary actions to protect natural resources and to minimize potential adverse effects that may harm nature. For that purpose, it acts in compliance with all applicable legislations and regulations.

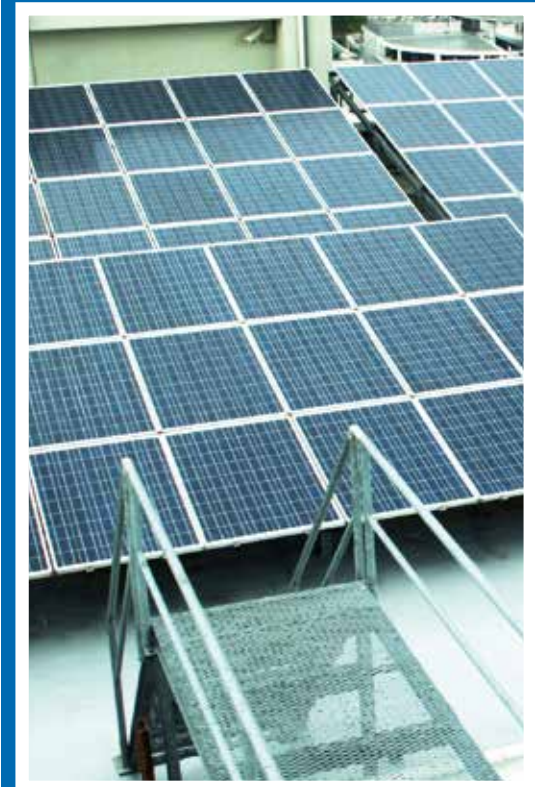
For a clean and livable nature, Anel Elektrik calculates carbon footprint within the activities performed since 2013. Subsequently, the company took actions to reduce even neutralize greenhouse gas emissions. Within this scope, in 2016, with a view to fight global climate change and to hold the carbon released into nature, **17,765 sapling** donations were carried out on behalf of Anel Group employees in liaison with TEMA. Saplings will be planted and Anel Group Memorial Forest will be created by TEMA in Balıkesir.

With cooperation of AnelDoğa in 2015, the recycling activities of Anel Business Center and all constructions sites were systematized with the purposes of minimizing the waste and making the waste usable again by recycling. AnelDoğa continued to offer consulting services to Anel Elektrik on environmental issues at the same time.

Anel Elektrik generates its own energy at Anel Business Center which has Smart Building classification through the PV solar panels installed on its roof and terraces. The obtained energy fulfills a part of the energy need and interior lighting by utilizing daylight at maximum.

By forming **"Temporary Waste Area"** within the structure of Anel Business Center, contaminated wastes, liquid wastes, toner, fluorescent, accumulator and cable wastes were preserved and sent to AnelDoğa Furthermore, Environment Team was founded in Anel Business Center. Environmental training and a briefing regarding waste storage were given to Environment Team and Construction Site Storage Responsibles. It was ensured to contribute more to recycling by starting to use waste containers in the construction sites.

With the intent of increasing energy productivity within 2017, by modernizing **"Gray Water Recycling System"** recycling **3,500 tons** of water per year is aimed. In other words, this means saving from water that will fill approximately more than 1 Olympic swimming pool.





Financial Information

While the revenue obtained as a result of the activities carried out in 2016 was TL 662,155,887 the net profit arose to TL 59,839,001 by increasing at the rate of 315% according to the net profit of the previous year.

Summary Income Statement	31.12.2016	31.12.2015	Change
Sales	662.155.887	544.815.270	21,54%
Gross Profit	59.487.503	12.943.135	359,61%
Operating Profit/Loss	59.004.457	-20.792.874	-383,77%
Net Profit/Loss	59.839.001	14.415.378	315,11%

Summary Balance Sheet	31.12.2016	31.12.2015
Current Assets	880.872.521	681.268.306
Non-current Assets	129.353.408	140.625.997
Total Assets	1.010.225.929	821.894.303
Short-term Liabilities	650.356.184	490.115.863
Long-term Liabilities	37.614.054	31.124.353
Total Liabilities	687.970.238	521.240.216
Equity Capital	322.255.691	300.654.087
Total Liabilities	1.010.225.929	821.894.303

Developments After Period

Starting of the Merger Meetings with Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş.

Provided that the necessary permissions are taken from CMB and our General Assembly approves; Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom)'s, which is among our Anel Group companies that we participated in the rate of 24,68% of its capital and that we possess 22,13% of the total vote rights, because of both companies which are parties of the operation forming the subject of this Board of Directors Decision hereby with 18th, 19th and 20th articles of the Corporate Tax Law (CTL) numbered 5520, 134th and the continued related articles of the Turkish Commercial Law (TCL) No. 6102 are companies liable to Capital Markets Law (CML) No. 6362 and their shares were offered to public and are transacted in Borsa İstanbul A.Ş. (Stock Market), within the compass of CMB's 23th and 24th articles and related other provisions, Capital Markets Board's (CMB) "Merging and Division Notification" (II-23.2) entered into force by being published in the Official Gazette dated 28.12.2013 and numbered 28865 and CMB's "Common Principles Regarding Operations Qualified as Important and Right to Leave Notice" (II-23.1) entered into force by being published in the Official Gazette dated 24.12.2013 and numbered 28861 and other related legislation provisions, by means of "taking over" all the assets and liabilities in whole by Our Company, it was decided as of 26.01.2017 to start merger meetings for merging within the structure of Our Company ("Merging Operation") and to elect consulting person and/or institutions in order for making legal, technical, tax related, financial and other evaluations within the scope of the merging operation.

Selection of Consulting Firm Regarding Merging with Anel Telekomünikasyon Elektronik Sistemleri San. Tic. A.Ş.

By means of "taking over" by our company of all the assets and liabilities in whole of Anel Telekomünikasyon Elektronik Sistemleri Sanayi Ticaret A.Ş. which was started within the frame of the Board of Directors Decision dated 26.01.2017 and numbered 2017/01, during the merging within the body of our company, it was decided to sign an agreement with PriceWaterhouseCoopers Danışmanlık Hizmetleri A.Ş. (PWC) with the purpose of getting tax-related and financial consultation regarding the merging process and of preparation of Specialized Establishment Report in accordance with the provisions of the article 7 having the title of "Specialized Establishment Opinion" required within the scope of the merging operation pursuant to CMB's "Merging and Division Notification" (II-23-2), and to elect TSKB Gayrimenkul Değerleme A.Ş. for assessment of the real estate properties within Consolidation and to sign the agreement prepared within this framework.

Other Information

Company Title:

Anel Elektrik Proje Taahhüt ve Ticaret A.Ş.

Address:

Saray Mah. Site Yolu Sok. Anel İş Merkezi No:5\4
Ümraniye / İSTANBUL

Trade Registry Office:

İstanbul

Trade Registry Number:

222590

Date of Registry:

12.03.1986

Website:

www.anel.com.tr

Pricing Policy

The pricing for Members of the Board of Directors and Senior Managers in our company is performed according to "Pricing Principles For Members of the Board of Directors and Senior Managers" approved by the Board of Directors on 12.04.2012, and purpose of these principles is to ensure implementations with regard to the pricing to be planned and carried out and managed in order for them to be in accordance with relevant legislation and scope and structure of activities, long-term targets and strategies, ethical values, internal balances of the Company. The relevant principles can be found on the website of the Company.

Voting Rights

Meetings of the general assembly and quorum in this meeting are subject to Turkish Commercial Code provisions. The shares of our Company have been divided as A group and B group. A group shares have privileges. In the meetings of the general assembly, a share in A group has two (2) voting rights and a share in B group has one (1) voting right.

Profit Distribution Policy

Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (ANEL) Profit Distribution Policy has been determined within the scope of Turkish Commercial Code provisions, Capital Market Legislation and other relevant legislation and article of our Articles of Association with regard to the profit distribution and in line with medium-term and long-term strategies and investment and financial plans of ANEL, provided that the state of national economy and sector is taken into consideration and the obstacle between expectations of shareholders and needs of ANEL is taken care of.

In the profit distribution, an equal and consistent policy is followed between the shareholders and Company interests in accordance with Corporate Governance Principles; and in determination of the profit distribution amount, our long-term company strategy, investment and financial policies, profitability and cash position are taken into consideration. As a principle, in the case that ANEL Board of Directors takes decision for the Profit Distribution, when considering the above-mentioned factors, minimum 20% of distributable period income calculated within the scope of Capital Market Regulations and other relevant legislation may be distributed in cash and / or non-paid-up share.

It is accepted that the profit shares are distributed equally as soon as possible regardless of whole of existing shares and issue and acquisition dates of them, as well as these profit shares shall be distributed to the shareholders within determined legal terms on the date determined by the General Assembly following approval of the General Assembly. The General Assembly or Board of Directors, if it is granted authorization, may decide installment distribution of the profit share in accordance with the Capital Market regulations. ANEL does not implement advance dividend distribution.

The General Assembly may transfer a part or whole of net profit to extraordinary reserve fund. In the case that ANEL Board of Directors offers the General Assembly not to distribute the profit, the shareholders are informed in the Meeting of the General Assembly with regard to reasons of this case and usage of retained earnings. In the same way this information is also included in activity report and website and shared with the public opinion. The profit distribution policy is submitted for approval of the shareholders in the Meeting of the General Assembly. This policy is reviewed every year by the Board of Directors according to the case that any negation exists in national and global economic conditions and the position of projects and funds in question. The changes made to this policy are also submitted for approval of the shareholders in the first meeting of the general assembly after the change and explained to the public opinion on the website.

Articles of Association

There has been no amendment in Articles of Association in 2016.

Additional Information

In the period between 01.01.2016 – 31.12.2016;

- No research and development expense was made.
- The Company did not acquire its own shares.
- Private or Public scrutiny was not carried out in our have the characteristic of being able to affect financial status and activities of the company, did not come into question.
- Lawsuits, which were opened against the Company and have the characteristic of being able to affect financial status and activities of the company, did not come into question. The list of all the cases in which the Company is a party, is included in the footnotes of the periodical financial statements.
- Any cases that will require juridical and administrative sanctions for the company and managing body members due to implementations contrary to the legislation provisions did not come into existence.
- A contribution and aid in the amount of 436,460_TL were made.
- No incentives were used.
- No capital increase was made.
- Extraordinary general assembly did not convene within the relevant period.

Risk Management

Committee for Early Determination of Risk

While the committee for Early Determination of Risk which carries out duty depending on the Board of Directors fulfills its duty, it presents offers for developing policies required for detecting the risks that may be harmful and conducting the risk management processes.

The Committee for Early Determination of Risk was constituted to work on the subjects of;

- developing effective internal control systems for the purpose of defining, evaluating, detecting and managing the risk factors, which may affect reaching targets, according to effect and possibility,
- integrating the risk management and internal control systems to corporate structure and monitoring its effectiveness,
- measuring and reporting the risk factors and using them in decision-making mechanisms by the risk management and internal control systems.

Internal Control and Audit

The audit activities in Anel Elektrik are conducted by an expert team of Anel Group Audit Unit on process and subjects determined over many years in main topics such as finance, operation, risk, process, legislative harmonization, occupational ethics and abuse by following a proactive methodology, of which basis is formed by International Internal Audit Standards and Anel Group Ethical Principles.

The audit subjects determined are shared with relevant departments of the Company at the beginning of each year and annual risk-based audit plans are developed. The audit findings are made widely known within the Company without losing time and it is provided that necessary corrective precautions are taken. The findings are reviewed on a regular basis and improvements provided in the activities are followed up.

Investor Relations

Anel Elektrik shares have been traded in Borsa Istanbul since 16.06.2010. The issued capital of the company has 110,000,000 TL nominal value and each equity security includes 1 TL nominal value and 110,000,000 shares. Our company, which is traded in Borsa Istanbul A.Ş with the code of ANELE, has 148,390,000 TL market value since 31.12.2016.

Share Code	2016 Closing Price (TL)	2016 Maximum Price (TL)	2016 Minimum Price (TL)
ANELE	1,349	1,80	0,99

Anel Elektrik news and financial data are accessible on Company's website or the information may be provided from Investor Relations Department through information given below.

It is aimed to include important developments realized within and after the period in this report. All information and reports about Anel Elektrik are accessible at www.anel.com.tr under the section title of Investor Relations.

Tel : +90 (216) 636 20 00

E-mail :
investor.relations@anel.com.tr

Fax : +90 (212) 636 25 00

Web : www.anel.com.tr



Anel Elektrik Proje Taahhüt ve Ticaret A.Ş

Corporate Governance Principles Compliance Report of The Year 2016

Corporate Governance Principles Compliance Statement

Our company aims that corporate governance is made dominant over the company management with all of its components and thus value is provided to the company partners, employees, stakeholders, environment and society.

Based upon this understanding, we aim to provide maximum benefit both to our Company and shareholders with regard to the relations with the shareholders in line with our transparency, reliability, accountability and honesty principles.

The particulars regarding the (1.3.1.), (1.3.5.), (1.3.6.), (1.3.9.), (4.2.6.), (4.3.1.), (4.3.2.), (4.3.3.), (4.3.4.), (4.3.5.), (4.3.6.), (4.3.7.), (4.3.8.), (4.5.1.), (4.5.2.), (4.5.3.), (4.5.4.), (4.5.9.), (4.5.10.), (4.5.11.), (4.5.12.), (4.5.13.), (4.6.2.) and (4.6.3.) numbered principles that the management of our Company is liable to implement in accordance with the Corporate Governance Principles issued by the Capital Market Board are included in this report.

Our Company complied with "Corporate Governance Principles" made widely known by the Capital Market Board in 01.01.2016 - 31.12.2016 activity period, except for some principles specified below. There is no conflict of interest arising from cases summarized below and that are not implemented.

■ In the Company's Articles of Association, no regulation was made within the scope of dissenters' rights in accordance with 1.5.2 numbered article of "Corporate Governance Principles".

■ There is no written compensation policy, which should be established in accordance with 3.1.2 numbered article of the "Corporate Governance Principles" of our Company, available for the employees. Legislation in force shall apply in this matter.

■ There is no obstacle which prevents communicating the transactions of the Company, being contrary to relevant legislation and being inappropriate in terms of ethical values, by the stakeholders to the corporate governance committee or to the committee responsible for the audit, as was specified with 3.1.4 numbered article of the "Corporate Governance Principles", since the members of the committee and all means of communication used by the corporation are disclosed.

■ In the Articles of Association of the Company, there is no provision restricting transfer of B Group shares. However, there are some conditions with regard to transfer of A Group shares.

■ A Group shareholders were accorded some preferential rights. One of them is; that the whole of members of the Board of Directors, except for its independent members, are selected among A Group shareholders or candidates that they slate, another one is about voting right, during voting of the General Assembly A Group shareholder has (2) voting rights and B Group shareholder has (1) voting right.

Section I - Shareholders

2.Shareholder Relations Unit

Within our Company, there is Investor Relations Department carrying on business from the day we went public. Cem Özgen, Director of Financial Affairs and Finance, and the Department carrying on business under the Corporate Governance Committee submit the information with regard to the activities, which they performed under duty titles in the Corporate Governance Notification, to the Corporate Governance Committee in the meetings held within the year. The relevant information is also communicated to the Board of Directors through minutes of committee resolutions.

The information about the Investor Relations Department is given below.

Semra ÇAĞLAR Investor Relations Manager

She has SPF Advanced Level License and Corporate Governance Rating Expertise License.

Zeynep Yıldırım Arslan Senior Accountant

She does not have any license.

Telephone: +90 216 636 22 53

E-mail: investor.relations@anel.com.tr

Address: Anel İş Merkezi, Saray Mahallesi,
Site Yolu Sokak No:5/4 Ümraniye / İstanbul

Main duties that the department carries out are as follows:

a) To keep the correspondences made between the investors and the partnership and the records with regard to other information and documents well, secure and up-to-date.

b) To respond to written information requests of the partnership's shareholders with regard to the partnership

c) To prepare documents that should be submitted for information and investigation of the shareholders with regard to the meeting of the General Assembly and to take precautions that will ensure the meeting of the General Assembly to be held in accordance with the relevant legislation, articles of association and other intrapartnership regulations

d) To observe and follow that the obligations arising from the capital market legislation are fulfilled, including all issues with regard to the corporate governance and public disclosures.

The questions posed to the Investor Relations department are answered in accordance with Anel Information Policy.

3. Exercising Shareholders' Rights to Obtain Information

The information provided for the website in the Corporate Governance Principles were submitted for use of the shareholders in Turkish and English on our website, so that the shareholders can reach the information about our Company easily. Updating and monitoring the website are under the responsibility of the Investor Relations Department.

The verbal and written questions posed to the Investor Relations Department were answered as soon as possible, without making any distinction within the scope of equality principle and the scope of information disclosed to the public, provided that it is not an information having characteristics of business secret or not being already disclosed to the public.

In the articles of association of our Company, there is no a regulation with regard to the regulating the request for the appointment of special auditor stated in the Corporate Governance Principles. No appointment of special auditor was made within the year.

4. General Assembly Information

In 2016 Ordinary Meeting of General Assembly, realized on 13.05.2016 with quorum of 58.11% and with the attendance of a total of 61,099,780.15 shares corresponding to 22.188.841 Group A shares by procuration and 38,910,939.15 Group B shares in capital, of which 3,665,104 were in person, 35,245,835,15 were

by procuration and 2,825,492 were electronical. In total, there are 110,000,000 shares which sum up to the capital of the company as TL 110,000,000. Apart from that, no General Assembly meeting was held within the year. The announcements of our ordinary meeting of General Assembly were made before the General Assembly date in 20.04.2016 dated Turkish Trade Registry Gazette and on 20.04.2016 in Ortadoğu and Hürses newspapers, which are published throughout Turkey, in Public Disclosure Platform, on Central Registry Agency's Electronic General Assembly System and on our website, and the press did not participate in our meeting.

It was paid attention that the General Assembly announcements were made early and through various channels to facilitate the participation of the shareholders in the General Assembly and to avoid inequality among shareholders. Prior to the General Assembly, the annual activity report and financial statements were kept available in registered office for the shareholders. In addition, this whole information was published on our Company website along with General Assembly Announcement and agenda items.

While preparing the General Assembly agenda, it is paid attention that every offer is given under a different title and that the agenda titles are expressed clearly and in a manner that they will not cause different interpretations. It is taken care that expressions such as "other", "miscellaneous" are not used within the agenda and the information to be given prior to the General Assembly meeting is given by referring to the related agenda items.

Chairman of the meeting obtains the necessary information and makes preliminary preparation regarding the execution of the general assembly pursuant to Turkish Commercial Law, the Law and the relevant legislation.

At the General Assembly meeting, by conveying the topics taking part in the agenda with a clear and understandable method in a neutral and detailed manner, the opportunity of expressing their thoughts and asking questions under equal conditions was given to the shareholders and the questions addressed at the meeting were answered by the administrators of our company. On the other hand, Shareholders didn't put forth another agenda.

There is no demand conveyed in writing by shareholders of the partnership to the Investor Relations Department concerning adding items to the agenda. If any demand comes before the General Assembly announcement, it shall be considered.

Company's total capital of TL 110,000,000 has been divided into 110,000,000 shares, 22,188,841 pieces of which are registered shares and 87,811,549 pieces of which are bearer shares. Meetings of the General Assembly and quorum in this meeting are subject to Turkish Commercial Code provisions. The shares of our Company

have been divided as A group and B group. A Group shareholders were accorded some preferential rights. Among those present at the ordinary and extraordinary general assembly, A Group shareholders or their deputies have (2) voting rights and B Group shareholders and their deputies have (1) voting right.

General Assembly shall be briefed if there is any transaction carried out with reference to the leave obtained by the shareholders holding managerial sovereignty, Board Members, senior executives and their spouses and relatives by blood and by marriage up to second degree for performing the duties falling into the subject of company activities within the framework of Turkish Commercial Code's 395th and 396th articles and Capital Markets Board regulations at the General Assembly.

Regarding the agenda items of high concern, it was ensured that Board Members, other related people, authorized people who are responsible for the preparation of financial statements and auditors will be ready at the general assembly meeting in order to provide necessary information and to respond to questions.

A policy with regard to Donation and Aid was established by our Company, published in the Public Disclosure Platform and notified to our investors and public; and the approval of the General Assembly was received. General Assembly was informed on the amount of the donation and aid granted to associations and foundations, which are beneficial for the public, with a separate agenda within the year.

The General Assembly minutes and other documents are submitted for information of the shareholders and all stakeholders on our Company website and in the Public Disclosure Platform and Central Registry Agency's Electronic General Assembly System.

There has been no amendment in Articles of Association in 2016.

According to Public Disclosure Platform's announcement published on 26 January 2017; provided that the necessary permissions are taken from CMB and that our General Assembly approves; Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom), which is among our Anel Group companies that we possess 24.68% of its capital and 22.13% of the total vote rights, both companies which are parties of the operation forming the subject of this Board of Directors Decision hereby with 18th, 19th and 20th articles of the Corporate Tax Law (CTL) numbered 5520, 134th and the continued related articles of the Turkish Commercial Code (TCC) No. 6102 are liable to Capital Markets Law (CML) No. 6362 and their shares were offered to public and are transacted in Borsa İstanbul A.Ş. (Stock Market), within the compass of CMB's 23th and 24th articles and related other provisions, Capital Markets Board's (CMB) "Merging and

Division Notification" (II-23.2) entered into force by being published in the Official Gazette dated 28 December 2013 and numbered 28865; and CMB's "Common Principles Regarding Operations Qualified as Important and Right to Leave Notice" (II-23.1) entered into force by being published in the Official Gazette dated 24 December 2013 and numbered 28861 and other related legislation provisions, by means of "taking over" all the assets and liabilities in whole by Our Company. It was decided to start merger meetings for merging within the structure of Our Company ("Merging Operation").

5. Voting Rights and Minority Rights

In the company, the practices that will make the use of the voting right difficult are avoided; and every shareholder shall be provided with the opportunity of using the voting right in the easiest and most appropriate way.

The meetings of the general assembly and quorum in this meeting are subject to Turkish Commercial Code provisions. The shares of our company were divided as A group and B group. A group shares have privileges. In the meetings of the General Assembly, a share in A group has two (2) voting rights and a share in B group has one (1) voting right.

In the meetings of the General Assembly, the shareholders may have themselves represented by other shareholders or proxy holder appointed extrinsically by them within the scope of regulations of the Capital Market Board with regard to voting by proxy. The proxy holders, being shareholder of the company, are authorized to cast the votes of the shareholder they represent, in addition to their own votes.

In our company, there is not any reciprocal shareholding relation.

Having the dissenters' rights exercised within the scope of the legislation is considered important, and no limitation was issued.

6. Dividend Right

The dividend policy of our Company was arranged in accordance with the Capital Market Board legislation and company's articles of association and accepted by the General Assembly. The date and type of distribution of dividends were decided by the General Assembly upon the suggestion of the Board of Directors pursuant to the Capital Market Legislation.

Our dividend right policy is disclosed in the annual report and on Company's website.

Dividend policy contains minimum information with an explicitness that will enable shareholders to foresee distribution procedures and principles of the profit to

be obtained in the following periods by the partnership. In addition, in the dividend policy, a balanced policy is followed among the interests of the shareholders and the interests of the partnership.

If the Board of Directors proposes to the General Assembly to not distribute dividends the Board must inform the shareholders of the reasons for their decision as well as the intended use for the retained profit in the relevant agenda item.

Although a loss was made as a result of our activities in 2015, as was shown in our financial statements concerning the period of 01.01.2015 – 31.12.2015 prepared within the frame of Tax Procedure Law as of the end of the Company's accounting year in 2015, the gross 10% profit of TL 1,482,289.80 over the profit of TL 14,822,898 in our consolidated statements was distributed to our partners with the approval of the general assembly, by taking into consideration our dividend policy.

7. Transfer of Shares

In the articles of association of our Company, there is information as regards Bearer shares may be transferred freely in accordance with the legislation provisions, but in the transfer of Registered shares, the transfer process of Registered shares will be completed after the transfer request, made in written, is deemed appropriate by the Board of Directors and registered in stock ledger.

Section II Public Disclosure and Transparency

8. Information Policy

The Information Policy established within the Corporate Governance Principles published by the Capital Market Board aims that all shareholders and stakeholders of our Company are informed completely, on time and with accurate information. The information to be disclosed within this scope is not considered a business secret. The information policy is published on the Company website.

Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi ("Anel") uses the means, being within the scope of "Information Policy", in explanations that are compulsory to be made within the scope of the Capital Market Legislation and other relevant legislations. The purpose of Anel Information Policy is to provide the explanations to be disclosed to the public in line with the regulations, to which the Company is subject, to be communicated to all stakeholders including the shareholders, investors, employees and customers, fairly, truthfully, on time, comprehensibly, synchronously, actively and transparently and in an easily accessible way.

9. Corporate Website and Its Content

The website of the company has been established for the purpose of informing the shareholders, stakeholders and all public clearly, transparently and synchronously, and its address is www.anel.com.tr. The Company's website contains Capital Market Board Corporate Governance Principles Notification and Capital Market Board's resolutions and announcements that guide implementation of the Principles and the information deemed necessary and continuous updates are made. Furthermore, the information on the website can also be read in English. The website of the Company contains the points specified in the corporate governance principles.

Besides, the activities carried out by our company within the scope of corporate social responsibility principle are also included in our website.

10. Activity Report

The activity reports of our Company are prepared in accordance with criteria specified in the Turkish Commercial Code, Ministry Regulations and Corporate Governance Principles published by Capital Markets Board in order to provide public with complete and correct information about our Company.

Section III - Stakeholders

11. Informing the Stakeholders

Having a direct relation with our Company and having sway on the company's activities and reaching the targets are our shareholders, investors, suppliers, customers, employees and other stakeholders in the society.

As Anel, one of our aims is to take the management decisions fairly, transparently and in an accountable way, and to fulfill our responsibility towards all of these groups within this scope ideally.

A mutual understanding in respect of rights, duties and liabilities of the personnel shall be ensured with the agreement concluded between the company and the employee at the beginning of the employment.

Human Resources applications were specified with regulations. In case of updating, the concerned people shall be informed.

Compensation provisions to be implemented for employees shall be applied with the form as regulated within the scope of the labor law in effect.

Our Company has been protecting the rights of our personnel with agreements and regulations. In the event of violation of the protected rights, labor law provisions shall be applied.

The shareholders, investors and analysts may reach financial reports, activity reports and other information about the Company from our Company website.

In addition to this, they may also reach the Investor Relations Department through telephone or through investor.relations@anel.com.tr.

Human Resources Department devises necessary mechanisms for stakeholders to be informed of any illegal or unethical actions in the Company.

Employees are informed at various events through meeting, or via the Company's Intranet system. Some important announcements, however, are emailed directly to all employees. Necessary steps are taken to ensure a two-way communication between our management and employees.

12. Participation of the Stakeholders in Management

Every year, it is ensured that the employees will have a say in the determination of the company's strategies and therefore its objectives via strategy determination poll. Poll results are shared with the participants by being analyzed by Management Systems Department. For employee satisfaction, HR processes for employee satisfaction are renewed by addressing to opinions of the employees as well. Training and Performance Management processes are managed by committees formed by our employees from different departments.

Thanks to our shared decision making culture; our employees use their decision-making right in the processes that will affect themselves. Particularly, in order to make our HR and internal communication processes able to respond to customer (employee) expectations and with the thought that partnering with the customer (employee) via decisions will lead to the correct result, our processes shall be managed with our employees by means of polls and workshops.

13. Human Resources Policy

One of the primary objectives of the human resources policy is to support the continuous improvement of the employees who are the key players to contribute to the Company's success in achieving company's goals and strategies, expanding its corporate capabilities and creating value.

We primarily aim to add new qualified workforce who recognize Anel's values, who would carry us to the future. The base of the Human Resources policy would be supporting our employees' development, creating the opportunities that unleash the employees' potential and encouraging the contributions and the successes they bring to the company.

The recruitment process of our Company is determined with written criteria. Additionally, career planning of the employee is prepared when the employee starts his/her job and we aim to provide equal opportunities for people who possess equal conditions. Planning and competence level are assessed at every year's end.

The company organizes training sessions contributing directly to our corporate success for taking employees' personal and professional development a step further.

Gökçe Babayiğit, Gülay Savaşan and Murat Akcan are appointed as employee's representatives who are in charge of maintaining relationship with employees and of informing employees about Company decisions or recent developments that might concern them. In addition, the representatives exchange ideas with employees about the status of the Company, training, career and health.

Job descriptions and distributions as well as performance and other criteria for employees are well defined with internal company regulations. These documents are accessible to all employees in the portal.

360-degree performance evaluation is completed once a year depending on the competencies required for the position and the determined targets. The company aims to remunerate the employees based on their responsibilities and the value they add to the organization.

All employees are treated equally without any discrimination based on ethnicity, language, religion, race or gender regarding Training & Development, Performance Management, Career Management, Remuneration and other Human Resources processes. There has been no employee complaint regarding this issue during the year.

Collective agreement application is not available in Anel Elektrik. We provide all rights and benefits to our employees within the scope of Labor Law. Thanks to our shared decision making culture, our employees use their decision-making right in the processes that will affect themselves.

14. Relations with Customers and Suppliers

Company takes all kinds of measures that will provide customer satisfaction in the operations it performed.

Requests of the customers are met in accordance with the agreement terms and the customers are informed about any delay without waiting until the deadline.

Quality standards are abided by in the works done and keeping up with standards are heeded. With this intent, negotiating for agreement terms shall ensure guarantee.

Confidential information concerning the customer and the supplier shall be kept secret.

15. Ethical Code of Conduct and Social Responsibility

Executive Board developed ethical code of conduct for the company and its employees, and the code is disclosed to the public via the company website.

The principles mentioned in the Ethical Code of Conduct form the basis of our corporate culture.

Due the importance Anel has attached to sustainability; Anel Group has signed United Nations (UN) Global Compact in 2013. By implementing 10 principles mentioned in Global Compact in its applications and strategies, Anel continues its operations by seeking for continuous improvement.

Çelikel Education Foundation, founded in 2007, intends to contribute to the development of our country based upon the human rights, where the majority of people have self-confidence as well as know their limits and have international success. With this purpose, it develops and applies programs for increasing the quality of the trainings in order to contribute for raising people who know themselves, are able to evaluate on moral grounds, creative about valuable purposes and responsible.

As before, in 2016, Anel Elektrik continued to support the programs conducted by Çelikel Education Foundation. Our activities about social responsibility are mentioned on the Company's website and in the annual report.

Section IV - Executive Board

16. Executive Board's Structure and Constitution and Independent Membership

Board of Directors, with the strategic decisions it will take, shall manage and represent the company by firstly looking after company's long-term profits with rational and cautious risk management understanding by keeping company's risk, growth and income balances at the optimum level.

Board of Directors describes company's strategic goals, determines the labor work and the financial resources that the company will need and controls the performance of the management.

Operations and administration of our company shall be executed by the Board of Directors composed of 7 members elected by the General Assembly. 3 members among the members taking part in the Board of Directors shall be in executive team while the remaining 4 members are composed of non-executive members. With three female members taking part in our Board of Directors, as our Board of Directors possesses a female member ratio of 42.86%, it is above the target level indicated in the Corporate Management Principles. The Board of Directors have 2 independent Board Members pursuant to the article 6 of the Corporate Management Notice. Each independent member has a written statement with respect to their independent nature.

Full Name	Position / Title
Rıdvan ÇELİKEL (Representing Anel Holding A.Ş.)	Chairman - (Executive)
Avniye Mukaddes ÇELİKEL	Vice Chairman - (Executive)
Ahmet Bülent BATUKAN	Member - (Non-Executive)
Mahir Kerem ÇELİKEL	Member - (Executive)
Merve Şirin ÇELİKEL TOMBULOĞLU	Member - (Non-Executive)
Neslihan TONBUL	Independent Member
Prof. Dr. Ahmet Münir EKONOMİ	Independent Member

Rıdvan ÇELİKEL (Representing Anel Holding A.Ş.) Chairman of The Board

Rıdvan Çelikel graduated from Electrical Engineering Department of Yıldız Technical University. He began his career at Öneren Engineering in 1975. After working as a partner at Aktek Elektrik between 1983-1985, Çelikel established Anel Elektrik in 1986. Currently, he is the Chairman of the Board of Anel Group companies. Rıdvan Çelikel also serves as Founding Member and Vice Chairman of the Board at ETMD, the Electrical Installation Engineers Association.

Avniye Mukaddes ÇELİKEL Vice Chairman of The Board

Avniye Mukaddes Çelikel graduated from Chemical Engineering Department of Istanbul University, she has been serving as Member of the Board of Anel Group companies since 1986. Currently, she is the Vice Chairman of the Board, the Support Units Group President. In addition, she is the President of Çelikel Education Foundation.

Mahir Kerem ÇELİKEL Board Member

After graduating from Robert College in 1999, Mahir Kerem Çelikel received his bachelor's degree from Johns Hopkins University's Department of Mathematical Sciences and Electrical Engineering in 2004 and his MBA from Boğaziçi University's Department of Business Administration in 2007. Subsequently, he completed his Master's degree in History at Boğaziçi University and began his Ph.D. in History at Berkeley University. Çelikel started his career at Anel Group in 2013. Currently, he serves as Member of the Board of Anel Group Companies.

Merve Şirin ÇELİKEL TOMBULOĞLU Board Member

Merve Şirin Çelikel Tombuloğlu received her bachelor's degree in Electrical & Electronical Engineering from Technische Universitaet Berlin in 2008, and received her MBA in Business Administration from INSEAD University in 2012 as a scholarship student. In November 2008, she started her professional career as Project Engineer

Board members were selected on 13 May 2016 in a General Assembly meeting to serve for 3 years.

Board members are selected from our General Assembly among shareholders of group A and the candidates they select, as stated in our Articles of Association.

Except for our Independent Board Members, other Board Members may serve as Board Member in Anel Group's other companies.

With the purpose that our Board Members will be able to take charge in the other group companies affiliated with our Company, it was decreed at our Company's annual ordinary General Assembly Meeting that they shall not be subject to prohibitions and constraints set out in 395th and 396th articles of the Turkish Commercial Code No. 6102. Within this framework, Board Members shall not be subject to any limitations regarding taking other duties outside the Company in the period decreed by General Assembly.

at Hexagon Global Energy, a company that operates in alternative energy investments. Between 2009 - 2011, Merve Şirin Çelikel Tombuloğlu worked as Senior Tender Engineer at the Wind Power Department and as Project Quality Manager at the Tender Department of Siemens Energy. She joined Anel Group in 2011 and currently serves as Member of the Board of Anel Group companies.

Ahmet Bülent BATUKAN Board Member

Ahmet Bülent Batukan received his degree in Mathematics Department of Middle East Technical University in 1976, and Master's degree in Business Management Department of Gazi University. Between 1976-1981, Batukan worked as Assistant Manager in charge of Ankara Regional Sales at Koç Burroughs Computer Systems. He joined and served Saniva (Sperry Univac) in 1981 as Ankara Regional Manager and then took the position of Istanbul Major Computers Department Manager. Between 1988 and 1991, Batukan served as General Manager at Kavala Group Teleteknik. In 1991, he joined and served Setus as Founding Partner and General Manager until 1998. Between 1998-2005 he served as Board Member at Setkom. Batukan joined Anel Group in 2005. He currently serves as Board Member in Anel Group companies.

Prof. Dr. Ahmet Münir EKONOMİ Independent Board Member

After graduating from Istanbul University Faculty of Law in 1955, Ahmet Münir Ekonomi received his Ph.D. from Munich University's Faculty of Law. Ekonomi started his academic career as Labor Law Assistant at Istanbul Technical University, and later he was appointed as Assistant Professor and Professor. He taught Labor Law at Istanbul University and Galatasaray University's Faculty of Engineering and Technology. In addition to Anel Group, Ekonomi serves as a consultant for Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama (JTI) and Unilever Holding. Formerly a Member of the Board at the Yaşar Educational and Cultural Foundation, he currently serves as a Board Member at the Istanbul Foundation for Culture and Arts, Dr. Nejat Eczacıbaşı Science and Arts Foundation, Istanbul Modern Art Foundation, Istanbul Museum of Modern Art and Istanbul Archeology Museum Society. Ekonomi currently holds the position of Independent Board Member at Anel Elektrik. He meets all the requirements defined in the Corporate Governance Principles set out by the Capital Markets Board and is not affiliated with Anel Elektrik or its subsidiaries.

Neslihan TONBUL Independent Board Member

Beginning her career in 1983 at the Irving Trust Company (now The Bank of New York Mellon), she is specialized in marketing, risk management and new business development. She was assigned as Board Member in Yaşar Holding in 2009. Afterwards she served as Board Member at Prysmian Kablo and Consultant at New Zealand Trade and Enterprise. She received her bachelor's degree in Economics and Political Science from Rutgers University and her master's degree in International Relations from the Fletcher School of Law and Diplomacy at Tufts University. Neslihan Tonbul is also an active member of various NGOs including ARIT (American Research Institute in Turkey), İstanbul Regional Administration of YPO (Young Presidents Organization), and member of Board of Trustees of TGEV (Educational Volunteers Foundation of Turkey). She is also the Founder of Turkish American Business Forum and a member of International Consultative Board of FSTC. (Foundation for Science, Technology and Civilization) based in United Kingdom. She has serves as Independent Board Member at Anel Elektrik since December 2015 and she is also member of Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee. She is not affiliated with Anel Elektrik or its subsidiaries.

Board Member	Other Duties
Rıdvan ÇELİKEL	Chairman of the Board of Anel Group Companies and Member of Managers Committee
Avniye Mukaddes ÇELİKEL	Vice Chairman of the Board of Anel Group Companies and Member of Managers Committee
Merve Şirin ÇELİKEL TOMBULOĞLU	Board Member of Anel Group Companies
Ahmet Bülent BATUKAN	Board Member of Anel Group Companies
Mahir Kerem ÇELİKEL	Board Member of Anel Group Companies
Prof. Dr. Ahmet Münir EKONOMİ	Consultant at Akbank T.A.Ş., Eczacıbaşı Holding A.Ş., Türk Ekonomi Bankası A.Ş., Türk Telekom A.Ş., PharmaVision Holding A.Ş, Japon Tütün Ürünleri Pazarlama A.Ş. and Unilever Holding A.Ş.
Neslihan TONBUL	Consultant at Cambrige Family Enterprise Group. Board Member of Turcas Petrol A.Ş. Consultant at New Zealand Trade and Enterprise.

17. Operating Principles of the Board of Directors

The Executive Board meets as often as the company's business requires, as stated in our Articles of Association. Meeting invitations are sent by email or Board members are contacted by phone. Meeting agenda is determined in line with the request of the suggesting Board member, in consultation with the Chairman.

In 2016, Board Member participation rate in the 25 meetings was 99%.

There is no opposing view registered in the Board minutes, as all Board decisions are taken by a majority vote. In case of an opposing view, all necessary points regarding such views shall be registered in the Board minutes.

Board of Directors plays at leading role in ensuring communication between the company and shareholders, settling and resolving the possible disputes, and be in close cooperation with Corporate Management Committee and Investor Relations Department for this purpose.

Board of Directors revises risk management and internal control systems' efficiency at least once in a year. Information regarding operation and efficiency of the internal control system shall be presented in the activity report.

Authorizations of the Directors who have signing authority were clearly separated and this separation was set up in the circular of signature in written form. Nobody in the company is solely vested with the authorization to take limitless decision.

Board of Directors meeting is held by attendance of at least one more than the half of its members. Our Board of

Directors shall convene within the frame of the principles indicated in Turkish Commercial Code and in Articles of Association and take decisions with the majority of the participants.

The members are very attentive to participate in the meetings held within the activity year and express their opinions. Opinions of members who did not participate in the meeting but submit their opinions in writing are shared with other members during the meeting.

Board decisions and resolutions on all related parties actions are taken by a majority vote of independent members in accordance with Corporate Governance Principles. No members voted against the Board decisions at the meetings held during this reporting period.

In case of tie and/or veto power, additional vote right is not granted to Board Members. Every board member, including the Chairman, has only one vote and no member has been granted predominant vote.

Board Members and senior managers are insured with a policy worth \$25 million dollars in case of the damages they may inflict on the company while performing their duties.

18. Number, Structure and Independence of Committees Formed under the Executive Board

Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee as well as the Nomination and Remuneration Committee reporting to the Corporate Governance Committee continued their activities in 2016. Information about their operations and working principles have been disclosed to the public on the company's website.

Audit Committee meetings are held six times in a year, Corporate Governance Committee twice a year and Early Detection of Risk Committee four times a year. The minutes of the Committee meetings are submitted to Executive Board.

Board of Directors shall provide all kinds of resource and support required for committees to fulfill their duties. Committees are allowed to consult and invite the people whom they find necessary to their reunions.

Committees benefit from independent expert opinions about the subjects they need with respect to their activities. The company shall pay for the consulting services that committees need. However, information about the service provider as a person / institution and information on whether this person / institution has a relationship with the company or not shall be presented in the activity report.

Corporate Governance Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir EKONOMİ	Independent Member
Member	Neslihan TONBUL	Independent Member
Member	Semra ÇAĞLAR	Executive

Audit Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir EKONOMİ	Independent Member
Member	Neslihan TONBUL	Independent Member

Early Detection of Risk Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir EKONOMİ	Independent Member
Member	Neslihan TONBUL	Independent Member

Procedures that committees formed under the Executive Board follow when performing their duties are available on the company's website.

18.1. Audit Committee

Audit Committee members are composed of two independent members of our Board of Directors, H.E. Prof. Dr. Ahmet Münir Ekonomi performs duty as Committee Chairman and H.E. Neslihan Tonbul as Committee Member.

Audit Committee supervises Company's accounting system, financial information declaration to public, independent audit and company's internal control and internal audit system operations and its efficiency. Selection of an independent auditing institution, initiation of the independent audit period by drawing up the independent audit contracts and monitoring independent audit institution's works at every phrase shall be carried out under the supervision of audit committee. The independent audit institution from which the company will receive service and the services from these institutions shall be specified by audit committee and offered to Board of Directors' approval.

Criteria and methods to be applied on the subjects of examining and concluding of the complaints reached the company with regard to company's accounting and internal control systems and independent audit, evaluation within the framework of confidentiality principle of the notices concerning company's accounting and independent auditing, made by company employees shall be determined by the audit committee.

Audit committee shall notify in writing the Board of Directors, with its own evaluations by taking opinions of the company's responsible directors and the independent auditors about the evaluations regarding veridicality and accuracy of the annual and interim period financial reports to be declared to the public with the accounting principles followed by the company.

18.2. Corporate Governance Committee

At the Corporate Management Committee, our Board of Directors' Independent Member H.E. Prof. Dr. Ahmet Münir Ekonomi performs duty as Committee Chairman, our Board of Directors' Independent Member H.E. Neslihan Tonbul as Committee Member and our Company's Investor Relations Manager H.E. Semra Çağlar as Committee Member.

The Committee detects whether corporate management principles are applied in the company, if not, the reason of this and interest conflicts occurred because of not completely complying with these principles and gives advices that will improve corporate management applications to Board of Directors and supervises Investor Relations Department's works. Nomination Committee and Remuneration Committee activities shall be maintained under Corporate Management Committee.

18. 3. Early Detection of Risk Committee

Early Detection of Risk Committee members are composed of two independent members of our Board of Directors, H.E. Prof. Dr. Ahmet Münir Ekonomi who performs duty as Committee Chairman and H.E. Neslihan Tonbul as Committee Member. It is responsible for early detection of the risks that may endanger company's presence, development and continuity, taking necessary measures related with the detected risks and conducting studies with the purpose of managing the risk, and revises risk management systems at least once in a year.

Due to the limitation of 2 Independent Board of Members in our Board of Directors, our Independent Board Members shall take charge in more than one committee.

19.Risk Management and Internal Control Mechanisms

Internal control and risk management mechanisms were established to assess the company's current and potential risks, as well as to take necessary preventive measures. These mechanisms were approved by the Board of Directors and put into practice.

According to Internal Audit Code approved by Board of Directors, the aim of internal audit is to monitor, develop, and improve every operation of the company as well as to serve as independent consultant and to offer impartial assurance in order to add value to the group. General Management assists in delivering the goals of the Company by developing systematic approaches for the assessment and the improvement of the efficiency and effectiveness of Risk Management, Internal Control and Management processes.

Scope of the Internal Audit Activity is as follows:

1. The scope of audit includes all operations and activities of the company.

2. Audit Group is responsible for assessing the compliance of the Risk Management, Internal Control and Management Processes with the guidelines set by Board of Directors, and determining if the processes function as intended. For this purpose, Audit Group performs the following tasks:

a) Defining all financial and operational risks that may have a negative impact on the company's operations correctly and effectively managing these risks,

b) Establishing effective communication with relevant departments and branches on matters within the scope of the audit,

c) Keeping important financial, managerial and operational information for company's operations accurate, reliable and up-to-date,

d) Ensuring that all employee operations comply with Company policies, procedures and principles, ethical code of conduct, standards as well as relevant legal regulations and law,

e) Ensuring efficiency on procurement of all company's resources and their use,

f) Developing quality and stepping up effort on the internal controlling processes constantly,

g) Monitoring that the regulations and legal issues that affect company's operations are communicated to related departments and branches,

h) Reviewing and evaluating critical audit results about managerial control, efficiency and corporate identity issues with relevant senior management.

20. Strategic Goals of the Company

Since 1986, our Company has endeavored to protect our future by acting with awareness for adding value to the planet, to the society and to the institutions and companies it serves. The goals and critical performance indicators which are in line with the company's vision and mission statements created with this perspective are defined in annual strategy plans. Board of Directors review and approve the company's goals and critical performance indicators during the year-end budget meetings. Board of Directors review the operating results in comparison with last year's performance and target indicators in ordinary meetings.

21. Financial Rights

Remuneration of Board Members and Senior Managers is done according to "Principles for Remuneration of Board Members and Senior Managers," which was approved by the Board of Directors in 2012. These principles intend to plan, implement and manage the remuneration practices in compliance with the company's activity scope and structure, long-term targets and strategies, ethical values and internal harmony as well as the relevant law. These principles are available on the company website.

During the ordinary General Assembly Meeting on 13 May 2016, the executive allowances for Board Members were discussed in the agenda, and the discussion led to a Board decision.

In accordance with Corporate Governance Principles, all remunerations and all other benefits granted to Board Members and senior managers are disclosed to the public via the company's annual report.

For remuneration of the Independent Board Members; profit share, share options or payment plans based on company's performance shall not be used. They receive monthly executive allowances at the amount and in the period determined by the General Assembly for all Board Members. These payments are at a level that they will not affect independence of the Board Members and they shall not be determined on grounds of the performance of the company.

Payments made to company senior executives are composed of monthly salaries. Salaries to be given to senior executives will be specified by considering title and job specification, merit, experience, performance and Company's financial status.

In 2016, while remuneration and executive allowance of TL 484,473.88 in total were paid to Board Members, the remuneration and all other benefits provided to our senior executives who are at the managerial level were TL 1,982,900.52 in the same period.

The Company did not issue loans or lines of credit to any Board Member, did not extend the terms of loans or credits via a third person, and did not give any guarantees such as sureties in their favor this year.

Declaration of Responsibility

DATE OF THE BOARD RESOLUTION ON APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORTS: 05.06.2017
RESOLUTION NUMBER: 14

COMPANY'S DECLARATION OF RESPONSIBILITY PURSUANT TO ARTICLE 9TH OF PART TWO OF THE CAPITAL MARKET BOARD'S COMMUNIQUÉ REGARDING "THE RULES RELATED TO FINANCIAL REPORTING IN CAPITAL MARKET"

a) We have examined the statement of financial position drawn up as of 31 December 2016 as well as the income statement for the accounting period ending on this day and annual report for this period, of Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi ("the Company").

b) Based on the information we possess pursuant to our duties and responsibilities within the Company, the financial statements and the annual report do not have any misstatements in material aspects or any omissions that may be construed as misleading as of the date of declaration,

c) Based on the information we possess pursuant to our duties and responsibilities within the Company, the financial statements, together with those included in consolidation, were prepared pursuant to the Communiqué and fairly reflect the facts regarding the Company's assets, liabilities, financial situation and profit/loss; and the financial statements of the company, together with those included in consolidation, significant risks and uncertainties being exposed.

Sincerely,



A. Mukaddes ÇELİKEL
Vice Chairman



Cem ÖZŞEN
Director of Financial
Affairs and Finance

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

*CONVENIENCE TRANSLATION INTO ENGLISH
RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016 AND AUDITOR'S REPORT*

**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITORS' REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH**

Anel Elektrik Proje Taahhüt ve Ticaret A.Ş.

To the Board of Directors

1. We have audited the accompanying consolidated financial statements of Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Company management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards ("TAS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi and its subsidiaries as of December 31, 2016, and of its financial performance and its cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Matter

Anel Yapı Gayrimenkul A.Ş. ("Anel Yapı") has been subject to full consolidation at the accompanying consolidated financial statements of Anel Elektrik however T.C. Prime Ministry Capital Market Board ("CMB") has been requested defense from Anel Elektrik the reason that Anel Elektrik does not has control power in terms of TFRS 10 "Consolidated Financial Statements" and Turkish Accounting Standard 27 "Consolidated and Separate Financial Tables" because Çalikel Family has power to assign board members even if Anel Elektrik has the majority of the voting rights in the capital. The Company has been forwarded its defense to the CMB and expects the CMB's assessment and decision on this matter.

Reports on other responsibilities arising from regulatory requirements

5. Auditors' report on Risk Management System and Committee prepared in accordance with subparagraph 4, Article 398 of Turkish Commercial Code no. 6102 ("TCC") is submitted to the Board of Directors of the Group on 09 March 2017.

6. In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January — 31 December 2016 and financial statements are not in compliance with the code and provisions of the Group's articles of association in relation to financial reporting.

7. In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

BİLGİLİ BAĞIMSIZ DENETİM VE YMM A.Ş.

Rafet KALKAN, CPA
Partner

İstanbul, 5 June 2017

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2016

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

		Audited	
	Notes	Current Period 31.12.2016	Previous Period 31.12.2015
ASSETS			
Current Assets		880.872.521	681.268.306
Cash and Cash Equivalents	6	31.689.004	49.065.154
Trade Receivables		386.954.900	311.235.382
- Trade Receivables from Related Parties	9,38	571.654	4.753.132
- Trade Receivables from Third Parties	9	386.383.246	306.482.250
Other Receivables		40.733.988	63.573.359
- Other Receivables from Related Parties	10,38	23.684.411	55.199.254
- Other Receivables from Third Parties	10	17.049.577	8.374.105
Receivables from Ongoing Construction, Commitments and Service Agreements	14	139.497.859	100.697.342
Inventories	12	226.923.519	119.555.286
Prepaid Expenses	13	46.752.322	25.980.710
Current Tax Related Assets	36	2.731.792	278.861
Other Current Assets	27	5.589.137	10.882.212
Non-Current Assets		129.353.408	140.625.997
Financial Investments		46.296	46.296
-Available for sale Financial Investments		46.296	46.296
Other Receivables		4.000	4.000
- Other Receivables from Related Parties	10,38	-	-
- Other Receivables from Third Parties	10	4.000	4.000
Investments Accounted with Equity Method	15	58.623.812	70.263.292
Investment Property	16	2.280.000	2.184.000
Tangible Fixed Assets	17	36.825.306	25.182.848
Intangible Fixed Assets	18	587.788	1.077.897
Prepaid Expenses	13	1.362.286	6.873.014
Deferred Tax Assets	36	23.571.541	23.372.318
Non-Current Assets Related with Current Period Tax	36	6.052.379	11.622.332
TOTAL ASSETS		1.010.225.929	821.894.303

The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2016

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

		Audited	
		Current Period	Previous Period
	Notes	31.12.2016	31.12.2015
LIABILITIES			
Short-Term Liabilities		650.356.184	490.115.863
Short-Term Borrowings	8	142.911.731	143.293.989
Short Term Portion of Long Term Financial Liabilities	8	2.320.186	1.912.545
Trade Payables		234.162.535	157.133.912
- Trade Payables to Related Parties	9,38	2.834.377	4.235.196
- Trade Payables to Third Parties	9	231.328.158	152.898.716
Employee Benefits	26	14.356.145	3.980.835
Other Payables		9.719.704	12.330.607
- Other Payables to Related Parties	10,38	5.769.462	7.078.261
- Other Payables to Third Parties	10	3.950.242	5.252.346
Payables from Ongoing Construction, Commitments and Service Agreements	14	60.716.501	8.350.325
Deferred Income	13	172.544.860	139.942.079
Income Tax Payable	36	5.252.656	14.924.880
Short-Term Provisions		8.371.866	8.246.691
- Short-Term Provisions for Employee Benefits	26	7.162.004	4.655.701
- Other Short-Term Provisions	24	1.209.862	3.590.990
Long Term Liabilities		37.614.054	31.124.353
Long-Term Borrowings	8	21.099.667	19.620.932
Trade Payables		2.737.114	68.966
-Trade Payables to Related Parties	9,38	-	-
-Trade Payables to Third Parties	9	2.737.114	68.966
Other Payables		1.711.654	55.943
-Other Payables to Related Parties	10,38	-	-
-Other Payables to Third Parties	10	1.711.654	55.943
Deferred Income	13	17.011	-
Long-Term Provisions		12.048.608	8.431.328
- Long-Term Provisions for Employee Benefits	26	12.048.608	8.431.328
Deferred Tax Liabilities	36	-	2.947.184
EQUITY		322.255.691	300.654.087
Equity Belongs to Parent Company		324.428.928	286.685.651
Paid-in Capital	28	110.000.000	110.000.000
Premiums/Discounts related with Shares	28	1.384.433	1.384.433
The Merge Effectof Business Combinations Under Common Control	28	(9.137.569)	(9.137.569)
Other Comprehensive Income (Expense) Items not to be Reclassified to Profit (Loss)		(1.205.970)	(1.105.291)
Revaluation and Measurement Gain / (Loss)		(1.205.970)	(1.105.291)
-Increase / (Decrease) from Revaluation of Tangible Assets	28	(348.487)	(348.487)
- Defined Benefit Plans Remeasurement Gains / Losses	28	(857.483)	(756.804)
Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss)		78.827.166	66.389.102
- Foreign Currency Conversion Difference	28	78.827.166	66.389.102
Restricted Reserves Allocated from Profits		10.389.397	10.370.201
-Legal Reserves	28	10.389.397	10.370.201
Other Equity Interest	28	(39.176.581)	-
Retained Earnings/(Losses)	28	113.509.051	94.369.397
Net Profit /(Loss) for the Period	37	59.839.001	14.415.378
Non-controlling Shares	28	(2.173.237)	13.968.436
TOTAL LIABILITIES		1.010.225.929	821.894.303

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The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD BETWEEN 01.01.2016 - 31.12.2016

		Audited	
	Notes	Current Period 01.01.-31.12.2016	Previous Period 01.01.-31.12.2015
PROFIT OR LOSS			
Revenue	29	662.155.887	544.815.270
Cost of Sales (-)	29	(602.668.384)	(531.872.135)
GROSS PROFIT/LOSS		59.487.503	12.943.135
General Administrative Expense (-)	30	(31.540.453)	(27.443.898)
Marketing and Sales Expense (-)	30	(714)	(2.886)
Other Operating Income	32	47.529.797	62.453.433
Other Operating Expense (-)	32	(16.471.676)	(68.742.658)
OPERATING PROFIT/LOSS		59.004.457	(20.792.874)
Income From Investing Activities	33	1.397.157	6.500.285
Expense From Investing Activities (-)	33	(11.160.206)	(934.485)
Shares from Income / (Loss) of Investments Valuated with Equity Method	15	(581.581)	23.197.175
OPERATING PROFIT/LOSS BEFORE FINANCING INCOME AND EXPENSES		48.659.827	7.970.101
Financing Income	34	297.400.391	360.100.371
Financing Expenses (-)	34	(272.337.701)	(348.901.809)
PROFIT/LOSS BEFORE TAX FROM ONGOING ACTIVITIES		73.722.517	19.168.663
Tax Income/(Expense) From Ongoing Activities			
-Tax Income/ (Expense) For Period	36	(4.588.071)	(14.602.273)
-Deferred Tax Income/ (Expense)	36	2.214.217	8.175.639
PERIOD PROFIT / (LOSS) FROM ONGOING ACTIVITIES		71.348.663	12.742.029
PROFIT/ (LOSS) FOR THE PERIOD		71.348.663	12.742.029
Distribution of the Profit / (Loss) for the Year			
Non-controlling Shares	28	11.509.662	(1.673.349)
Parent Company Shares	37	59.839.001	14.415.378
Earnings Per Share			
- Earnings Per Share from Ongoing Activities	37	0,54	0,13

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD BETWEEN 01.01.2016 - 31.12.2016

PROFIT/ (LOSS) FOR THE PERIOD	71.348.663	12.742.029
OTHER COMPREHENSIVE INCOME		
Items not to be reclassified to profit or loss :		
Increase/ (Decrease) from Revaluation of Tangible Assets	16	82.475
Defined Benefit Plans Remeasurement Gains / (Losses)	26	127.237
Taxes Related to Other Comprehensive Income (expenses) Items not to be Reclassified to Profit		(41.942)
Period Tax Income (Expenses)		-
Deferred Tax Income (Expenses)	36	(25.447)
Tax Effect of Revaluation of Tangible Fixed Assets	36	(16.495)
Items not to be Reclassified to Profit or Loss:		
Gain / (Loss) from Foreign Currency Conversion Differences		11.314.100
		11.314.100
OTHER COMPREHENSIVE INCOME/ EXPENSES	11.481.870	4.426.744
TOTAL COMPREHENSIVE INCOME	82.830.533	17.168.773
Appropriation of Total Comprehensive Income:		
Non-Controlling Interests		10.386.334
Parent Company Share		72.444.199

The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD BETWEEN 01.01.2016 - 31.12.2016

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

Audited		Notes										
PRIOR PERIOD												
Balances as of January 01, 2015 (beginning of period)												
Paid-in Capital	Premiums /Discounts Related with Shares	The Merge Effect of Business Combinations Under Common Control	Other Comprehensive Income (expenses) Items not to be Reclassified to Profit (Loss)	Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss)	Foreign Currency Conversion Differences	Restricted Reserves Allocated from Profits	Other Equity Shares	Retained Earnings/(Losses)	Net Profit/(Loss) for the Period	Equity Attributable to Parent Company	Non-controlling Shares	Equity
110,000,000	1,384,433	(8,063,535)	(348,487)	(26,004)	62,042,098	6,492,448	-	89,259,831	10,030,701	270,771,485	(1,803,802)	268,967,683
-	-	-	-	-	-	3,870,493	-	6,160,208	(10,030,701)	-	-	-
37	-	-	(730,918)	5,492,150	-	-	-	172,821	14,415,378	19,176,610	(526,766)	18,649,844
-	-	(1,074,034)	118	-	-	7,260	-	(1,319,634)	(893,835)	684,152	(209,683)	(309,683)
-	-	-	-	-	-	-	-	-	(1,319,634)	(1,319,634)	-	(1,319,634)
-	-	-	-	-	(1,145,146)	-	-	96,171	(1,048,975)	15,614,852	14,565,877	14,565,877
28	110,000,000	1,384,433	(9,137,569)	(348,487)	(756,804)	66,389,102	10,370,201	94,369,397	14,415,378	286,685,651	13,968,436	300,654,087
CURRENT PERIOD												
Balances as of January 01, 2016 (beginning of period)												
28	110,000,000	1,384,433	(9,137,569)	(348,487)	(756,804)	66,389,102	10,370,201	94,369,397	14,415,378	286,685,651	13,968,436	300,654,087
-	-	-	-	-	-	-	19,196	14,396,182	(14,415,378)	-	-	-
37	-	-	-	-	(100,679)	12,438,064	-	(1,488,216)	59,839,001	72,176,386	10,386,334	82,562,720
-	-	-	-	-	-	-	-	-	-	(1,488,216)	-	(1,488,216)
-	-	-	-	-	-	-	-	6,231,688	-	(32,944,893)	(26,528,007)	(59,472,900)
28	110,000,000	1,384,433	(9,137,569)	(348,487)	(857,483)	78,827,166	10,389,397	113,509,051	59,839,001	324,428,928	(2,173,237)	322,255,691

The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD BETWEEN 01.01.2016 - 31.12.2016

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

Notes	Audited	
	Current Period 01.01.-31.12.2016	Prior Period 01.01.-31.12.2015
A. CASHFLOWS FROM OPERATING ACTIVITIES		
	51.107.809	35.208.362
Profit/(Loss) for the period	71.348.663	12.742.029
Profit/(Loss) from Ongoing Activities	37 71.348.663	12.742.029
Adjustments to reconcile net profit to cash provided by operating activities	148.548.406	103.746.936
Depreciation and Amortisation Expenses	17,18 6.036.586	4.656.580
Changes in Provisions	2.394.429	14.479.660
-Adjustments for Provisions / (Reversals) of Employee Benefits	26 6.022.904	10.753.764
- Adjustments for Provisions / (Reversals) of Lawsuits or Fine	24 (2.381.128)	3.590.990
-Adjustments for General Provisions (Cancellation)	(1.247.347)	134.906
Fair Value Increase / (Decrease)	(96.000)	(572.000)
- Adjustments for Fair Value Increase / (Decrease) of Investment Property	16 (96.000)	(572.000)
Undivided Profit of Investment Valuated with Equity Method	11.639.480	(23.197.175)
-Adjustments for Retained Earnings of Subsidiaries	15 11.639.480	(23.197.175)
Tax (Income) / (expenses)	36 5.223.271	10.964.499
Gain/ Losses on Sale of Tangible Assets	-	-
-Adjustments for (Gains) / Losses from Disposal of Investment Properties	-	-
Degree of Completion Related Ongoing Construction, Commitment, and Service Agreements	14 120.292.922	79.969.785
Profit/Loss Reconciliation	3.057.718	17.445.587
Changes in Net Working Capital	(153.864.380)	(66.027.083)
Increases / (Decreases) in Trade Receivables	(74.472.171)	2.731.526
-Increases / (Decreases) in Trade Receivables from Related Parties	9,38 4.181.478	6.484.406
-Increases / (Decreases) in Trade Receivables from Third Parties	9 (78.653.649)	(3.752.880)
Increases / (Decreases) in Other Receivables	22.839.371	27.387.119
-Increases / (Decreases) in Other Receivables from Related Parties	10,38 31.514.843	21.086.296
-Increases / (Decreases) in Other Receivables from Third Parties	10 (8.675.472)	6.300.823
Increases / (Decreases) in Receivables from Ongoing Construction, Commitment, and Service Agreements	14 (159.093.439)	(50.362.571)
Increases / (Decreases) in Inventories	12 (107.368.233)	(53.404.533)
Increases / (Decreases) in Prepaid Expenses	13 (15.260.884)	(11.879.719)
Increases / (Decreases) in Trade Payables	79.696.771	(27.256.015)
-Increases / (Decreases) in Trade Payables to Related Parties	9,38 (1.400.819)	1.908.885
-Increases / (Decreases) in Trade Payables to Third Parties	9 81.097.590	(29.164.900)
Increases / (Decreases) in Employee Benefits	26 10.375.310	2.077.275
Increases / (Decreases) in Payables from Ongoing Construction, Commitment, and Service Agreements	14 52.366.176	(9.519.934)
Increases / (Decreases) in Other Payables	(955.192)	743.354
-Increases / (Decreases) in Other Payables to Related Parties	10,38 (1.308.799)	4.320.421
-Increases / (Decreases) in Other Payables to Third Parties	10 353.607	(3.577.067)
Ertelenmiş Gelirlerdeki Artış (Azalış)	13 32.619.792	50.267.968
Other Increases / (Decreases) in Net Working Capital	5.388.119	3.188.447
-Increases / (Decreases) in Other Assets	27 5.388.119	5.638.373
-Increases / (Decreases) in Other Liabilities	27 -	(2.449.926)
Cash Flows from Operating Activities	66.032.689	50.461.882
Tax Returns (Payments)	21 (14.924.880)	(15.253.520)
B. CASH FLOW FROM INVESTING ACTIVITIES		
	(80.937.925)	(1.112.997)
Cash Outflows from Purchase of Subsidiary Share	(63.748.990)	-
Cash Inflows from Tangible and Intangible Asset Sales	994.009	328.264
-Cash Inflows from Tangible Asset Sales	17 994.009	323.123
-Cash Inflows from Intangible Asset Sales	18 -	5.141
Cash Outflows from Tangible and Intangible Asset Purchases	(18.182.944)	(1.441.261)
-Cash Outflowsflows from Tangible Asset Purchases	17 (17.739.428)	(1.387.495)
-Cash Outflowsflows from Intangible Asset Purchases	18 (443.516)	(53.766)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
	15.902	(15.391.140)
Cash Inflows Arising from Borrowings	1.504.118	(14.071.506)
-Cash Inflows from Loans	8 1.504.118	(14.071.506)
Dividend Paid	(1.488.216)	(1.319.634)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)		
	(29.814.214)	18.704.225
D. FOREIGN CURRENCY CONVERSION DIFFERENCES IMPACT ON CASH AND CASH EQUIVALENTS		
	12.438.064	4.347.004
NET (DECREASE)/INCREASE IN CASH ANS CASH EQUIVALENTS (A+B+C+D)		
	(17.376.150)	23.051.229
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	49.065.154	26.013.925
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		
	31.689.004	49.065.154

The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

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ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

1. ORGANIZATION AND ACTIVITIES

The Company was first established in 1986 by the title of “Anel Elektrik Proje Taahhut Ve Ticaret Limited Sirketi”. The Company’s commercial type has been changed to “Anel Elektrik Proje Taahhut Ve Ticaret Anonim Sirketi” (The ‘Company-Anel Elektrik’) in 26/12/2006.

The company’s head Office is located in Saray Mahallesi Site Yolu Sokak No:5/4 34768 Anel İş Merkezi, Ümraniye/İstanbul

Branch Addresses:

Doha Branch: P.O. Box: 21346 Doha– Qatar

Azerbaijan Branch: C. Cabbarlı 44, Caspian Plaza Kat:2 D:4 Bakü - Azerbaijan

The Company and its subsidiaries (“the Group”) operates in three divisions just as; project construction, ship electricity and electronics and energy. The following fields of activity at the same time, underlie the reporting according to Group’s activities.

Project Construction- providing electricity and mechanic works according to project agreement
Ship Electricity and Electronics - Ship electrical and electronics systems design
Energy – Producing electrical energy

The details regarding the activities of the Group's ongoing business sectors and geographical segments reporting are given in the note 5.

The company shares were offered to public in 2010, and as of 31 December 2016, % 36,84 of shares are traded in Istanbul Stock exchange, INC. (BIST) according to Central Registry Agency (CRA) records. (31 December 2015 :%48,70) (Note 18)

3.988 personnel have been employed within the Group. (31.12.2015: 2.592 people)

The main shareholder of the company is Çelikel Family.

Details regarding the Group's subsidiaries are as follows:

Subsidiaries included to full consolidation are as follows:

<u>Name of the Company</u>	<u>Field of the Activitiy</u>	<u>Activity Type</u>
Anel Enerji Elek. Üretim San. ve Tic. A.Ş.	Solar Energy Projects	Service
Anelmarin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş.	Ship Electricity and Electronics	Service
Anel Dar Libya Constructing & Services LLC	Project Commitment	Service
Anel Engineering-Technological Company Ltd.Rusya	Project Commitment	Service
Dag-08 Ood	Solar Energy Projects	Service
Golden Sun Ood	Solar Energy Projects	Service
Anel Emirates General Contracting LLC (*)	Project Commitment	Service
Anel BG Ltd.	Energy	Service
Anelmep Maintenance and Operations LLC	Project Commitment	Service
Anelmep Mekanik Ltd. Şti.	Project Commitment	Service

Company does not have any subsidiary or affiliate subject to consolidation.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS

A. Basic Standards of Presentation

Basic of presentation of the condensed consolidated financial statements

The consolidated financial statements and explanatory notes have been prepared in accordance with Turkish Accounting Standards (“TAS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) as set out in the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) of the Capital Markets Board of Turkey (“CMB”), which is published on 13 June 2013 at the Official Gazette numbered 28676.

In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS) and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

The group maintains its books of accounts and prepare its statutory financial statements in accordance with the regulation of Turkish Commercial Code and Tax Legislation.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the POA and are presented in TL.

In order to prepare financial statements in accordance with IFRSs, certain assumptions affecting notes to the financial statements and critical accounting estimations related to assets, liabilities, contingent assets and contingent liabilities are required to be used. Although these estimations are made upon the best afford of the management by interpreting the cyclical circumstances, actual results may differ from the forecasts. Issues that are complex and needs further interpretation, which might have a critical impact on financial statements. There is no change in judgements and critical accounting estimates used in interim condensed consolidated financial statements as of 31 December 2016.

There are not any seasonal and cyclical changes significantly affect the company's operations.

Consolidated financial statements, except for the revaluation of financial instruments, investment properties and buildings have been prepared according to historical cost basis.

Preparation of Financial Statements in Hyperinflationary Periods

Based on CMB’s resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the POA Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from January 2005, TAS 29 “Financial Reporting in Hyperinflationary Economies” is not applied in the accompanying consolidated financial statements.

Comparative information, changes in accounting policies and restatement of prior period financial statements

In order to allow the determination of financial position and performance of the Group are prepared in the comparative prior period consolidated financial statements of the current period. In order to comply with the presentation of the consolidated financial statements for the period necessary, comparative figures are reclassified.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

Going concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries, joint ventures and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Offsetting

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

Functional and presentation currency

The financial statements of the group's subsidiaries are reported in terms of their local currencies. The consolidated financial statements are presented in Turkish Lira ("TL").

IAS 21 "Effects of Changes in Foreign Exchange Rates," according to the consolidation of branches and subsidiaries of the Group's assets and liabilities of foreign countries in parity with the balance sheet date are translated into Turkish Lira. The average exchange rate of the period with revenue and expense items are translated into Turkish Lira. Closing and average exchange rate differences resulting from the use of foreign currency translation differences in equity accounts are being followed.

The foreign Exchange rates that were used in exchangeing consolidating overseas activities are as follows:

Name of the Company	Currency	31December 2016		31 December 2015	
		<u>End of the Period</u>	<u>Average of the Period</u>	<u>End of the Period</u>	<u>Average of the Period</u>
Katar Branch	Qatari Riyal (QAR)	0,9668	0,8300	0,7988	0,7473
Azerbaycan Branch	New Manat	1,9875	1,8915	1,8646	2,6446
Anel Engineering-Technological Company Ltd.Rusya	Russian Ruble	0,0576	0,0495	0,0398	0,0373
Dag-08 Ood, Golden Sun Ood,					
Anel BG Ltd.	Bulgarian Lev	1,8860	1,6980	1,6155	1,5346
Anel Emirates	United Arab Emirates Dirham	0,9583	0,8227	0,7917	0,7406
Anel Mep	Qatari Riyal (QAR)	0,9668	0,8300	0,7988	0,7473

Consolidation Principles

The consolidated financial statements include the accounts of the parent company, its subsidiaries on the basis set out in sections below. Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

Consolidation Principles (continued)

Subsidiaries

As of December 31, 2016 direct and indirect participation rate of subsidiaries subject to consolidation are as follows;

Subsidiaries	Establishment and place of organization	Core Business	Currency	Parent Company's Share (%)	
				<u>31.12.2016</u>	<u>31.12.2015</u>
Anel Enerji Elek. Üretim San. Ve Tic. A.Ş.	Turkey	Eney Marine	Turkish Lira	71,73	71,73
Anel Marin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş.	Turkey	Electrical, Electronic	Turkish Lira	93,00	93,00
Anel Dar Libya Constructing & Services LLC	Libya	Project Commitment	USD Dolar	65,00	65,00
Anel Engineering-Technological Company Ltd.Rusya	Russia	Project Commitment	USD Dolar	100,00	100,00
Dag-08 Ood	Bulgaria	Eney	Bulgarian Lev	100,00	100,00
Golden Sun Ood	Bulgaria	Eney	Bulgarian Lev	100,00	100,00
Anel BG Ltd	Bulgaria	Eney	Bulgarian Lev	100,00	100,00
Anel Emirates General Contracting LLC	United Arab Emirates	Project Commitment	USD Dolar	100,00	100,00
Anelmep Maintenance and Operations LLC (Not 4)	Qatar	Project Commitment	Qatari Riyal	100,00	30,00
Anelmep Mekanik Ltd. Şti.	Turkey	Project Commitment	Turkish Lira	100,00	-

Control is achieved by the Company meet the following conditions:

- Having power over investee company/asset;
- To be open to variable returns would receive from investee company/asset or be entitled to these benefits and to use its power to have an impact on returns

At least one of the criteria listed above in a condition that would cause any changes or occurrence of events, the company re-evaluate whether the control over the investment.

Company will have control power if have vote right to direct investment operations even if Company does not have majority of votes on company/asset. Company consider every cases regarding it's vote majority will provide control power including components stated below.

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

Consolidation Principles (continued)

- Comparing Company’s vote right with other shareholders vote rights
- Compan’s and other shareholders potential vote rights;
- Other rights according to agreements and
- Other conditions which shows Company’s current power to ability mangage related operations (past votings on general assamblies.)

Subsidiary is subject to consolidation when Company gain control power on subsidiary auntil lose control power.Income and expenses of subsidiaries reflects to consolidate profit or loss and other comprehensive income statement form purching to selling date of subsidiary.

Profit or loss and other comprehensive income items belongs to parent shareholders and non-controlling shares.Subsidiary’s total comprehensive income transfers to parent shareholders and non-controlling shares even if non-controlling sahares are negative.

Under necessity, accounting policy adjustments made on subsidiary financial statements to apply same policies with Group.

All intragroup assets and liabilities, equity, income and expenses and intragroup operations eleminates in consolidation.

Elimination Transactions On the Consolidation

Unrealized Income and Expenses arises from intragroup transactions, intragroup transactions and intragroup balances erases mutually while preperation of consolidated financial statements.Profits and Losses arises from transactions between parent and subsidiaries subject to consolidation offsets as far as parent’s share on subsidiary.

Regulatory principles of the consolidated balance sheet and consolidated income statement

Full Consolidation Method:

The Company and its subsidiaries paid-in capital and balance sheet items were collected. The collection process, the consolidation of the subsidiaries' receivables and payables decreased from each other.

- The consolidated balance sheet of the Company's paid in capital paid-in capital paid-in capital of subsidiaries are not included in the consolidated balance sheet.

- Consolidated subsidiaries paid / issued capital items included in the set of all equity, the parent company and its subsidiaries and the consolidated balance sheet is reduced to the amounts attributable to non-controlling interests in shareholders' equity account group and the "Minority Interests" group name is shown.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

Regulatory principles of the consolidated balance sheet and consolidated income statement (continued)

Full Consolidation Method:

- Companies which are subject to consolidation have been bought current and non-current assets from each other, in principle, these assets are shown at acquisition cost, which entities subject to consolidation adjustments will be made in the accompanying consolidated balance sheet prior to the sale has taken place.

- The Company's income statement and its subsidiaries are separately collected and consolidation of the process of collecting the goods and services subject to the sales of companies that they have made to each other, the total sales amounts and reduced the cost of goods sold. Consolidation of subsidiaries' stocks, profit from the trading of goods between these partnerships on the consolidated financial statements, inventories added by subtracting the cost of goods sold, cost of goods sold if the damage has been reduced by adding to inventories. Formed due to the consolidation of subsidiaries' income and expenses related to transactions with each other, mutual accounts have been eliminated.

- The net profit or loss of consolidated subsidiaries other than the shares of companies subject to the portion that corresponds to the consolidation method, the consolidated net profit for the "Minority Interests" group name is shown.

- Adjustment has been made on subsidiary’s financial statement to bring in compliance with accounting policies used by intragroup companies under necessity.

Joint Ventures

Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself.

Group has been applied IFRS 11 at mutual agreements since 01 January 2012. In accordance with IFRS 11 , investments at joint arrangements re classified as joint operations or joint ventures depending on contractual rights and obligations of investors. The Company has been evaluated the type of joint arrangement and decide it’s a joint venture. Joint ventures are accounted with equity method .

Associates

Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. The equity method is used for accounting of associates.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group’s interest in the associates. When the group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Group does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the cessation of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

New and revised standards and comments

It has been applied consistently with the new and amended TAS / TFRS effective from 1 January 2016 in the preparation of the financial statements.

New standards, amendments and interpretations effective from 1 January 2016

TAS 16 and TAS 38 - Recognition of Acceptable Depreciation and Amortization Methods

The amendments to TAS 16 and TAS 38 prohibit the use of revenue-based depreciation calculation for property, plant and equipment and significantly limit the use of revenue-based depreciation calculation for intangible assets. Changes does not have effect group of performance and position.

The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2016:

TFRS 11 - Acquisition of Shares in Joint Activities (Amendments)

TFRS 11 has been amended to provide guidance on acquisition of equity interest. This amendment requires that all principles related to accounting for business combinations included in IFRS 3 and other IFRSs be applied. These changes does not have effect on group of performance and position

TMS 27 – Equity Method in Solo Financial Tables (Amendments in TAS 27)

The KGK has amended IAS 27 to re-present the option of using the equity method when the investments in subsidiaries and associates are accounted for in the sole financial statements of the entities. According to these investments of enterprises:

- with cost value
- TFRS 9
- It has to be accounted for using the equity method described in TAS 28.

Businesses need to apply the same accounting to each category of investment. The change does not apply to the Group and have no effect on the financial position or performance of the Group.

TFRS 10 and IAS 28: Asset Sales or Contributions of Investor Entity to Affiliate or Joint Venture (Changes)

– An amendment has been made in TFRS 10 and TAS 28 to eliminate the inconsistency between the requirements to address the loss of control of an associate in TFRS 10 and a subsidiary in TAS 28 or a joint venture. This amendment clarifies that an investor, an associate or a joint venture should account for all of the gains or losses arising from the sale or contribution of a business entity as defined in IFRS 3 by the investor. Any gain or loss arising from re-measurement of the investment held in the former subsidiary at fair value should be accounted for only to the extent of the former investor's share in that former subsidiary. The amendments do not apply to the Group and do not affect the Group's financial position or performance.

TFRS 10, TFRS 12 and TAS 28: Investment Operations: Application of the Consolidation Exemption (Amendment to TFRS 10 and TAS 28)

Amendments have been made in TFRS 10, TFRS 12 and TAS 28 to address the issues that arise during the application of the investment enterprise exception under the TFRS 10 Consolidated Financial Statements standard. Amendments It does not apply to the group and has no effect on the financial position and performance of the group.

TMS 1: Description Initiative (Change in TMS 1)

TMS 1 has been amended. These changes are; Disclosures of accounting policies, and narrow-focus improvements in the areas of presentation of other comprehensive income items arising from investments accounted for under equity. The amendments did not have a significant impact on the Group's Consolidated Notes to Financial Statements.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

Amendments in International Financial Reporting Standards (“TFRS”) (continued)

Annual Improvements 2012-2014 Period

– KGK has published "TFRS Annual Improvements, 2012-2014 Period". The document introduces five changes to the four standards, with the exception of the standards and related justifications that have changed as a result of the changes. Affected standards and changes are as follows:

- TFRS 5, Non-current assets held for sale and discontinued operations’ regarding methods of disposal
- TFRS 7, Financial instruments: Disclosures’, (with consequential amendments to IFRS 1) regarding servicing contracts
- TAS 19, Employee benefits’ regarding discount rates
- TAS 34, Interim financial reporting’ regarding disclosure of information.

These changes does not have a significant impact on the Group's financial position and performance.

Standards published but not yet implemented and not implemented early

The new standards, interpretations and amendments published in the Consolidated Financial Statements as of the date of approval but not yet effective for the current reporting period and not early adopted by the Group are as follows.

TFRS 9 Financial Instruments - Classification and Disclosure

The KGK has issued TFRS 9 Financial Instruments in January 2016. TFRS 9 brings together three aspects of the financial instruments accounting project: classification and measurement, impairment and hedge accounting. TFRS 9 relies on a rational, single classification and measurement approach that reflects the business model and cash flow characteristics that are managed within financial assets.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

Standards, amendments and interpretations effective after 31 December 2016 (continued):

– The UPS has issued TFRS 9 Financial Instruments in January 2016. TFRS 9 includes classification and measurement, impairment and hedge accounting. TFRS 9 is based on a single classification and measurement approach. TFRS 9 addresses the issue of credit risk. The standard also includes the risk management economy with accounting practices Financial risk hedging model developed to better correlate financial risk. The Group uses the standard financial Situation and performance.

TFRS 15 ‘Revenue from contracts with customers’

– TFRS 15 ‘Revenue from contracts with customers’, In September 2016, the TFRS published the Revenue Standard from Contracts with Customers. The amendments to this standard by the IASB to clarify IFRS 15 comprising. The new five-phase model in the standard describes the requirements for revenue recognition and measurement. The effective date of TFRS 15 is annual accounting periods beginning on or after 1 January 2018. Early application is allowed. Two alternative applications for the transition to TFRS 15 are presented: Full retroactive application or modified retroactive application. The change in the financial status of the Group / Company and its impact on performance are assessed.

New and revised standards and interpretations issued by International Accounting Standards Board (IASB) but not published by KGK

The new standards, interpretations and amendments to existing IFRSs listed below have been published by the IASB, but have not yet entered into force for the current reporting period; But these new standards, interpretations and amendments have not yet been adapted / published by the UPS to TFRS and therefore do not constitute a part of TFRS. The Group will make the necessary changes in the financial statements and footnotes at the time of the adoption of these standards and interpretations in the TFRS.

IFRS 10 and IAS 28: Sales or Contributions of Investor Entities to Associates or Joint Ventures – Amendments

The IASB has deferred the effective date of the amendments made to TFRS 10 and IAS 28 in December 2015 for an indefinite period to be amended in accordance with the ongoing research project outputs on the equity method. However, it still permits early application.

IFRS 13 Reasonable Value Measurement

Short-term trade receivables and payables with no interest rate on them, as explained in the decision reasons, can be shown on the invoice amount when the discount effect is insignificant. Changes will be applied immediately.

– TFRS 16 ‘Leases’, In January 2016, the IASB issued IFRS 16 "Leasing TransactionsThe new standard removes the distinction between operating leases and financial leases, requiring that many leases for leaseholders be included in a single model.contract conveys The accounting for the leaseholders has not changed substantially and the difference between operating lease and financial leasing continues. IFRS 16, IAS 17 and IAS 17 and is effective for annual periods beginning on or after 1 January 2019. Early application is permitted for IFRS 16 as long as IFRS 15 "Revenue from contracts made with customers" is also applied. The Group assesses the impact of the standard on its financial position and performance.

IAS 7 Cash Flow Statements (Amendments)

In January 2016, the IASB issued amendments to IAS 7 Cash Flow Tables. The amendments are intended to clarify IAS 7 to improve the information provided to users of the financial statements about the financing activities of the company. The amendments are intended to clarify IAS 7 to improve the information provided to users of the financial statements about the financing activities of the company. Improvements in footnote disclosures require companies to provide information about changes in their financial liabilities. The amendments will apply to annual periods beginning on or after 1 January 2017. Early application is allowed. For the first-time implementation of these amendments, the Group does not need to provide comparative information on previous periods. The Group assesses the impact of the standard on its financial position and performance.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

IAS 12 Income Taxes: Deferred Tax Assets for Unrealized Losses Accounting (Amendments)

In January 2016, the IASB issued its amendments to the IAS 12 Income Tax Standard. The amendments clarify the deferred tax accounting for borrowing instruments measured at fair value. The amendments are intended to eliminate existing differences in the application of deferred tax assets for unrealized losses. The amendments will be applied retrospectively for annual periods beginning on or after 1 January 2017. Early application is allowed. However, the period in which the changes are applied for the first time may be recognized in the opening retained earnings (or, where appropriate, in another equity item), without distinction between the opening equity of the first period presented, the opening retained earnings / losses and other equity items. If the Group applies this exemption, the Group will make disclosures in the footnotes of the financial statements. The Group assesses the impact of the standard on its financial position and performance.

IFRS 2 Classification and Measurement of Share Based Payment Transactions (Amendments)

In June 2016, the IASB issued amendments to IFRS 2 Share-based Payments standard. The amendments are intended to clarify IFRS 2 as to how certain share-based payment transactions should be accounted for.

The amendments include accounting for the following issues:

- The effects of the payment conditions on the measurement of cash-paid share-based payments,
- Share based payment transactions with net offsets in respect of withholding tax liabilities
- Changes in the terms and conditions that convert the nature of the transaction from cash-settled share-based transactions to share-based transactions based on equity.

The amendments will be effective for annual periods beginning on or after 1 January 2018. Early application is allowed. Your amendment will have no effect on the Group's financial position or performance.

IAS 40 Investment Property: Transfers of Investment Properties (Amendments)

IASB issued amendments to IAS 40 "Investment Property" standard. The amendments will be effective for annual periods beginning on or after 1 January 2018. Early application is allowed. Your amendment will have no effect on the Group's financial position or performance.

IFRS Comment 22: Foreign Currency Shares and Advance Fees

This interpretation clarifies the accounting for transactions involving advances received or made in foreign currencies. It is not necessary for the operator to apply this interpretation to income taxes, or insurance policies (including reinsurance policies) or reinsurance policies that they hold. The interpretation will be applied for annual periods beginning on or after January 1, 2018. Early application is allowed. The Group assesses the impact of the standard on its financial position and performance.

IFRS Annual Improvements - 2014 - 2016 Period

The IASB has issued Annual Improvements for the period of IFRS 2014-2016, amending the following standards:

IFRS 1 "First-time Application of International Financial Reporting Standards": This amendment removes certain IFRS 7 disclosures, IAS 19 transitional provisions and IFRS 10 Investment Management's short-term exceptions. The amendment will apply to annual periods beginning on or after 1 January 2018.

IFRS 12 "Disclosure of Interest in Other Entities": The amendment will be effective for annual periods beginning on or after 1 January 2017.

IAS 28 "Investments in Associates and Joint Ventures" The amendment will apply to annual periods beginning on or after 1 January 2018. Early application is allowed.

The financial status of the Group and its impact on its performance are assessed.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

B. Declaration of Conformity to TAS

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013.

According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards / Turkish Financial Reporting Standards (TAS/IFRS) and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”). The accompanying consolidated financial statements and explanatory notes were disclosed in compliant with reporting formats recommended by CMB, including the compulsory explanations.

Consolidated financial statements as of 31 December 2016, were authorized for issue on 5 June 2017 by the Board of Directors. General Assembly have the power to amend the interim condensed consolidated financial statements.

C. Changes in Accounting Policies

The preparation of financial statements in conformity with TAS/IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

There is not any changes in significant accounting policies mentioned for the period ended 31 December 2016.

D. Changes in Accounting Estimates and Errors

The preparation of consolidated financial statements requires management to affect the reported amounts of assets and liabilities in the balance sheet at the date of the possible liabilities and commitments and the amounts of revenue and expenses during the reporting period required to make certain assumptions and estimates. These estimates and assumptions are based on management's best knowledge of current events and transactions despite the actual results may vary.

Changes in accounting estimates, if only for one period, changes are made in the current period, if they relate to future periods, as well as in the period of change in future periods, are applied prospectively. Significant accounting estimates used in current period is coherent with significant accounting estimates used to prepare 31 December 2015 dated consolidated financial statements.

E. Summary of Significant Accounting Policies

Revenue and Income

Revenue measures from fair value of collected or collectible amounts. Possible customer returns, discounts and provisions deducts from this amount.

Sale of Goods

Revenue from sale of goods books after it has agreed upon the following:

- Transferring the significant risks and rewards to the buyer,
- Associated with the ownership of the Group and ongoing managerial involvement nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and reliable measurement of costs arising from the transaction, or to be incurred.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Revenue and Income (continued)

Service Delivery:

Income from service delivery agreement books accordingly with degree of completion stated on agreement.

Degree of completion determines as below:

- Electricity and mechanic commitment works books accordingly with degree of completion. Degree of completion specified by the rate of elapsed time as of balance sheet date to estimated time for setup completion.
- Service fees added to price of goods sold books accordingly total cost of service provided for goods sold,
- Derived from contracts that are connected to spent time income, working hours and direct expenses are recognized over the contract it forms charges.

Construction contract activities

Contract revenue and expenses of the construction contract can be estimated reliably when the right of return, as an item of income and expense are recorded. Contract revenues are recognized in the financial statements on the percentage of completion method. As the period of the total contract costs incurred to total estimated cost of the contract rate of completion of the contract and this ratio is the percentage of current total revenue earned during the period of the contract is used reflecting the part of the financial statements.

Type of revenue from cost plus contracts, records cost calculated on the profit margin reflected.

Contract costs include all raw - material and direct labor costs, indirect labor costs related to contract performance, materials, and indirect costs, such as repairs and depreciation costs. Selling, general and administrative expenses are expensed as occurred. Provisions for estimated losses on uncompleted contracts, divided into periods such losses are determined. Job performance, job conditions and estimated profitability of the contract penalty provisions and final contract settlements may result in revisions to costs and income changes that. The effects of revisions are reflected in the consolidated financial statements. Profit incentives are included in revenues when realization is reasonably assured.

Due to ongoing construction contracts, income is reflected in the consolidated financial statements is on how the invoice amount, progress billings on uncompleted contracts of the invoice amount is above shows how much income is reflected in the consolidated financial statements.

Rental Income

Rental income from properties books with linear method during agreement time.

Dividend and interest income:

Dividend income from equity investments are recorded when the Group gain the right to receive dividend (the economic benefits will flow to the Group and the revenue can be measured reliably, as long as).

The interest income from financial assets, economic benefits will flow to the Group and the revenue can be measured reliably are recognized as long. Interest income, with the remaining balance to be achieved through the expected life of the financial asset to that asset's net carrying amount that discounts estimated future cash receipts and at the effective interest rate.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Inventories

Inventories are the items as held for sale in the ordinary course of business, which is produced to be sold or used in the production process or the provision of services in the form of raw materials assets shown. Advances given are classified in the prepaid expenses until the related stock is recognized.

Inventories are valued at the lower of cost and net realizable value. The cost of inventories of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition involves. The costs of conversion of inventories, such as direct labor costs related to production costs. These costs are also incurred in converting raw materials and finished goods material in a systematic allocation of fixed and variable production overheads that include the amounts.

Net realizable value is the estimated selling price in the ordinary course of business, the estimated costs of completion and the estimated costs necessary to make the sale shall be obtained by deducting total. Stocks in the financial statements, use or sales can not be tracked at a price higher than the amount expected to be achieved as a result. The net realizable value of inventories is less than cost, inventories are reduced to net realizable value and are recognized as an expense in the income statement in the year when the impairment. That caused inventories to be written down to net realizable value before conditions or evidence of an increase in net realizable value because of changed economic circumstances cases, impairment loss is canceled. The previously recognized impairment loss is limited to the amount of the canceled amount (Note 12).

Compnay, uses " moving average method" method to able to calculate cost of inventories.

Property, Plant And Equipment

Group for use in the production or supply of goods and services, for rental to others (except for property, plant and equipment) or to be used for administrative purposes intended to be used over a period of physical items held within the framework of the cost model, the cost values are expressed.

The initial cost of property, plant and purchase price, including import duties and non-refundable purchase taxes, plant and equipment are comprised of expenses incurred to make the asset ready for use. After the start of use of tangible property, such as repair and maintenance expenditures are reported in the income statement as an expense as incurred. Expenditure on the future use of the property and equipment expenditures that have resulted in an increased economic value added to the cost of the asset.

Leasehold improvements include the expenses for leased properties and useful life of the lease agreement for the duration of the rental period is longer in cases, where the short is depreciated over their useful lives.

Depreciation of tangible fixed assets are separated from the date that is ready for use. Depreciation in the period in which the related assets will continue to idle.

The useful life and depreciation method are reviewed on a regular basis, depending on the method and period of depreciation on that asset's economic benefits are sought and the necessary corrective action in line with the provision (Note 17).

Revaluation Model

The production or supply of goods or services or for administrative purposes are held in use of land and buildings are stated at revalued. Revalued amount, being the fair value at the date of revaluation subsequent accumulated depreciation and accumulated impairment is determined by subtracting. Balance sheet date, the carrying amount of the revaluations will not differ from the fair value is determined by the way is done at regular intervals.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Tangible Fixed Assets (continued)

Revaluation Model (continued)

Tangible fixed assets are stated at revalued amount of land and buildings are reported. The fair value of buildings is determined by independent valuation company licensed by the CMB. Revalued amount, the date of the revaluation at fair value, any subsequent accumulated depreciation and subsequent accumulated impairment losses are through. The corresponding increases in value are reported in equity is revalued.

If the carrying amount of an asset is increased after revaluation, the increase is recognized in other comprehensive income and directly in equity revaluation account under the name of the group are collected. However, a revaluation, the same asset previously associated with the revaluation gain or loss is recognized in income largely reversed reception.

If the carrying amount of an asset is low as a result of revaluation, the decrease is recognized as an expense. However, the decrease in other comprehensive income in the asset revaluation surplus in respect of the extent of any credit balance recognized in scope. Recognized in other comprehensive income and the decrease reduces the amount accumulated in equity under the heading of revaluation surplus (Note 17).

The amount recorded to other comprehensive income decreases revaluation surplus in the equity (Note 28).

Depreciation of revalued buildings is recognized in the statement of income. Sale or retirement of a revalued property, the remaining balance in the revaluation reserve is transferred directly to retained earnings. No release of off-balance sheet assets, are not transferred from revaluation reserve to retained earnings.

Rental or administrative purposes, or for purposes not yet determined the course of construction assets are carried at cost less any recognized impairment loss. The cost of legal fees are also included. Such assets, the depreciation method used for other fixed assets, as well as when they are ready for use are depreciated.

Machinery and equipment, at cost less accumulated depreciation and accumulated impairment losses, on the same basis.

Cost Method

Tangible fixed assets are reported at cost less accumulated depreciation and accumulated impairment losses, on the same basis.

Rental or administrative purposes, or for purposes not yet determined the course of construction assets are carried at cost less any recognized impairment loss. The cost of legal fees are also included. Such assets, the depreciation method used for other fixed assets, as well as when they are ready for use are depreciated.

Land and construction in progress, except for the cost of tangible fixed assets to their estimated useful lives are amortized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year for the possible effects of changes in estimates if a change in estimate being accounted for on a prospective basis.

Disposal of tangible fixed assets of the asset, or a gain or loss arising on the difference between the sales proceeds and the carrying amount of the asset is included in the income statement is determined.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Tangible Fixed Assets (continued)

Purchase of intangible assets

Purchased intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. These assets are amortized over their estimated useful lives using the straight-line method. The estimated useful life and the depreciation method, in order to determine the possible effects of changes in estimates are reviewed each year and changes in estimates are accounted for prospectively.

Software

Acquired computer software, buying during the acquisition and capitalized on the costs incurred until ready for use.

Derecognition of intangible assets

An intangible asset through use or sale of disposed of or when no future economic benefits are expected from the case of statement of financial position (balance sheet) is disabled. An intangible asset statement of financial position (balance sheet) disconnection of the profit or loss, if any, to the disposal of assets is calculated as the difference between the net book value of collections. This difference is related assets statement of financial position (balance sheet) is recognized in profit or loss when taken out.

Investment Property

Investment property, rental income and / or capital appreciation is held in order to obtain the cost of the initial values and are measured at cost, including transaction. Subsequent to initial recognition, investment property, which reflects market conditions at the reporting date are measured at fair value.

Investment properties are sold or become unusable and the sale in the event of any future economic benefit is derecognized. The retirement or disposal of an investment property and the profit / loss is included in the income statement in the period.

Fair Value Method

Group, after the initial recognition process, and all have chosen the fair value model for investment property at fair value measured by the method (Note 16).

From the change in fair value of investment property gain or loss is included in profit or loss in the period.

Transfers are made when there is a change in use of the investment property. Monitored on the basis of the fair value of investment property, owner occupied property is a transfer to the transfer, the deemed cost for subsequent accounting, the fair value of the aforementioned property at the date of change in use. Owner-occupied property, will be shown on the basis of the fair value of an investment property in the event of conversion, the company, up to the date of change in use "Tangible Fixed Assets" applies the accounting policies applied. In their use of the tangible assets of the Group are presented in the real estate.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization of goodwill. These assets are tested for impairment annually. The carrying value of assets subject to amortization may not be recoverable in the event of a situation or events are reviewed for impairment. If the carrying amount exceeds the recoverable amount of the asset is recognized for the impairment. The recoverable amount is fair value less costs to sell or value in use is the one obtained. For purposes of assessing impairment, assets are grouped at the lowest level of 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

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Leases

Financial Leasing

- The Group as the lessee

The Group substantially all the risks and rewards of ownership of tangible assets taken on lease, are classified as finance leases. Financial leases are subject to finance lease at the inception of the lease at the fair value of fixed assets at the lower of the present value basis are included in tangible assets by taking. Arising from lease financing costs over the lease term so as to produce a constant periodic rate is spread over the lease term. In addition, leased fixed assets based on estimated useful lives are amortized through. A reduction in value of fixed assets subject to finance lease impairment provision is recognized if detected. Finance lease liabilities and related interest expense and foreign exchange differences are recognized in profit or loss statement. Lease payments from finance lease liabilities are deducted.

Operating Lease

- The group as the lessee

A significant portion of the risks and rewards of ownership are retained by the lessor that leases, are classified as operating leases. Under operating leases (net of any incentives received from the lessor after) the payments made, straight-line basis over the lease term on the profit or loss is recognized as an expense in the statement. The Group's activities conducted their own offices and warehouses are located in the business center, rent expense during the period of the lease expense is comprised of branches located in Baku.

- The group as the lessor

In an operating lease, the leased assets, property, land and investment properties held, except to the consolidated statement of financial position of tangible assets are classified and the resulting rental income during the leasing period in equal amounts in the consolidated profit or loss reflected in the statement. Straight-line basis over the lease term rental income in the consolidated profit or loss are recognized in the statement. His capacity as lessor if the lease agreements become a party to the main building where the Group operates and other non-consolidated group companies of investment properties and other non-group companies stems from a rented office and warehouse .

Borrowing Costs

Require significant time to get ready for use or sale assets (qualifying assets) when it comes to the acquisition, construction or production of directly attributable costs of the asset until the asset is ready for use or sale, are added to the cost. In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

Related Parties

Related parties of the Group's shareholding, contractual rights, the opposite side of the family relationship or otherwise, directly or indirectly, control or significantly influence the team includes a. The accompanying consolidated financial statements of the Group companies are owned by shareholders and the shareholders of which are known to be associated with key management personnel and other companies are defined as related parties.

Presence of one of the following criteria, are considered related party to the Group:

i) use directly, or indirectly through one or more intermediaries:

- The Group controls, or is controlled by the Group

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Related Parties (continued)

- Is under common control with the Group (parent, subsidiaries and fellow subsidiaries, including the same);

- Has an interest in the Group that gives it significant influence over, or has joint control over the Group;

ii) the party is an associate of the Group;

iii) The party is joint venture of the Group is venturer;

iv) the party is a member of the key management personnel of the Group or its parent;

v) the (i) or (iv) above, any individual is a close family member;

vi) the entity that is controlled, jointly controlled or significantly influenced by, or (iv) or (v) directly or indirectly, any individual referred to in Articles important to have an entity that is entitled to vote, or

vii) the party is an entity that is a related party of the company or for the benefit of employees of the entity must have plans.

Related party transactions between related parties, resources, services or obligations, regardless of whether a price is charged transfer (Note 38).

Financial Instruments

Financial assets

Financial assets at fair value through profit or loss of the ones which are classified as financial assets recognized at fair value and the fair market value of the total price of the acquisition is recognized directly attributable transaction costs. The investment within the timeframe established by the market concerned is under a contract require delivery of the related assets as a result of the purchase or sale of financial assets, are recognized or derecognized on trade date..

"Financial assets at fair value through profit or loss Financial assets", "held to maturity investments", "available-for-sale financial assets" and "loans and receivables". Classification of financial assets depending on the purpose and specifications, is determined at initial recognition.

The effective interest method

The effective interest method of calculating the amortized cost of a financial asset and of allocating the interest income related to the Respective period. The effective interest rate for the expected life of the financial instrument or, where Appropriate, a shorter period of time, the sum of the estimated cash flow, net present value of the related financial assets.

Financial assets at fair value through profit or loss on financial assets, except calculated by using the effective interest method.

Financial assets at fair value through profit or loss

At fair value through profit or loss are financial assets are financial assets held for trading purposes. A financial asset is classified in this category if acquired principally for the purpose of disposal. Against financial risk, derivative instruments are designated as effective hedging instruments which embody the fair value of financial assets classified as financial assets at fair value through profit.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Financial assets held to maturity

That the Group has the intention and ability to hold to maturity, with fixed or determinable payments and fixed maturity debt securities are classified as held to maturity investments. Held to maturity investments are recorded at amortized cost using effective interest method less impairment, with revenue recognized is calculated using the effective interest method.

Available-for-sale financial assets

Held by the Group that are traded in an active market with quoted equity instruments and certain debt securities are classified as available-for-sale financial assets are stated at fair value. Are not quoted in an active market and the Group's unlisted equity instruments classified as available for sale financial assets, but the fair values can be reliably measured are measured at cost. Impairment losses recognized in income statement, interest calculated using the effective interest method and foreign exchange losses on monetary assets, profit / loss amount, except for gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated financial assets revaluation reserve. If the investment is sold or impaired, the accumulated financial assets revaluation reserve total profit / loss is reclassified.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group has the right to receive dividends.

Available-for-sale monetary assets denominated in a foreign currency fair value is determined in that foreign currency and translated at the spot rate at the end of the reporting period. Foreign exchange gains recognized in the statement of income / losses are determined based on the amortized cost of a financial asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Loans and receivables

Those receivables are financial assets with fixed or determinable payments that are quoted in an active market are classified under loans and receivables. Loans and receivables are measured at amortized cost using effective interest method less any impairment.

Impairment of financial assets

Financial assets at fair value through profit or loss, a financial asset or group of financial assets At each reporting date whether there are indicators of impairment are assessed. After the initial recognition of the financial asset, or where there is more than one occurrence of the event of the financial asset or group of assets that can be reliably estimated future cash flows of the financial asset may be impaired as a result of the negative impact on the objective evidence of impairment loss is recognized when there is . For financial assets carried at amortized cost less impairment of estimated future cash flows, discounted at the original effective interest rate of the financial asset is calculated by the difference between the carrying amount and the present value.

Carrying amount is reduced through the use of an allowance account, except for trade receivables, all financial assets are deducted from the carrying amount of the related financial asset impairment. Trade receivables can not be collected by deducting the amount of the reserve account will be deleted. Changes in the allowance account are recognized in the income statement.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Available-for-sale equity instruments, except for the period after the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss recognized, the previously recognized impairment loss when the carrying value of the investment at the date the impairment is reversed in case of muhasabeleştirilmemiş reach does not exceed what the amortized cost profit or loss to be canceled.

Available-for-sale equity securities, any increase in fair value subsequent to an impairment loss recognized directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with original maturities of 3 months from the date of acquisition is less than 3 months, the risk of significant value change readily convertible to cash and other short-term highly liquid investments.

Financial liabilities

The Group's financial liabilities and equity instruments, the contractual arrangements, the definitions of a financial liability and an equity instrument classified on the basis of. Assets of the Group after deducting all of its liabilities equity instrument is any contract that right. For specific financial liabilities and equity instruments accounting policies set out below.

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, are recognized at fair value at each reporting period and at the balance sheet date the fair value is revalued. Changes in fair value, are recognized in the income statement. Net gains or losses are recognized in the income statement, include the amount of interest paid on the financial liability.

Other financial liabilities

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

Other financial liabilities are subsequently at amortized cost using the effective interest rate and are accounted for at amortized cost using the effective interest method.

The effective interest method, calculating the amortized cost of a financial liability and of allocating interest expense associated period. The effective interest rate for the expected life of the financial instrument or a shorter period of time, if appropriate, the estimated future cash payments net present value of the financial liability.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Trade Payables

Trade payables in the ordinary activities of the suppliers of goods and services provided refers to payments to be made on. Trade payables are initially and subsequently at fair value calculated at the effective interest method are measured at amortized cost (Note 9).

Business Combinations

Business Combinations

Purchase of property, using the purchase method are accounted for. The consideration transferred in a business combination is its fair value is measured at cost being transferred, the acquirer acquisition-date fair values of the assets transferred by the acquirer to former owners of the debts incurred by the acquired entity and are calculated as the sum of the equity interests issued by the acquirer. Acquisition-related costs are generally recognized as an expense.

The identifiable assets acquired and the liabilities assumed are recognized at their fair values at the acquisition date. In this way are not recognized as provided below:

- Deferred income tax assets or liabilities or assets related to employee benefits or liabilities, respectively, IAS 12 Income Taxes and IAS 19 Employee Benefits in accordance with the standards recognized and measured;

- The acquired entity's share-based payment arrangements of the acquiree or share-based payment arrangements of the Group signed a share-based payment arrangements intended to replace liabilities or equity instruments related to the acquisition date are accounted for in accordance with IFRS 2 Share-based Payment Arrangements, and

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are classified as held for sale in accordance with current assets (or disposal groups) that are recognized in accordance with the requirements of TFRS 5.

Goodwill is the consideration transferred for the acquisition, non-controlling interests in the acquiree, and if you have, if any, of the acquirer in a business combination achieved in stages, previously of the total fair value of the equity interest in the acquiree, on the purchase date of the acquiree's identifiable assets, and net liabilities assumed exceeds the amount calculated as described. After reassessment, the acquiree's identifiable assets and assumed on acquisition of net identifiable liabilities, transferred to the purchase price, and the non-controlling interest in the acquiree, if any, in the acquiree prior to the acquisition exceeds the sum of the fair value of the shares, the amount directly as a gain on bargain purchase in profit / loss recognized.

The consideration transferred by the Group in a business combination, contingent consideration included cases, the contingent consideration is measured at its acquisition-date fair value and the consideration transferred in a business combination are included. Arising during the measurement period as a result of the additional information you need to fix the fair value of the contingent consideration, the amendment retroactively adjusted for goodwill. The measurement period following the date of the merger, the period adjustments are adjustments that the provisional amounts recognized in the acquirer in a business combination. This period can not be more than 1 year from date of purchase.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Business Combinations (continued)

The fair value of the contingent consideration that qualify as measurement period adjustments The subsequent accounting for changes, depends on how the contingent consideration is classified. Contingent consideration is classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is the nature of financial instruments and IAS 39, Financial Instruments: Recognition and Measurement In the presence of the scope of the standard, the contingent consideration is measured at fair value and gains or losses arising from changes in profit or loss or in other comprehensive income accounted for. Those who are not within the scope of IAS 39, IAS 37 and are accounted for in accordance with IFRS or other appropriate provisions.

Acquired in a business combination achieved in stages, the Group's previously held equity interest to fair value at the acquisition date (ie the date when the Group obtains control) is measured again, and if the resulting gain / loss in profit / loss accounted for. Prior to the date of acquisition recognized in other comprehensive income amounts arising from interests in the acquiree, under the assumption that interest were disposed of the profit / loss is transferred.

The initial accounting for a business combination is incomplete by the end of the reporting period when the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. During the measurement period, are adjusted during the measurement period, or may have an effect on the amounts recognized at the acquisition date and the date on events and situations that arise, resulting in additional assets or liabilities are recognized to reflect new information.

Business combinations prior to January 1, 2010, accounted for in accordance with the previous version of IFRS 3. Betterment.

Foreign Currency Transactions

The individual financial statements of each Group entity are measured using the currency of the primary economic environment (functional currency) are presented. Each entity's financial position and operating results of the Company's functional currency and the presentation currency for the consolidated financial statements are expressed in TL.

During the preparation of the financial statements of the individual entities, in foreign currencies (currencies other than TL) the transactions are recorded at the rates prevailing on the date. Balance sheet foreign currency denominated monetary assets and liabilities are translated into New Turkish Lira at the exchange rates prevailing at the dates. Non-monetary items carried at fair value that are denominated in foreign currencies at fair value are retranslated at the rates prevailing on the date specified. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences, except to the extent specified below, are recognized in profit or loss in the period in which:

- Which relate to assets under construction for future productive use, and an adjustment to interest costs on foreign currency borrowings are regarded as foreign exchange differences are included in the cost of those assets,
- Foreign currency risks (see accounting policies are described below in order to hedge against) Exchange differences on transactions entered into in order to hedge,
- Form part of the net investment in foreign operation, net investment in a foreign operation and the profit or loss associated with the sale, without intention or possibility of payment of monetary payables and receivables arising from foreign exchange differences arising from the activities.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Earnings Per Share

Earnings per share Earnings / loss amount, profit / loss, earnings per share from continuing operations / loss amount, the continuing operations profit / loss for the period of time in the Company's shares is calculated by dividing the weighted average number of common shares.

In Turkey, companies, existing shareholders from retained earnings distributing "bonus shares" by way of earnings. This type of "bonus share" distributions, earnings per share, are regarded as issued shares. Accordingly, the weighted average number of shares used in the calculations, giving retroactive effect to the stock in question is taken into consideration.

The calculation of earnings per share, will make the necessary corrections to the dilution effect of potential shares of preferred stock, or None (Note 37).

Events after the Balance Sheet Date

Events after the balance sheet date, the approval date of the publication of the balance sheet date of the consolidated financial statements, the Company refers to events that occur in favor or against. Whether to make a correction, according to the two types of situations can be identified:

- Adjusting events after the balance sheet, showing evidence of conditions that existed at the reporting date on situations in which the conditions,
- About the events that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet)

The accompanying consolidated financial statements of the Group, has been recognized adjusting events after balance sheet date and non-adjusting events after the balance sheet notes (Note 41).

Provisions, Contingent Liabilities and Contingent Assets

Provisions

There is a present legal or constructive obligation as a result of past events, and resources embodying economic benefits to settle the obligation and it is probable that they kept the company is expected to have a safe manner in the event of liability should be recognized in the consolidated financial statements. The provisions of the expenditure required to settle the obligation at the balance sheet date, with the most realistic estimates calculated by the Company's management and are discounted to present value where the effect is material.

Contingent Liabilities

Obligations under this group, within the control of the entity arising from past events, and the presence of one or more uncertain future events on the realization of the non-existence will be confirmed as the assessed liabilities Contingent liabilities are not included in the consolidated financial statements. Because, to settle the obligation, have the possibility of an outflow of resources embodying economic benefits or the amount of obligation can not be measured with sufficient reliability. Too far from the entity of resources embodying economic benefits likely to come out, unless the notes to the consolidated financial statements show that conditional obligations (Note 24).

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Provisions, Contingent Liabilities and Contingent Assets (continued)

Contingent Assets

The Group within the control of the entity arising from past events, and the presence of one or more uncertain events, which will be confirmed by the realization of assets, is considered as a contingent asset. If an inflow of resources embodying economic benefits is not certain contingent assets described in the notes to the consolidated financial statements.

Or all of the economic benefits required to settle a provision are expected to be part of the cases, which shall be collected by third parties, it is virtually certain that reimbursement will be received and the amount of the event can be measured reliably, are recognized and reported as an asset

Financial Information Segment Reporting

Reportable segment information required to be disclosed is a business segment or geographical segment . Industrial segments of a particular commodity or service or group of related goods or services , or to provide benefits in terms of risk and different from other parts of the Group are the features section . Geographical segments provide products or services within a particular economic environment of the Group and the risks and benefits in terms of the economic environment to another with different characteristics from those of components operating in other chapters .

The Group mainly abroad and in Turkey , electrical and mechanical project contracting, real estate in Turkey chartering, ship power electronics and solar energy in the areas in which it operates financial information for the segmental reporting this that performs the operations of the companies restructured by the electrical and mechanical project contracting, real estate leasing , power electronics and energy are reported under the headings of the ship .

Group management for the purposes geographically Turkey, Qatar , Georgia, Ukraine, Russia, Bulgaria, Saudi Arabia , Azerbaijan and the United Arab Emirates is divided into 9 sections including (Note 5).

Government Grants and Incentives

Government grants, donations will be received and the Group is obliged to comply with a reasonable assurance that it meets the conditions is recognized at the fair value (Note 22).

Government grants relating to costs, costs will meet their match in a consistent manner throughout the period is recognized as income.

Government grants relating to tangible fixed assets, non-current liabilities as deferred government grants and are classified under the straight-line basis over their useful lives are recorded as receivables in the statement of profit or loss.

Taxation and Deferred Income Taxes

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders’ equity. (Note 36).

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries of the Group operate.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

E. Summary of Significant Accounting Policies (continued)

Taxation and Deferred Income Taxes (continued)

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

The principal temporary differences arise from the carrying values of property, plant and equipment and available-for-sale-investments and their historical costs, various provisions and unused tax allowances and exemptions.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

Employee Benefits and Severance Pay

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders’ equity in the period in which they arise (Note 26).

Cash Flow Statement

The Company's net assets, financial structure, and the ability to affect the amounts and timing of cash flows, financial statement users to provide information about the cash flow statement holds. Cash flow statement, cash flows from operating, investing and financing activities are classified.

Cash flows from operating activities, cash flows from operating activities of the Company. From investing activities Cash flows from investing activities (fixed asset investments and financial investments) and the cash flows. Cash flows related to financing activities, the resources used in financing activities of the Company and repayments. Cash and cash equivalents include cash, bank deposits and investments that are readily convertible into cash at short-term, highly liquid investments with original maturities of three months or less.

Dividends

Ordinary shares, are classified as equity. Dividends payable are declared as an element of profit in the period are reflected as liabilities in the financial statements.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

F. Significant Accounting Estimates

The preparation of consolidated financial statements requires management to affect the reported amounts of assets and liabilities in the balance sheet at the date of the possible liabilities and commitments and the amounts of revenue and expenses during the reporting period required to make certain assumptions and estimates. These estimates and assumptions are based on management's best knowledge of current events and transactions despite the actual results may vary. Estimates are revised regularly and any necessary corrections are made and are reflected in the income statement in the periods. Critical judgments in applying the Group's accounting policies Summary of Significant Accounting Policies in the process of applying the accounting policies specified in management, with a significant impact on the amounts recognized in the financial statements (other than the estimates discussed below) made the following comments:

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

- a) Estimations used to determine total cost and profitability of the projects within the scope of IAS 11 “Construction Contracts”.
- b) A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences. As at 31 December 2015 With the expectation to recover certain part of its tax losses carried forward, the Group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits.
- c) Severance pay provision calculates under actuarial estimations (discount rate, future salary increases and employee leave rate) .
- d) Doubtful receivable provisions reflects future loss of possible uncollectible receivable amounts as at balance sheet date. While the determination impairment of receivables, past performans of third party receivables, market credibilities and performanses from balance sheet date until the confirmation of financial statements taking into consideration.
- e) Inventory impairment calculates by using list price after discounts. Sales price imponderable inventories evaluated by determining of waiting time of inventories, physical conditions and technical staff opinion. Provision made if net realizable value under the cost value.
- f) While the determination provision for lawsuits, Company’s legal advisor’s and Company Management’s opinions regarding possibility of lose lawsuits and liabilities in case of lose took into consideration. Company Management determine lawsuit provision according to best estimations.
- g) Company Management make significant estimations regarding determination economic life of tangible and intangible assets.

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3. BUSINESS COMBINATION

Anel Mep Mekanik Ltd. Şti which registered in 25.05.2016 and own by the Company is consolidated with full consolidation method on the 31 December 2016 dated financial statements.

4. JOINT VENTURES

Anelmep Maintenance and Operations LLC’s effective share has been increased to %100 after 30.12.2016 dated additional share purchase.

The Group's subsidiaries' business activities , information on the country of registration and ownership rates are disclosed in Note 1 .

5. SEGMENT REPORTING

By the chief operating decision-making authority determined the operating segments based on internal reports that are regularly reviewed. The competent authority of the board of directors and general manager of the Group's decision-making.

The competent authority to decide the Group, to make decisions about resources to be allocated to departments and divisions in order to evaluate the performance and results of operations on a product basis and examines the basis of geographical distribution. The distribution of the Group's product lines are as follows: Electrical and mechanical project contracting, ship electrical and electronics, and energy. Revenue of the Group's reportable operating segments are largely businesses committed.

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5.SEGMENT REPORTING (continued)

Information on the Group's operating segments based on internal reporting are as follows

31.12.2016	Project Commitment	Ship Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	648.799.356	9.137.327	4.150.920	-	662.087.603
Intra Group Revenue	20.331	-	107.335	(59.382)	68.284
Total Net Revenue	648.819.687	9.137.327	4.258.255	(59.382)	662.155.887
Cost of Sales (-)	(593.272.640)	(6.970.609)	(2.433.966)	8.831	(602.668.384)
Gross Profit / Loss	55.547.047	2.166.718	1.824.289	(50.551)	59.487.503
General and Administrative Expenses (Marketing, Sales and Distribution Expenses (-))	(29.933.032)	(658.583)	(1.000.285)	51.447	(31.540.453)
Other Operating Income	46.052.732	570.959	907.002	(896)	47.529.797
Other Operating Expenses	(15.092.806)	(449.598)	(855.704)	(73.568)	(16.471.676)
Operating Profit / (Loss)	56.573.941	1.629.496	874.588	(73.568)	59.004.457
Income from Investment Operations	1.397.108	49	-	-	1.397.157
Expense from Investment Operations (-)	(11.160.206)	-	-	-	(11.160.206)
Equity Method Investments Profit / (Loss) 's Shares	(581.581)	-	-	-	(581.581)
Operating Profit / (Loss) before Finance Income and Expense	46.229.262	1.629.545	874.588	(73.568)	48.659.827
Financing Income	295.776.597	2.175.092	1.407.948	(1.959.246)	297.400.391
Financing Expenses (-)	(267.506.862)	(1.944.319)	(4.845.766)	1.959.246	(272.337.701)
OPERATING PROFIT / (LOSS) BEFORE TAX	74.498.997	1.860.318	(2.563.230)	(73.568)	73.722.517
Operating Tax Income / (Loss)					
-Period Tax Income / (Loss)	(4.031.819)	(556.252)	-	-	(4.588.071)
-Deferred Tax Income/(Expense)	2.589.544	163.566	(560.927)	22.034	2.214.217
PROFIT / (LOSS)	73.056.722	1.467.632	(3.124.157)	(51.534)	71.348.663
Investment Expenses					
Investment Property	-	-	-	-	-
Tangible Fixed Assets	12.110.110	-	16.974	-	12.127.084
Intangible Fixed Assets	443.516	-	-	-	443.516
Depreciation Expenses	(3.935.703)	(6.047)	(1.185.360)		(5.127.110)
Redemption Expenses	(906.630)	(1.734)	(1.112)		(909.476)
Other Information					
- Total Assets	1.234.479.117	5.914.928	30.362.827	(260.530.943)	1.010.225.929
- Total Liabilities	1.234.479.117	5.914.928	30.362.827	(260.530.943)	1.010.225.929

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4.SEGMENT REPORTING (continued)

31.12.2015	Project Commitment	Ship Electrical	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	534.556.743	6.736.704	3.967.882	-	545.261.329
Intra Group Revenue	1.287.596	-	-	(1.733.655)	(446.059)
Total Net Revenue	535.844.339	6.736.704	3.967.882	(1.733.655)	544.815.270
Cost of Sales (-)	(524.831.733)	(6.190.263)	(2.532.375)	1.682.236	(531.872.135)
Gross Profit / Loss	11.012.606	546.441	1.435.507	(51.419)	12.943.135
General and Administrative Expenses (Marketing, Sales and Distribution Expenses (-))	(26.233.058)	(410.998)	(957.674)	157.832	(27.443.898)
Other Operating Income	61.437.359	582.078	540.409	(106.413)	62.453.433
Other Operating Expenses	(63.679.317)	(520.866)	(4.355.846)	(186.629)	(68.742.658)
Operating Profit / (Loss)	(17.462.410)	196.655	(3.340.490)	(186.629)	(20.792.874)
Income from Investment Operations	6.481.865	1.282	17.138	-	6.500.285
Expense from Investment Operations (-)	(934.485)	-	-	-	(934.485)
Equity Method Investments Profit / (Loss) 's Shares	23.197.175	-	-	-	23.197.175
Operating Profit / (Loss) before Finance Income and Expense	11.282.145	197.937	(3.323.352)	(186.629)	7.970.101
Financing Income	356.460.854	2.025.803	5.995.299	(4.381.585)	360.100.371
Financing Expenses (-)	(342.434.511)	(2.068.124)	(8.780.759)	4.381.585	(348.901.809)
OPERATING PROFIT / (LOSS) BEFORE TAX	25.308.488	155.616	(6.108.812)	(186.629)	19.168.663
Operating Tax Income / (Loss)					
-Period Tax Income / (Loss)	(14.587.837)	(14.436)	-	-	(14.602.273)
-Deferred Tax Income/(Expense)	8.186.615	(4.004)	(13.520)	6.548	8.175.639
PROFIT / (LOSS)	18.907.266	137.176	(6.122.332)	(180.081)	12.742.029
Investment Expenses					
Investment Property	-	-	-	-	-
Tangible Fixed Assets	1.393.933	670	2.665	-	1.397.268
Intangible Fixed Assets	43.748	245	-	-	43.993
Depreciation Expenses	2.361.015	5.978	1.013.488		3.380.481
Redemption Expenses	1.271.865	1.688	2.546		1.276.099
Other Information					
- Total Assets	867.374.410	5.155.833	31.498.652	(82.134.592)	821.894.303
- Total Liabilities	867.374.410	5.155.833	31.498.652	(82.134.592)	821.894.303

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5.SEGMENT REPORTING (continued)

Geographical Segments

<u>01.01.-31.12.2016</u>	<u>Türkiye</u>	<u>Katar</u>	<u>Rusya</u>	<u>Bulgaristan</u>	<u>Azerbaycan</u>	<u>Libya</u>	<u>Birlesik Arap Emirlikleri</u>	<u>Eliminasyon</u>	<u>Toplam</u>
Gelirler	81.775.550	289.036.068	10.553	4.151.366	2.295.674	-	284.946.058	(59.382)	662.155.887
Devam Eden İnşaat Sözleşmelerine İlişkin Varlıklar	20.554.790	17.854.872	-	-	-	-	101.088.197	-	139.497.859
Bölgümlere Göre Varlıklar	616.652.251	556.849.273	364.068	28.950.100	25.957.431	352.557	343.599.098	(562.498.849)	1.010.225.929
Yatırım Harcamaları	267.381	11.462.110	-	16.974	270	-	823.865	-	12.570.600
<u>01.01.-31.12.2015</u>	<u>Türkiye</u>	<u>Katar</u>	<u>Rusya</u>	<u>Bulgaristan</u>	<u>Azerbaycan</u>	<u>Libya</u>	<u>Birlesik Arap Emirlikleri</u>	<u>Eliminasyon</u>	<u>Toplam</u>
Gelirler	262.965.460	15.281.146	-	3.764.374	47.075.109	-	217.462.836	(1.733.655)	544.815.270
Devam Eden İnşaat Sözleşmelerine İlişkin Varlıklar	26.705.244	14.260.981	-	-	730.950	-	59.000.167	-	100.697.342
Bölgümlere Göre Varlıklar	626.730.373	192.812.361	528.610	27.314.878	70.266.583	352.557	274.754.501	(370.865.560)	821.894.303
Yatırım Harcamaları	273.050	914.634	-	-	41.898	-	211.679	-	1.441.261

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ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
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5.SEGMENT REPORTING (continued)

The details of customers which constitute %10 or more of Group’s revenue gained within the periods as 01.01.-31.12.2016 and 01.01.-31.12.2015 are as below:

<u>Faaliyet Bölümü</u>	<u>Konusu</u>	<u>01.01. - 31.12.2016</u>	
		<u>Brüt Hasılat İçerisindeki Tutarı</u>	<u>Brüt Hasılat İçerisindeki Payı</u>
Project Commitment	Project Commitment	197.961.680	31%
Project Commitment	Project Commitment	259.210.311	40%
Ship Electrical and Electronics	Service Sales	1.292.766	14%
Ship Electrical and Electronics	Service Sales	3.138.194	34%
Ship Electrical and Electronics	Service Sales	5.481.594	60%

<u>Operating Segment</u>	<u>Activity</u>	<u>01.01. - 31.12.2015</u>	
		<u>Amount in Gross Revenue</u>	<u>Share in Gross Revenue</u>
Project Commitment	Project Commitment	112.270.724	20%
Project Commitment	Project Commitment	192.619.654	34%
Project Commitment	Project Commitment	69.510.946	12%
Ship Electrical and Electronics	Service Sales	3.652.778	54%
Ship Electrical and Electronics	Service Sales	2.549.642	38%
Ship Electrical and Electronics	Service Sales	771.284	11%

6. CASH AND CASH EQUIVALENTS

	<u>31.12.2016</u>	<u>31.12.2015</u>
Cash	107.188	122.607
Banks	31.581.816	44.958.001
- Demand Deposits	31.581.816	44.958.001
- Time Deposit Maturity less than 3 Months	-	-
Other Cash and Cash Equivalents	-	3.984.546
Total	<u>31.689.004</u>	<u>49.065.154</u>

Details of bank deposits are as follows ;

Currency	Interest Rate (%)	<u>31.12.2016</u>	Interest Rate (%)	<u>31.12.2015</u>
TL	-	<u>-</u>	9,00	<u>1.000.242</u>
Total Time Deposit		<u>-</u>		<u>1.000.242</u>

7. FINANCIAL INVESTMENTS

Short Term Financial Investment

None (31.12.2015: None).

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7. FINANCIAL INVESTMENTS (continued)

Long Term Financial Investments

<u>Long Term Financial Investments</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
<u>Available for sale Financial Assets</u>		
- Financial Investments Accounted with Cost Method in the Absence of Active Market	46.296	46.296
Total	46.296	46.296
<u>Available for sale Financial Assets</u>		
- Financial Investments Accounted with Cost Method in the Absence of Active Market		
<u>Stocks</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Unlisted Stocks	46.296	46.296
Total	46.296	46.296

Information on the nature and level of risks in financial assets disclosed in the note 39.

As mentioned above, amounting to TL 46.296 (2015: TL 46.296) presented over cost value because the estimated amount of non-quoted market value and the estimated value ranges of values can not be measured reliably.

8. FINANCIAL BORROWINGS

	<u>31.12.2016</u>	<u>31.12.2015</u>
a) Bank Loans	166.138.331	164.815.804
b) Credit Card Debts	193.253	11.662
Total	166.331.584	164.827.466

a) Bank Loans:

	<u>31.12.2016</u>		<u>Short-Term Portion of Long</u>	
<u>Currency</u>	<u>Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Term Loans</u>	<u>Long Term</u>
TL	13,00 - 19,20	121.110.379	-	-
EUR	4,2 - 5,87	-	2.320.186	21.099.667
AED	4,10 - 4,83	20.204.311	-	-
QAR	5,50	1.403.788	-	-
Toplam		142.718.478	2.320.186	21.099.667

	<u>31.12.2015</u>		<u>Short-Term Portion of Long</u>	
<u>Currency</u>	<u>Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Term Loans</u>	<u>Long Term</u>
TL	12,65 - 17,25	131.816.046	-	-
USD	4,00	9.695.631	-	-
EUR	4,20 - 5,00	-	1.912.545	19.620.932
AED	3,95	1.259.523	-	-
QAR	5,50	511.127	-	-
Toplam		143.282.327	1.912.545	19.620.932

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8. FINANCIAL BORROWINGS (continued)

a) Bank Loans (continued):

	<u>31.12.2016</u>	<u>31.12.2015</u>
Payable within one year	145.038.664	145.194.872
Payable within 2 - 3 years	1.536.584	2.402.383
Payable within 3 - 4 years	1.977.778	1.661.887
Payable within 4 - 5 years	2.106.632	1.770.012
Payable within 5 years and longer term	15.478.673	13.786.650
Total	166.138.331	164.815.804

Group's significant loans are summarized as below;

The fair value of short and long term debts is equal to the book value because the effect of the discount is immaterial

9. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

The Group's trade receivables as at balance sheet date are as follows:

<u>Short Term Trade Receivables</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Customers	241.464.719	175.558.840
Notes Receivables and Postdated Checks	250.000	4.837.749
Less: Unrealized Finance Income	(75.487)	(403.289)
Doubtful Trade Receivables (*)	5.534.835	4.299.260
Less: Doubtful Trade Receivables Provisions	(5.534.835)	(4.299.260)
Collaterals held by Employers	144.744.014	126.488.950
<i>Sub Total</i>	386.383.246	306.482.250
Receivables from Related Parties (Note 38)	571.654	4.753.132
Total	386.954.900	311.235.382

As of 31.12.2016, the weighted average of interest rate % 8,49, %0,42 and %0,21 used to calculate unearned finance income for short-term trade receivables in terms of TL, USD and EUR and average maturity of receivables is 2 months. (2015: TL: %10,38, USD : % 0,17 , EUR : %0,07, 2 month).

As of 31 December 2016, trade receivables' amounting TL 5.534.835 (2015: 4.299.260 TL) is a provision for doubtful receivables.

The provision for trade receivables, is determined based on past experience.

a) Trade Receivables

(*) The movement of provisions for doubtful trade receivables of the Group are as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Beginning of the period	4.299.260	7.022.094
Provisions within the period	593.104	529.668
Less: Collected within the current period	(98.137)	(3.955.236)
Foregin currency exchange differences	740.608	702.734
End of the period	5.534.835	4.299.260

Long-term Trade Receivables

None. (31.12.2015: None.)

Information on the nature and level of risk in trade receivables is described in detail in Note 39

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9. TRADE RECEIVABLES/ PAYABLES (continued)

.b) Trade Payables:

The Group's trade payables at the balance sheet date are as follows:

Short Term Trade Payables	31.12.2016	31.12.2015
Suppliers	186.904.800	145.439.614
Notes Payable and Postdated Checks	30.477.475	7.954.482
Less: Unrealized Finance Expense	(150.125)	(495.380)
Expense Accruals	1.894.860	-
Financial Guarantees Given to the Subcontractor	12.201.148	-
Sub Total	231.328.158	152.898.716
Trade Payables to Related Parties (Not 38)	2.834.377	4.235.196
Total	234.162.535	157.133.912

As of 31.12.2016, the weighted average of interest rates %8,5, %0,62 and %1,34 used to calculate unearned finance expense for short-term trade payables in terms of TL, USD and EUR and weighted average maturity is 3 months. (31.12.2015: TL :% 8,48, USD :%0,23, 3 months).

Long Term Trade Payables	31.12.2016	31.12.2015
Notes Receivables and Postdated Checks	2.777.655	69.457
Less: Unrealized Finance Income	(40.541)	(491)
Total	2.737.114	68.966

Receivables from related parties and payables to related parties are shown in Note 38.

The nature and level of risks for trade payables are described in detail in Note 39.

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10. OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables	31.12.2016	31.12.2015
Deposits and Guarantees Given	6.535.385	4.775.936
Due From Personel	3.330	5.028
Doubtful Other Receivables	923.744	128.049
Less: Provision of Doubtful Other Receivables (*)	(923.744)	(128.049)
Other Receivables	375.268	495.194
Tax and Social Security Receivables	10.135.594	3.097.947
Sub Total	17.049.577	8.374.105
Other receivables from related parties	23.684.411	55.199.254
Total	40.733.988	63.573.359

(*) The details of the other doubtful receivables are as follows:

	31.12.2016	31.12.2015
Beginning of the period	128.049	206.649
Provisions within the period	795.350	-
Less: Collected within the Period	(60)	(78.990)
Foreign Currency Exchange Differences	405	390
End of the period	923.744	128.049

Long-Term Other Receivables	31.12.2016	31.12.2015
Deposits and Guarantees Given	4.000	4.000
Total	4.000	4.000

Shorts-Term Other Payables	31.12.2016	31.12.2015
Taxes and Charges	3.708.243	4.853.554
Other Payables	203.239	398.792
Restructured Debts of Public Sector	38.760	-
Sub Total	3.950.242	5.252.346

Other Payables to Related Parties	5.769.462	7.078.261
Total	9.719.704	12.330.607

Long-Term Other Payables	31.12.2016	31.12.2015
Restructured Debts of Public Sector	1.711.654	55.943
Total	1.711.654	55.943

11. DERIVATIVE INSTRUMENTS

None (31.12.2015: None).

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12. INVENTORIES

	<u>31.12.2016</u>	<u>31.12.2015</u>
Raw Materials and Equipments	227.242.961	119.808.034
Goods	17.585	17.585
Trade Goods	34.598	40.683
Other Inventories	-	87
Provision for Inventories (-)	(371.625)	(311.103)
Total	226.923.519	119.555.286

	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Provision for Inventories Movement		
Opening Balance	311.103	368.789
Additional During the Period (-)	60.522	-
Canceled During the Period (-)	-	(57.686)
Closing Balance	371.625	311.103

	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Inventory Impairment Breakdown		
Raw Materials and Equipments	371.625	311.103
Total	371.625	311.103

The Group has no inventory pledged as collateral for loans used. (31.12.2015: None)

13. PREPAID EXPENSES AND DEFERRED REVENUES

	<u>31.12.2016</u>	<u>31.12.2015</u>
Short-Term Prepaid Expenses		
Advances Given for Inventories	18.981.964	19.566.315
Other Advances Given	18.285.448	4.835.360
Prepaid Expenses for the Following Months	9.484.910	1.579.035
Total	46.752.322	25.980.710

	<u>31.12.2016</u>	<u>31.12.2015</u>
Long-Term Prepaid Expenses		
Expense for the Following Years	1.362.286	6.873.014
Total	1.362.286	6.873.014

	<u>31.12.2016</u>	<u>31.12.2015</u>
Short-Term Deferred Income		
Advances Received	172.544.860	139.924.424
Short-term Deferred Income	-	17.655
Total	172.544.860	139.942.079

	<u>31.12.2016</u>	<u>31.12.2015</u>
Long-Term Deferred Income		
Income for the Following Years	17.011	-
Total	17.011	-

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14. CONSTRUCTION CONTRACTS

	<u>31.12.2016</u>	<u>31.12.2015</u>
Assets regarding Construction Contracts In Progress	139.497.859	100.697.342
Total	139.497.859	100.697.342

Assets related to construction projects in progress are as follows:

(*) Not unearned assets in order to obtain reasonable assurance that the Company will fulfill the necessary conditions are formed, which may be taken out of the fair value of the consolidated financial statements on an accruals basis.

Assets related to construction projects in progress are as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Assets regarding Construction Contracts In Progress	139.497.859	100.697.342
- Assets regarding Domestic Construction Contracts	3.429.155	3.085.944
- Unearned Assets regarding Domestic Construction Contracts (*)	17.125.635	23.619.300
- Assets regarding Overseas Construction Contracts	-	-
- Unearned Assets regarding Overseas Construction Contracts (*)	118.943.069	73.992.098

Liabilities related to construction projects in progress are as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Liabilities Regarding Construction Contracts In Progress	60.716.501	8.350.325
Total	60.716.501	8.350.325

	<u>31.12.2016</u>	<u>31.12.2015</u>
Liabilities Regarding Construction Contracts In Progress	60.716.501	8.350.325
- Progress Payments regarding Domestic Construction Contracts	-	-
- Over-invoiced Portion regarding Domestic Construction Contracts	2.803.683	1.441.355
- Progress Payments regarding Overseas Construction Contracts	-	-
- Over-invoiced Portion regarding Overseas Construction Contracts	57.912.818	6.908.970

Guarantees given and received for the projects described in Note 27.

As of 31 December 2016, short-and long-term advances has been received regarding the ongoing construction contracts is amounting to TL 172.362.348 (31 December 2015: TL 133.874.353) .

15. INVESTMENTS ACCOUNTING UNDER EQUITY METHOD

Details of subsidiaries and associates partnerships according to equity method evaluation as of December 31, 2016 and December 31, 2015 are as follows:

	<u>Participation Rate</u>	<u>31.12.2016</u>	<u>Participation Rate</u>	<u>31.12.2015</u>
	<u>(%)</u>		<u>(%)</u>	
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	24,68	11.062.052	24,68	22.562.433
Energina Kompania Bonev	50,00	380.972	50,00	268.981
Anel Yapı Gayrimenkul A.Ş.	47,50	47.180.788	48	47.431.878
Total		58.623.812		70.263.292

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15. INVESTMENTS ACCOUNTING UNDER EQUITY METHOD (continued)

The Group’s associate Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş.’s informatin described as below:

	Participation Rate		Participation Rate	
	(%)	31.12.2016	(%)	31.12.2015
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş. (*)	24,68	11.062.052	24,68	11.981.009
Goodwill		16.466.160		16.466.160
Impairment on Goodwill (-)		(16.466.160)		(5.364.216)
Share Purchase from Shareholders' Equity		-		(520.520)
Total		<u>11.062.052</u>		<u>22.562.433</u>

(*) As of 31 December 2016, the fair value of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. shares which trading in İstanbul Stock Exchange (BİST) is calculated as amounting to TL 6.045.547 according to best purchasing price TL 0,49 which is annaunced by BİST. (31.12.2015: TL 30.597.873)

Assets, liabilities, equity, revenue and profit and loss information investments according to equity method are listed below;

	<u>31.12.2016</u>				
	<u>Assets Total</u>	<u>Payables Total</u>	<u>Equity of Parent</u>	<u>Revenue</u>	<u>Profit / (Loss)</u>
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	49.958.434	5.136.503	44.821.931	49.982	(1.584.847)
Energina Kompania Bonev	9.963.738	9.201.794	761.944	1.478.871	120.551
Anel Yapı Gayrimenkul A.Ş.	213.505.002	115.870.495	97.634.507	15.404.006	(2.221.291)

	<u>31.12.2015</u>				
	<u>Assets Total</u>	<u>Payables Total</u>	<u>Equity of Parent</u>	<u>Revenue</u>	<u>Profit / (Loss)</u>
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	51.922.026	3.376.600	48.545.426	217.496	14.138.626
Energina Kompania Bonev	9.778.623	9.240.662	537.961	1.335.102	127.371
Anel Yapı Gayrimenkul A.Ş.	210.082.839	110.226.256	99.856.583	14.900.958	42.536.733

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16. INVESTMENT PROPERTY

	<u>31.12.2016</u>					
The Fair Value	Opening Balance	Additions	Disposals	Transfers	Appreciation	Closing Balance
Lands and Buildings	2.184.000				96.000	2.280.000
Investment Properties	2.184.000				96.000	2.280.000

	<u>31.12.2015</u>					
The Fair Value	Opening Balance	Additions	Disposals	Transfers	Appreciation	Closing Balance
Lands and Buildings	1.612.000				572.000	2.184.000
Investment Properties	1.612.000				572.000	2.184.000

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17. PROPERTY, PLANT AND EQUIPMENT

							31.12.2016
Cost Value	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold Improvements	Other Fixed Assets Total
Opening Balance	1.315.761	199.150	29.859.557	372.038	11.735.767	375.426	44.055.867
Foreign Currency Conversation Adjustments	29.755	41.891	6.014.101	36.661	1.725.805	2.106	7.856.270
Purchases	-	-	4.592.561	2.453.742	5.063.807	-	12.127.084
Output	-	-	(16.227)	(150.741)	(320.120)	-	(490.860)
Closing Balance	1.345.516	241.041	40.449.992	2.711.700	18.205.259	377.532	63.548.361

Cost Value	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold Improvements	Other Fixed Assets Total
Opening Balance	-	(80.929)	(8.687.156)	(289.644)	(9.301.980)	(371.239)	(18.873.019)
Foreign Currency Conversation Adjustments	-	(17.026)	(1.634.295)	(33.517)	(1.411.597)	(2.106)	(3.102.058)
Period Cost	-	(12.085)	(3.184.841)	(274.532)	(1.642.450)	-	(5.127.110)
Output	-	-	16.231	117.897	243.118	-	379.132
Closing Balance	-	(110.040)	(13.490.061)	(479.796)	(12.112.909)	(373.345)	(26.723.055)
Property plant and equipment, Net	1.345.516	131.001	26.959.932	2.231.905	6.092.350	4.187	36.825.306

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
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17. PROPERTY, PLANT AND EQUIPMENT(continued)

							31.12.2015
Cost Price	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold Improvements	Other Fixed Assets Total
Opening Balance	1.295.796	158.829	23.062.282	670.057	9.688.765	380.459	35.450.363
Subsidiary purchase effect	-	-	1.857.089	-	284.670	-	2.141.759
Foreign Currency Conversation Adjustments	19.965	40.321	4.440.977	35.288	1.141.046	2.027	5.682.891
Purchases	-	-	697.193	-	700.075	-	1.397.268
Sales	-	-	(4.676)	(237.817)	(78.789)	(7.060)	(327.616)
Valuation	-	-	(193.308)	(95.490)	-	-	(288.798)
Closing Balance	1.315.761	199.150	29.859.557	372.038	11.735.767	375.426	44.055.867

Accumulated depreciation and deprecation	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold Improvements	Other Fixed Assets Total
Opening Balance	-	(56.577)	(4.902.325)	(364.111)	(7.151.674)	(361.226)	(12.967.264)
Subsidiary purchase effect	-	-	(477.318)	-	(175.868)	-	(653.185)
Foreign Currency Conversation Adjustments	-	(14.367)	(1.017.166)	(29.668)	(1.151.571)	(10.013)	(2.225.429)
Period Cost	-	(9.985)	(2.369.307)	(86.334)	(906.777)	-	(3.380.481)
Output	-	-	78.960	190.469	83.910	-	353.339
Closing Balance	-	(80.929)	(8.687.156)	(289.644)	(9.301.980)	(371.239)	(18.873.019)
Property plant and equipment, Net	1.315.761	118.221	21.172.402	82.394	2.433.787	4.187	25.182.848

As of 31.12.2016 , there is insurance coverage amonting TL 507.912, USD 4.556.343, Qatar Riyal 250.000 on fixed assets.

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17. PROPERTY, PLANT AND EQUIPMENT(continued)

Useful lives of tangible fixed assets are as follows:

	Useful Life
Lands Improvements	3&14
Buildings	50
PlantsMachinery and Equipments	3&14
Vehicles	5
Fixtures	3&14
Other Fixed Assets	5
Leasehold Improvements	5

18. INTANGIBLE FIXED ASSETS

31.12.2016

Cost Price	Right	Total
Opening Balance	4.973.061	4.973.061
Foreign Currency Conversation		
Adjustments		
	218.758	218.758
Purchases	443.516	443.516
Output	(503.149)	(503.149)
Closing Balance	5.132.186	5.132.186
Accumulated Depreciation and Impairment		
Opening Balance	(3.895.164)	(3.895.164)
Foreign Currency Conversation		
Adjustments	(152.461)	(152.461)
Period Cost	(909.476)	(909.476)
Output	412.703	412.703
Closing Balance	(4.544.398)	(4.544.398)
Fixed Assets,net	587.788	587.788

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18. INTANGIBLE FIXED ASSETS (continued)

31.12.2015

Cost Price	Right	Total
Opening Balance	4.759.951	4.759.951
Foreign Currency Conversation		
Adjustments	174.258	174.258
Purchases	43.993	43.993
Output	(5.141)	(5.141)
Closing Balance	4.973.061	4.973.061
Accumulated Depreciation and Impairment		
Opening Balance	(2.559.425)	(2.559.425)
Foreign Currency Conversation		
Adjustments	(64.737)	(64.737)
Period Cost	(1.276.099)	(1.276.099)
Output	5.097	5.097
Closing Balance	(3.895.164)	(3.895.164)
Fixed Assets,net	1.077.897	1.077.897

Economic lives of intangible assets are as follows:

	Useful Life
Rights	3-14

19. GOODWILL

None. (31.12.2015: None).

20. LEASING OPERATIONS

Operating Leases

The Group as lessee

Leasing Contracts:

The Group's operating leases are subject to the lease agreement, which currently has four units Qatar, Baku branches and subsidiaries located in Russia, Turkey and Abu Dhabi are related to the office and storage building.

<u>The Payments Recognized as an Expense</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Minimum Lease Payments	26.385.598	9.019.005
Contingent Lease Payments	-	-
Payments Received from Secondary Rental	-	-
Total	26.385.598	9.019.005

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21. IMPAIRMENT OF ASSETS

	<u>31.12.2016</u>	<u>31.12.2015</u>
Provisions for Doubtful Trade Receivables (Note 9)	5.534.835	4.299.260
Provisions for Doubtful Other Receivables (Note 10)	923.744	128.049
Provisions for Inventories (Note 12)	371.625	311.103
Total	<u>6.830.204</u>	<u>4.738.412</u>

22. GOVERNMENT GRANTS

None (31.12.2015: None).

23. BORROWING COSTS

None (31.12.2015: None).

24. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

<u>Other Short-term Provisions</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Provisions for Lawsuits	1.209.862	3.590.990
Total	<u>1.209.862</u>	<u>3.590.990</u>

Contingent Liabilities

As of December 31, 2016, there are 50 lawsuits against the Group amounting to TL 4.296.931 and USD 2.383.345 (TL equivalent 8.387.469). (31.12.2015: 30 lawsuits TL 5.628.166 and USD 2.383.345 / equivalent 6.929.815 TL) . Group has been made provision amounting TL 1.209.862 (31.12.2015: TL 3.590.990) regarding to this lawsuits.

Collaterals-Pledge-Mortgages-Bails

As of 31 December 2016 and 31 December 2015, the Group's colateral / pledge / mortgage position statements are as follows:

There are no guarantees obtained for undertaking projects of the Group. Other collaterals received are as follows:

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16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (continued)

Collaterals-Pledge-Mortgages-Bails (continued)

	<u>USD</u>	<u>EUR</u>	<u>31.12.2016</u> <u>TL</u>	<u>TL Equivalent</u>
Letters of Guarantees Received	25.803	36.301	286.750	512.229
Guarenteed Bill Received	1.237.453	1.373.300	3.937.434	13.387.084
Guaranteed Cheques Received	63.360	84.340	3.084.766	3.620.636
Total	<u>1.326.616</u>	<u>1.493.941</u>	<u>7.308.950</u>	<u>17.519.949</u>

	<u>USD</u>	<u>EUR</u>	<u>31.12.2015</u> <u>TL</u>	<u>TL Equivalent</u>
Letters of Guarantees Received	623.800	67.500	630.250	2.658.499
Guarenteed Bill Received	2.185.781	1.373.300	3.872.930	14.592.105
Guaranteed Cheques Received	63.360	84.340	3.727.415	4.179.639
Total	<u>2.872.941</u>	<u>1.525.140</u>	<u>8.230.595</u>	<u>21.430.243</u>

Guarenteas Given:

	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>31.12.2016</u> <u>Total TL</u>
Related to Projects				
Letters of Guarantees Given	128.405.868	3.588.926	12.037.621	477.238.107
Other				
Letters of Guarantees Given	-	-	1.398.256	1.398.256
Total	<u>128.405.868</u>	<u>3.588.926</u>	<u>13.435.877</u>	<u>478.636.363</u>

	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>31.12.2015</u> <u>Total TL</u>
Related to Projects				
Letters of Guarantees Given	108.112.882	4.133.918	11.881.397	339.366.348
Guarenteed Bill Given	-	-	2.682.946	2.682.946
Other				
Letters of Guarantees Given	-	-	3.241.749	3.241.749
Total	<u>108.112.882</u>	<u>4.133.918</u>	<u>17.806.092</u>	<u>345.291.043</u>

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24. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES(continued)

CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)				
31.12.2016	USD	EURO	TL	TL Equivalent
A) CPMB's given for Company's own legal personality	17.547.662	3.330.314	13.292.877	87.401.741
B) CPMB's given on behalf of fully consolidated companies	110.858.206	258.612	143.000	391.234.622
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-
D) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-
i) Total amount of CPMB's given on behalf of majotary shareholder	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-
TOTAL	128.405.868	3.588.926	13.435.877	478.636.363

CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)				
31.12.2015	USD	EURO	TL	TL Equivalent
A) CPMB's given for Company's own legal personality	28.186.873	3.763.736	17.806.092	111.721.892
B) CPMB's given on behalf of fully consolidated companies	79.926.009	370.181	-	233.569.151
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-
D) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-
i) Total amount of CPMB's given on behalf of majotary shareholder	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-
TOTAL	108.112.882	4.133.917	17.806.092	345.291.043

Other groups of CPM is given by the Group's equity ratio as of 31.12.2016 is 0% (31.12.2015:%0'dır).

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24. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES(continued)

As of 31.12.2016 and 31.12.2015 Guarantees given the distribution of the species is shown below.

31.12.2016				
Collaterals,Pledges,Mortgages and Bails	Total TL Equivalent	USD	EURO	TL
Collaterals	478.636.363	128.405.868	3.588.926	13.435.877
Total	478.636.363	128.405.868	3.588.926	13.435.877

31.12.2015				
Collaterals,Pledges,Mortgages and Bails	Total TL Equivalent	USD	EURO	TL
Collaterals	345.291.043	108.112.882	4.133.917	17.806.092
Total	345.291.043	108.112.882	4.133.917	17.806.092

25. COMMITMENTS

None (31.12.2015: None).

26. EMPLOYEE BENEFITS

<u>Provisions for Short Term Employee Benefits</u>	31.12.2016	31.12.2015
Unused Vacation Rights	7.162.004	4.655.701

<u>Employee Benefits Liabilities</u>	31.12.2016	31.12.2015
Due To Personnel	13.833.587	3.694.966
Social Security Withholdings Payable	522.558	285.869
Total	14.356.145	3.980.835

<u>Provisions for Long Term Employee Benefits</u>	31.12.2016	31.12.2015
Provisions for Employee Termination Benefits	12.048.608	8.431.328

Under Turkish law, and any group that fills a one-year service period is terminated without due cause, is called up for military service, dies, 20-year period of service for men, 25 women have been filled or the retirement age (women 58 and 60 years), the staff has to make severance payments.

The liability is not subject to any funding. The provision Grup'in, arising from the retirement of employees is calculated by estimating the present value of future probable obligation. IAS 19 ("Employee Benefits"), group obligations under defined benefit plans using actuarial valuation methods to be developed. Accordingly, the actuarial assumptions used in calculating the total liabilities are as follows:

As at balance sheet date provisions calculated according to assumption % 5,5 expected salary increasing rate and % 9,5 discount rate and approximately % 3,79 real discount rate and retiring assumption as follows. (December 31, 2015: %3,81). The severence provisions for the employees that works Group's Qatar and United Arab Emirates branches are not subject to any discount due to local laws of these countries where the units are.

	31.12.2016	31.12.2015
Annual Discount Rate (%)	3,79	3,81
Probability of Retirement (%)	87,57	86,33

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26. EMPLOYEE BENEFITS (continued)

The main assumption, the maximum liability for each year of service will only grow in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, as of September 30, 2016 the accompanying financial statements provisions for the future probably obligation arising from the retirement of employees is calculated by estimating the present value.

Severance pay ceiling amounting to amounting to TL 4.297 (31.12.2015: TL 3.828) used on calculation of retirement pay provision with effect from 01 July 2016.

The movement of provision for severance pay as follows:

	31.12.2016	31.12.2015
Provision as of 1 January	8.431.328	939.994
Service Cost	2.373.306	5.819.134
Interest Cost	28.143	35.812
Employee Termination Paid	(488.369)	(187.801)
Subsidiary Purchasing Effect (Note 2)	-	1.721.229
Aktuarial Gain/Loss	127.237	102.960
Foreign Currency Exchange Differences	1.576.963	-
Provision as of 31 December	12.048.608	8.431.328

27. OTHER ASSETS AND LIABILITIES

<u>Other Current Assets</u>	31.12.2016	31.12.2015
Deferred VAT	2.671.454	8.737.152
Work Advance	166.013	144.028
Personel Advances	2.081.217	1.262.751
Other Current Assets	670.453	738.281
Total	5.589.137	10.882.212

Other Non-current Assets

None (31.12.2015: None).

Other Short-Term Liabilities

None (31.12.2015: None).

Other Long-Term Liabilities

None (31.12.2015: None).

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28. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

a) Capital

The Company's issued share capital as at 31 December 2016 and 31 December 2015 dates are as follows:

	31.12.2016		31.12.2015	
	Share Amount TL	Share Percentage (%)	Share Amount TL	Share Percentage (%)
Shareholders				
Rıdvan Çelikel (**)	47.142.089	42,86	47.142.089	42,86
Avniye Mukaddes Çelikel	5.677.039	5,16	5.677.039	5,16
Mahir Kerem Çelikel	1.526.758	1,39	1.526.758	1,39
Capital Strategy Funds Spc-The Opportunistic Series Segregate Portfolio	13.000.000	11,82	-	-
Other Real Persons	20.637	0,02	20.637	0,02
Other (*)	42.633.477	38,75	55.633.477	50,58
Paid-in Capital	110.000.000	100,00	110.000.000	100,00

(*) As at 31.12.2016, % 36,84 (31.12.2015: %48,70) of Company shares are being traded in ISE (Istanbul Stock Exchange) according to Central Registry Agency (CRA) report.

(**) Company shareholder Rıdvan Çelikel own amounting to TL 48.780.773 of Company shares and share rate is % 44,35, also this total amount includes the 1.638.684 pcs of publicly traded shares owned by Rıdvan Çelikel.

The Company is subject to authorized capital system and the equity ceiling is TL 200.000.000.

The Company's issued share capitals' historical value is TL 110.000.000. (31.12.2015: TL 110.000.000) which is consisted of authorized and fully paid 22.188.841 pcs of A-group shares and 87.811.159 pcs of B-group shares and each having TL 1 nominal value. A-group shareholders have two voting rights and B-group shareholders have one voting rights for each share owned at the General Assembly meeting. All of the A-group shares are owned by Rıdvan Çelikel.

<u>b) Premiums/ (Discounts) Related with Shares</u>	31.12.2016	31.12.2015
Premiums/ (Discounts) Related with Shares	1.384.433	1.384.433
Total	1.384.433	1.384.433

<u>c) Effect of Common Controlled Entities or Enterprises Mergers</u>	31.12.2016	31.12.2015
Effect of Common Controlled Entities or Enterprises Mergers	(9.137.569)	(9.137.569)
Total	(9.137.569)	(9.137.569)

<u>d) Revaluation and Measurement Gain/ (Loss)</u>	31.12.2016	31.12.2015
Financial Assets Revaluation Gain/(Loss)	(348.487)	(348.487)
Total	(348.487)	(348.487)

<u>e) Foreign Currency Translation Differences</u>	31.12.2016	31.12.2015
Foreign Currency Translation Differences	78.827.166	66.389.102
Total	78.827.166	66.389.102

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28.CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (continued)

<u>f) Defined Benefit Plans Revaluation and Measurement Gain/ (Loss)</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Defined Benefit Plans Revaluation and Measurement Gain/ (Loss)	(857.483)	(756.804)
Total	(857.483)	(756.804)
 <u>g) Restricted Reserves</u>	 <u>31.12.2016</u>	 <u>31.12.2015</u>
Restricted Reserves	10.389.397	10.370.201
Total	10.389.397	10.370.201
 <u>h) Retained Earnings</u>	 <u>31.12.2016</u>	 <u>31.12.2015</u>
Retained Earnings	113.509.051	94.369.397
Total	113.509.051	94.369.397
 <u>i) Non-controlling Shares</u>	 <u>31.12.2016</u>	 <u>31.12.2015</u>
1st January Balance	13.968.436	(1.803.802)
Additions	(26.527.371)	11.012.784
Foreign Currency Translation Differences	(1.123.964)	-
Minority Share Profit/(Loss)	11.509.662	(1.673.349)
Subsidiary Effect (Note 2)	-	6.432.803
Total	(2.173.237)	13.968.436
 <u>j) Other Equity Interests</u>	 <u>31.12.2016</u>	 <u>31.12.2015</u>
Other Equity Interests (*)	(39.176.581)	-
Total	(39.176.581)	-

(*) The amount is the difference between fair value and book value of payment added to Anelmep Maintenance and Operations LLC' capital as at 30.12.2016.

Profit Distribution

Publicly held companies, the CMB's profit distribution came into force from the date of February 1, 2014 II- 1.19 Dividend accordance with the notification.

Partnerships, profits will be determined by the General Assembly in accordance with the dividend distribution policy and in accordance with the provisions of the relevant legislation by the General Assembly distributes . Comes within the scope of the notification a minimum distribution rate has not been determined . Companies based in contract or in the manner specified in the dividend distribution policy will pay dividends . In addition, dividends may be paid in installments of equal or different, consistent and interim financial statements of the profits in advance may distribute dividends in cash .

TCC based on separation of reserves required by the articles of association or dividend distribution policy for the shareholders determine dividend allottees other reserves to allocate to the next year to transfer profit and dividend shareholders , management board members subsidiaries to their employees and shareholders, persons other than the profit share to be distributed could not be given , as determined for the shareholders in cash dividends are paid on these shares may not be distributed to persons on the card .

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29. REVENUE

<u>Sales Revenues (Net)</u>	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Domestic Sales	78.610.459	200.193.347
Export Sales	584.760.569	341.481.397
Other Revenues	3.567.366	4.245.034
Total Revenues	666.938.394	545.919.778
Sales Returns (-)	(4.782.507)	(1.104.508)
Sales Revenues (Net)	662.155.887	544.815.270
II- Cost of Goods Sold	(1.325.105)	(32.869.125)
III- Cost of Services Sold	(595.606.047)	(495.379.801)
IV- Cost of Other Sales	-	(47.377)
V- Depreciation Expenses	(5.213.386)	(3.221.958)
VI- Redemption Expenses	(523.846)	(353.874)
Cost of Sales (I+II+III+IV+V+VI)	(602.668.384)	(531.872.135)
GROSS PROFIT/LOSS	59.487.503	12.943.135

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30. GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	01.01-31.12.2016	01.01-31.12.2015
General Administrative Expenses	31.540.453	27.443.898
Marketing Expenses	714	2.886
Total	31.541.167	27.446.784

General Administrative Expenses	01.01-31.12.2016	01.01-31.12.2015
Employee Expenses	9.589.208	7.618.489
Subcontracted Labour Expenses	150	3.256
Depreciation Expenses	98.960	156.033
Amortisation and Depletion Expenses	387.352	923.554
Transportation Expenses	28.567	33.112
Litigation and Execution Expenses	117.359	-
Counselling Expenses	910.988	658.618
Maintenance and Repair expenses	49.591	49.510
Information and Processing Expenses	893.248	372.554
Bank Expenses	2.148	6.348
Dues Expenses	7.563	432.073
Vehicles Expenses	34.052	31.415
Utiliy Expenses	97.748	58.118
Telecommunication Expenses	140.084	55.583
Non-deductible Expenses	2.196.533	5.172.516
Advertising Expenses	18.650	36.671
Cargo expenses	11.197	14.412
Department Share	11.804.109	8.320.881
Stationery Expenses	4.791	5.154
Material Costs	25.823	43.681
Brand and Registry Expenses	791.363	10.162
Penalties	2.948	6.695
Fowarding Expenses	28.678	8.805
Notary Expenses	2.413	-
Representation and Entertainment Expenses	38.440	46.396
Insurance Expenses	89.494	86.009
Cleaning Expenses	104.191	56.200
Tax Fees	393.470	130.316
Food Expenses	152.618	106.948
Employee Termination Expenses	926.244	813.025
Vacation Provison Expenses	398.273	527.442
Rent Expenses	686.895	684.462
Travel and Accomadaiton Expenses	715.170	616.785
Vehicle Rent Expenses	3.486	131.684
Other Expenses	788.649	226.991
Total	31.540.453	27.443.898

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
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30. GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (continued)

Marketing Expenses(-)	01.01-31.12.2016	01.01-31.12.2015
Depreciation Expenses	539	2.490
Amortisation and Depletion Expenses	-	396
Transportation Expenses	175	-
Total	714	2.886

31. EXPENSES BY NATURE

Depreciation Expenses	01.01-31.12.2016	01.01-31.12.2015
Cost of Good Sold	5.027.512	3.221.958
General Administrative Expenses	98.960	156.033
Marketing Expenses	539	2.490
Total	5.127.011	3.380.481

Redemption Expenses	01.01-31.12.2016	01.01-31.12.2015
Cost of Good Sold	522.123	353.874
Marketing Expenses	-	396
General Administrative Expenses	387.352	923.554
Total	909.475	1.277.823

Personnel Expenses	01.01-31.12.2016	01.01-31.12.2015
Salary and Wages	180.032.556	109.833.960
Social Security Expenses	3.628.617	4.259.564
Severance Pay Expenses	2.409.254	5.854.946
Vacation Provision Expenses	469.176	527.442
Total	186.539.603	120.475.912

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32. INCOME/EXPENSES FROM MAIN OPERATIONS

<u>Other Income from Main Operations</u>	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Provisions No Longer Required	1.247.347	641.215
Exchange Differences Income Related to Main Operations	16.496.177	60.365.256
Interest Income from Related Parties (Note 38)	9.675.122	-
Tax Provisions Canceled	15.638.866	-
Advances Recognition As An Income	3.526.599	-
Other Income and Profits	945.686	1.446.962
Total	47.529.797	62.453.433
<u>Other Expenses from Main Operations</u>	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Provision Expenses (-)	1.527.937	4.070.575
Exchange Differences Expenses Related to Main Operations	12.672.165	38.022.610
Other Expenses (-)	2.271.574	26.649.473
Total	16.471.676	68.742.658

33. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES

<u>Income from Investing Activities</u>	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Interest Income on Term Deposits	530.785	22.034
Investment Property Revaluation Gain	96.000	572.000
Subsidiary Sales Revenue	-	16.985
Dividend Income from Associates	-	3.873.217
Financial Investment Sales Gain	-	1.948.394
Fixed Assets Sales Revenue	770.372	67.655
Total	1.397.157	6.500.285

<u>Expenses from Investing Activities (-)</u>	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Fixed Assets Sales Loss (-)	50.918	28.424
Goodwill Impairment Expenses(-)	11.101.944	-
Financial Investment Sales Loss (-)	7.344	906.061
Total	11.160.206	934.485

34. FINANCIAL INCOME / (EXPENSES)

<u>Financing Income</u>	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Interest Income	12.760.213	3.619.197
Exchange Differences Income	284.640.178	356.481.174
Total	297.400.391	360.100.371

<u>Financing Expenses (-)</u>	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Loan Interest Expenses (-)	24.460.238	28.562.451
Exchange Differences Expenses (-)	247.877.463	320.339.358
Total	272.337.701	348.901.809

35. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31.12.2015: None).

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36. INCOME TAXES

<u>Current Assets Related with Current Tax</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Prepaid Taxes and Funds	2.731.792	278.861
<u>Non-Current Assets Related with Current Tax</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Prepaid Taxes and Funds	6.052.379	11.622.332
<u>Income Tax Liabilities</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Current Tax Liabilities	5.252.656	14.924.880
Less:Prepaid Taxes and Funds	(2.731.792)	(278.861)
Income Tax Liabilities	2.520.864	14.646.019
<u>Tax Provision</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Current Period Corporate Tax Provision (-)	(4.588.071)	(14.602.273)
Provision for Deferred Tax Expenses / (Icome)	2.214.217	8.175.639
Income Tax Liabilities	(2.373.854)	(6.426.634)

Corporate Tax

The Group is subject to Turkish corporate taxes. The estimated tax liabilities of the Group's results for the period is recognized in the accompanying consolidated financial statements.

The corporate tax rate on taxable profit will be accrued expense in determining accounting profit and tax-exempt non-deductible expenses, gains and other non-taxable income deductions (prior year losses and investment incentives) on taxable income after the deduction of calculated.

As at 31 December 2016 and 31 December 2015, the Group has respectively TL 12.086.192 and TL 3.349.390 unused tax losses to be offset against future profits. Unused tax losses could be usable within the dates stated below.

	<u>31.12.2016</u>	<u>31.12.2015</u>
Will be ended in 2017	-	259.094
Will be ended in 2018	-	1.762.719
Will be ended in 2020	7.915.506	1.327.577
Will be ended in 2021	4.170.686	-
Total	12.086.192	3.349.390

As at 2016, effective corporate tax rate is 20%. (2015: %20).

The tax legislation provides for a temporary tax (prepaid tax) of 20% (20% in 2015) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

There is not any certain reconsilation regarding tax assessments. Companies' prepare tax declerations between 1-25th April after closing the related year. However, the tax authoritiescould review the accounting records for five years and amount of tax payable may vary if errors are detected.

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36. INCOME TAXES (continued)

Tax Provision (Continued)

Period income tax obligation movement table is as below:

	31.12.2016	31.12.2015
01 January	14.924.880	15.253.520
The Current Period Tax Expense	5.252.656	14.924.880
Taxes Paid	(14.924.880)	(14.900.955)
Foreign Currency Translation Difference	-	(352.565)
Current Profit Tax Liability	5.252.656	14.924.880

Income Tax Withholding

In addition to corporate taxes, their share of the profit from the distribution of dividends in the event of the company's income in the statements, including non-resident institutions and branches of foreign companies in Turkey on any dividends distributed, except for the calculation of income tax withholding is required. Income tax 24 April 2003 - 22 July 2006 was 10% in all companies. This rate is from 22 July 2006 2006/10731 15% by the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

A reconciliation of income tax expense in the period are as follows:

	31.12.2016	31.12.2015
Profit Before Tax	73.722.517	19.168.663
The effective tax rate (% 20)	(14.744.503)	(3.833.733)
Foreign Branches and Subsidiary Impact on Tax Rate	18.425.324	(16.307.580)
Non-deductible expenses	1.000.656	(1.813.948)
Changes in tax losses of the current period	(1.747.360)	(669.878)
Unused tax losses of the current period	(2.417.238)	(669.878)
Effect of Other Adjustments	(2.890.733)	16.868.383
Total	(2.373.854)	(6.426.634)

Deferred Tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is calculated using tax rates that have been enacted in the period in which assets acquired and/or liabilities carried out and included in the statement of income as income or expense.

Deferred tax rate is %20.(31.12.2015 : %20).

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36. INCOME TAXES (continued)

Deferred Tax (Continued)

	Cumulative Timing Difference		Deferred Tax Asset/ (Liability)	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<u>Deferred Tax Assets</u>				
Provision of Doubtful Receivables	6.458.580	8.971.535	831.393	1.442.024
The Difference Between Book Value and Tax Assessment of Tangible and Intangible Fixed Assets	5.276.667	4.923.637	479.102	487.939
Provision of Severance Pay	6.771.638	5.826.377	694.387	676.068
Provision of Unused Annual Leave	3.314.716	2.451.444	344.617	302.932
Unearned Credit Finance Income	58.978	876.009	11.795	174.531
Adjustments Regarding Using Percentage Complete Method on Projects	380.538.515	953.295.006	70.309.384	189.077.157
Provision for Inventory Impairment	371.625	368.789	74.325	73.758
Financing Expenses	-	-	-	-
Unused Prior Year's Losses	12.086.192	3.349.390	2.417.239	669.879
Lawsuit Provision Expense	1.033.051	3.590.990	206.610	718.198
Withdrawed Receivables	2.670.147	2.097.398	534.029	419.480
Other Adjustment	4.550.351	3.578.836	454.965	374.557
Total	423.130.460	989.329.411	76.357.846	194.416.523
<u>Deferred Tax Liabilities</u>				
The Difference Between Book Value and Tax Assessment of Tangible and Intangible Fixed Assets	(1.994.404)	(1.597.784)	(331.205)	(273.252)
Unrealized Credit Finance Expense	(182.718)	(692.660)	(16.885)	(137.717)
Adjustments Regarding Using Percentage Complete Method on Projects	(260.245.593)	(873.325.221)	(52.049.118)	(172.295.435)
Other Adjustment	(1.945.491)	(1.925.406)	(389.097)	(385.079)
Total	(264.368.206)	(877.541.071)	(52.786.305)	(173.091.483)
Provision (*)				(899.906)
Deferred Tax Asset/ (Liability), net	158.762.254	111.788.340	23.571.541	20.425.134
Deferred Tax Income/(Expense)				3.146.407
Foreign Currency Conversion Effect				(974.132)
Amounts deducted from Revaluation and Remeasurement Gain / Loss				16.495
Amounts deducted from Defined Benefit Plans Remeasurement Gain / Loss				25.447
Deferred Tax Income/(Expense) for the period between 01/01-31/12/2016				2.214.217

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36. INCOME TAXES (continued)

Deferred Tax (Continued)

	<u>31.12.2016</u>	<u>31.12.2015</u>
Beginning of Period	20.425.134	11.364.894
Debt / (Receivable) Record to Current Period Income Statement	2.214.217	8.175.637
Impact of Foreign Currency Conversion	974.132	1.025.052
Amounts deducted from Revaluation and Remeasurement Gain / Loss	(16.495)	(45.020)
Amounts deducted from Defined Benefit Plans Remeasurement Gain / Loss	(25.447)	(26.327)
Subsidiary Effect	-	(69.102)
End of term	23.571.541	20.425.134

37. EARNINGS PER SHARE

<u>Earnings Per Share</u>	<u>01.01.-31.12.2016</u>	<u>01.01.-31.12.2015</u>
Net Profit(Loss) of the Parent Company	59.839.001	14.415.378
Weighted Average Number of Shares	110.000.000	110.000.000
Earning Per Share Profit(Loss) from Ongoing Activities	0,54	0,13

38. RELATED PARTY DISCLOSURES

Related parties of the Company and the transactions between subsidiaries have been eliminated on consolidation, are not disclosed in this note.

Trade receivables from related parties are generally arise from sales and maturities of approximately 2 months. Due to the nature of unsecured interest-free and not operated.

Trade payables to related parties usually arise from purchase transactions and average maturity is 2 months. Payables are not interest bearing.

Details of transactions between the Group and other related parties are disclosed as below.

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38. RELATED PARTY DISCLOSURES (continued)

	31.12.2016					
	Receivables			Payables		
	Short Term	Long Term		Short Term	Long Term	
	Trade	Other	Trade	Trade	Other	Trade
Balances with Related Parties						
Anelisis Mühendislik Sanayi ve Ticaret A.Ş.	-	6.508	-	-	2.158.754	-
Doğa Çevre Teknolojileri A.Ş.	328.326	-	-	-	-	-
Anelnet Teknik Hizmetler Ltd. Şti.	-	217.188	-	519.178	887.023	-
Köpük Turizm ve Yatçılık Ltd. Şti.	204.766	299.371	-	-	-	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	10	17.740.101	-	-	-	-
EKB(Energimia Compania)	-	2.217.425	-	-	-	-
Anel Holding A.Ş.	-	1.403.016	-	1.719.233	-	-
Anel Telekomünikasyon Elk. Sist. San. ve Tic. A.Ş.	11.430	201.200	-	-	-	-
Kırtı Enerji Üretim ve Tic. Ltd. Şti.	-	-	-	-	-	-
Doğa Geri Dönüşüm San. Tic. Ltd. Şti.	8.688	-	-	-	-	-
Anel Kingdom of Suudi Arabia	-	1.136.143	-	-	-	-
Çelikel Vakfı	-	-	-	-	-	-
E Sistem Elektronik A.Ş.	18.434	99.782	-	401	-	-
Unearned Interest Income / Expense (-)	-	-	-	(22.410)	-	-
Anel Yapı Gayrimenkul A.Ş.	-	363.677	-	617.975	2.723.685	-
Total	571.654	23.684.411	-	2.834.377	5.769.462	-

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38. RELATED PARTY DISCLOSURES(continued)

	31.12.2015					
	Receivables			Payables		
	Short Term		Long Term	Short Term		Long Term
Balances with Related Parties	Trade	Other	Trade	Trade	Other	Trade
Anel Mühendislik Sanayi ve Ticaret A.Ş.	58.043	22.997.670	-	2.042.116	12.128	-
Anel Makine ve Elektronik San. Ve Tic. A.Ş.	-	-	-	-	3.124.901	-
Doğa Çevre Teknolojileri A.Ş.	218.211	-	-	-	-	-
Anelnet Teknik Hizmetler Ltd. Şti.	1.486	1.225.246	-	430.258	-	-
Köptük Turizm ve Yatçılık Ltd. Şti.	204.719	-	-	-	-	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	3.752.835	28.775.030	-	-	-	-
EKB(Energina Company)	508.997	1.916.010	-	-	-	-
Anel Holding A.Ş.	385	-	-	1.162.266	-	-
Anel Telekomünikasyon Elk. Sist. San. ve Tic. A.Ş.	-	-	-	-	-	-
Doğa Geri Dönüşüm San. Tic. Ltd. Şti.	8.688	-	-	-	-	-
Anel Kingdom of Suudi Arabia	-	24.611	-	-	-	-
Çelikel Vakfi	1.411	-	-	-	-	-
Anel Sis Bosnia Branch	-	-	-	-	-	-
E Sistem Elektronik A.Ş.	-	-	-	401	181.020	-
Unearned Interest Income / Expense (-)	(1.643)	-	-	(29.828)	-	-
Anel Yapı Gayrimenkul A.Ş.	-	260.687	-	629.983	3.760.212	-
Total	4.753.132	55.199.254	-	4.235.196	7.078.261	-

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38. RELATED PARTY DISCLOSURES(continued)

Operations between related parties for the period 01.01.- 31.12.2016 and 01.01.- 31.12.2015 are as follows;

31.12.2016												
Related Party Transactions	Stock Purchases	Merchand is Sales	Interest Income	Interest Expense	Rent Expense	Service Sales	Service Purchase	Equity Share Purchases	Income from Sales Of Assets	Exchange Difference Expense	Exchange Difference Income	
Anel Sis Mühendislik Sanayi ve Ticaret A.Ş.	4.878.026	11.800	6.905.453	-	-	100.521	208.664	63.748.990	6.176	97.812	9426	
Anelnet Teknik Hizmetler Ltd. Şti.	-	-	31.515	256.752	-	83.872	307.213	-	-	46	436	
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	12.758	222.247	4.899.994	-	-	202	37	-	2.241	-	-	
Çelikel Vakfi	-	-	-	-	-	-	-	-	-	-	-	
Köptük Turizm ve Yatçılık Ltd. Şti.	-	-	24.368	-	-	-	-	-	-	-	-	
EKB(Energinia Company)	-	-	150.206	-	-	-	-	-	-	-	-	
Kıry Enerji Üretim ve Ticaret Ltd. Şti.	-	-	-	-	-	-	-	-	-	-	-	
Anel Holding A.Ş.	-	-	378.824	-	-	31.499	11.291.164	-	-	-	-	
Anel Telekomünikasyon Elk. Sist. San. ve Tic. A.Ş.	-	-	203.665	149.901	-	33.353	745.368	-	500.000	-	-	
Anel Kingdom of Suudi Arabia	-	-	162.610	-	-	-	-	-	-	-	-	
E Sistem Elektronik A.Ş.	-	-	2.571	10.447	-	18.811	-	-	-	-	-	
Anel Yapı Gayrimenkul A.Ş.	-	-	47.439	323.296	48.260	119.763	-	-	-	-	-	
Total	4.890.784	234.047	12.759.206	417.100	48.260	268.258	12.552.446	63.748.990	508.417	97.858	9.862	

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38. RELATED PARTY DISCLOSURES(continued)

Related Party Transactions	Stock Purchases	Merchand is Sales	31.12.2015						
			Interest Income	Interest Expense	Rent Expense	Service Sales	Service Purchase	Exchange Difference Expense	Exchange Difference Income
Anel'is Mühendislik Sanayi ve Ticaret A.Ş.	11.482.995	22.634	277.455	-	-	486	238.910	-	-
Anelmak Makine ve Elektronik San. ve Tic. A.Ş.	170	-	-	374.840	-	-	-	-	-
Anelnet Teknik Hizmetler Ltd. Şti	-	-	43.878	41.913	-	11.020	258.670	33.455	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	-	-	2.432.851	-	-	95.812	-	-	-
Çelikel Vakfı	-	-	-	-	-	-	-	-	-
Köptük Turizm ve Yatçılık Ltd. Şti.	-	-	-	-	-	-	-	-	-
Avek Solar Üretim Sanayi Ticaret A.Ş.	-	-	35.744	-	-	-	-	-	-
EKB(Energinia Compania	-	-	137.938	-	-	-	-	-	-
Krty Enerji Üretim ve Ticaret Ltd. Şti.	-	-	-	-	-	-	-	-	-
Anel Holding A.Ş.	405	-	56.150	-	-	23.475	9.289.603	-	-
Anel Telekomünikasyon Elk. Sist. San. ve Tic. A.Ş.	-	-	10.801	106.666	-	64.829	10.696	24	46.011
E Sistem Elektronik A.Ş.	-	-	7.313	-	-	-	-	-	-
Anel Yapı Gayrimenkul A.Ş.	-	-	10.348	-	165.286	400	20.979	-	-
Total	11.483.570	22.634	3.012.478	523.419	165.286	196.022	9.818.858	33.479	46.011

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38. RELATED PARTY DISCLOSURES (continued)

Related party transactions between 01.01.- 31.12.2016 and 01.01.- 31.12.2015 are as follows;

- Product sales consist of electrical supplies
- Service purchases consist of department attendance fee, building maintenance fee, electricity and water expense, food expense, security expense, transportation expense, labour service expenses.
- Service sales consist of labour service income, building maintenance fee, consultancy, electricity and water expense, food expense, security expense, transportation expense and department attendance fee.

Group’s key management personnels are Board Chairman and Members and general manager and vice general manager . Benefits supplied to key management personnel as of 01.01.- 31.12.2016 and 01.01.-31.12.2015 as are as follows;

Short Term Employee Benefits	01.01-31.12.2016	01.01-31.12.2015
Benefits Provided Because of Dismissals	850.608	1.076.112
Other Long Term Benefits	-	-
Total	850.608	1.076.112

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39. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

a)Equity Risk Method

The aims of Group are to be beneficial for all shareholders and maintaining the best capital combination to reduce capital cost and keeping on entity when managing the capital.

The Group's capital risk management, calculating as disclosed in note 8 and 10 including loans, debts, and, respectively, of cash and cash equivalents as disclosed in note 6 , paid-in capital, defined benefit plans, re-measurement gains / losses, capital reserves, profit reserves and retained earnings / (loss) comprising shareholders' equity are taken into account and as disclosed in note 28.

Group capital cost and each risks regarding capital evaluate by executives.According to the evaluate company aim to equalise the capital structure by borrowing, redemption, dividend payment and issuance of shares.

The Group uses Liabilities / Equity rate while they follow capital sufficiency. This rate is found by net liabilities divided by total equity. Net liabilities is counted by cash and cash equivalents minus total liabilities which appears in balance sheet.

Equity rate to debts as of 31 December 2016 and 31 December 2015 are as follows:

	31.12.2016	31.12.2015
Total Debt	687.970.238	521.240.216
Less: Cash and Cash Equivalents	(31.689.004)	(49.065.154)
Net Debt	656.281.234	472.175.062
Total Equity	322.255.691	300.654.087
Liability/Equity Rate	2,037	1,570

Company's aim is to high profitability and equity to be able to manage its debts.

b) Financial risk factors

The Company's activities expose it to a variety of 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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

b.1) Credit Risk

Financial losses due to Company's receivables and financial assets which result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk.Company trying to decrease credit risk by making operations with confidential parties and attain enough collateral.

Trade receivables contain lots of customers rathered on different sector and geographical area. Credit consideration making over Customer's trade receivables permanently.

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39. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

31.12.2016						
	Receivables				Cash and Cash Equivalents	Financial Investment
	Trade Receivables		Other Receivables			
Current Period	Related Parties	3 th Parties	Related Parties	3 th Parties	Banks Deposits	
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D) (1)	571.654	386.383.246	23.684.411	17.053.577	31.581.816	46.296
-Total receivables that have been secured with collateras other credit enhancements etc.	-	-	-	-	-	-
A. Financial assets that are neither past due nor impaired the net book value (2)	571.654	386.383.246	23.684.411	17.053.577	31.581.816	46.296
B. The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-	-	-	-	-
C. The amount of financial assets that are impaired. (3)	-	-	-	-	-	-
-Past due (Gross book value)	-	5.534.835	-	923.744	-	-
-The amount of impairment (-)	-	(5.534.835)	-	(923.744)	-	-
-Net value guaranteed with coleteral etc.	-	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
- Net Value guaranteed with colleteral etc.	-	-	-	-	-	-
D. Off financial statement credit risk amount	-	-	-	-	-	-

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39. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

31.12.2015								
	Receivables						Cash and Cash Equivalents	Financial Investment
	Trade Receivables			Other Receivables				
	Related Parties	3 th Parties	Related Parties	3 th Parties	Related Parties	3 th Parties		
Prior Period								
The maximum amount of exposure to credit risk at the end of the reporting (A+B+C+D+E) (1)	4.753.132	306.482.250			55.199.254	8.378.105	44.958.001	46.296
-Total receivables that have been secured with collateras other credit enhancements etc.	-	-			-	-	-	-
A. Financial assets that are neither past due nor impaired the net book value (2)	4.753.132	306.482.250			55.199.254	8.378.105	44.958.001	46.296
B. The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-			-	-	-	-
C. The amount of financial assets that are impaired. (3)	-	-			-	-	-	-
-Past due (Gross book value)	-	-			-	-	-	-
-The amount of impairment (-)	-	4.299.260			-	128.049	-	-
-Net value guaranteed with coleteral etc.	-	(4.299.260)			-	(128.049)	-	-
Not overdue (gross book value)	-	-			-	-	-	-
-Impairment (-)	-	-			-	-	-	-
- Net Value guaranteed with colleteral etc.	-	-			-	-	-	-
D. Off financial statement credit risk amount	-	-			-	-	-	-

- (1) It was not considered collaterals taken which is raising credit reliability when the amounts was determined.
(2) All of the trade receivables are receivables from clients. The Group management predicted that It would not be encountered any problem regarding Collection of Receivables because of considering their past experiences
(3) the impairment test, the Group's customers, which is one of receivables determined by the management of doubtful receivables have been made in the framework of policy.

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39. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial risk factors (continued)

b.2) Liquidity Risk Management

Liquidity risk is that an entity will be unable to meet its net funding requirements The Group’s objective is to maintain a balance between current assets and liabilities through close monitoring of payment plans and cash projections. The Group manages short, medium and long term funding and liquidity management requirements by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The table below summarizes the maturity profile of the Group’s financial liabilities based on contractual payments. Liquidity risk table shown as below :

Current Period

Terms According to Agreements	Book Value	According to Contract Total					
		Outflows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	Over 5 years (IV)	Demand
Non Drivatives Financial Liabilities	414.662.591	410.298.897	365.234.175	19.475.746	10.110.303	15.478.673	-
Bank Loans	166.331.584	166.331.584	145.231.917	-	5.620.994	15.478.673	-
Trade Payables	236.899.649	236.623.150	214.369.749	19.475.746	2.777.655	-	-
Other Payables	11.431.358	7.344.163	5.632.509	-	1.711.654	-	-

Prior Period

Terms According to Agreements	Book Value	According to Contract Total					
		Outflows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	Over 5 years (IV)	Demand
Non Drivatives Financial Liabilities	342.767.219	342.402.186	273.186.313	49.525.484	5.903.739	13.786.650	-
Bank Loans	164.827.466	164.827.466	145.001.466	205.068	5.834.282	13.786.650	-
Trade Payables	165.553.203	165.188.170	115.798.297	49.320.416	69.457	-	-
Other Payables	12.386.550	12.386.550	12.386.550	-	-	-	-

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39. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial risk factors (continued)

b.3) Market Risk Management

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

There is not any change on Group's measurement and management methods of exposure to market risk or exposure to risks in the current year compared to the previous year.

b.3.1) Foreign Exchange Risk Management

Foreign currency transactions expose the Group to foreign currency risk. These risks are monitored and limited by the analysis of foreign currency position.

The group's foreign currency denominated monetary and non-monetary assets and liabilities as of the date of the balance sheet are as follows:

CURRENCY POSITION TABLE					
31.12.2016					
	TL Equivalent	USD	EUR	GBP	AED
1. Trade Receivables	82.077.162	20.496.205	2.681.182	-	-
2. Monetary Financial Assets	603.468	57.392	106.660	1.342	-
3. Other	28.299.774	3.920.440	3.909.086	149	-
4. Current Assets (1+2+3)	110.980.404	24.474.037	6.696.928	1.491	-
5. Non-Current Assets	-	-	-	-	-
6. Total Assets (4+5)	110.980.404	24.474.037	6.696.928	1.491	-
7. Trade Payables	65.661.198	11.387.789	6.680.750	32.908	686.887
8. Financial Liabilities	576.704	-	155.450	-	-
9a. Other Non Monetary Liabilities	71.934.409	17.425.341	2.860.225	-	-
10. Short Term Liabilities (7+8+9)	138.172.311	28.813.130	9.696.425	32.908	686.887
11. Financial Liabilities	5.302.530	-	1.429.292	-	-
12. Long Term Liabilities	5.302.530	-	1.429.292	-	-
13. Total Liabilities (10+12)	143.474.841	28.813.130	11.125.717	32.908	686.887
14. Net Foreign Currency Assets / (Liabilities) (6-13)	(32.494.437)	(4.339.093)	(4.428.789)	(31.417)	(686.887)
15. Monetary Items Net Foreign Currency Assets / Liability Position	(5.275.766)	57.392	(1.478.082)	1.342	(686.887)

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39. FİNANSAL ARAÇLARDAN KAYNAKLANAN RİSKLERİN NİTELİĞİ VE DÜZEYİ (devamı)

b) Finansal Risk Faktörleri (devamı)

b.3.1) Kur Riski Yönetimi

CURRENCY POSITION TABLE					
31.12.2015					
	TL Equivalent	USD	EUR	GBP	AED
1. Trade Receivables	52.938.408	16.439.167	1.617.537	-	-
2. Monetary Financial Assets	2.433.998	764.930	64.895	855	-
3. Other	70.807.938	22.961.787	1.272.533	150	-
4. Current Assets (1+2+3)	126.180.343	40.165.884	2.954.965	1.005	-
5. Non-Current Assets	-	-	-	-	-
6. Total Assets (4+5)	126.180.343	40.165.884	2.954.965	1.005	-
7. Trade Payables	9.415.932	1.858.933	1.257.323	3.634	-
8. Financial Liabilities	9.695.631	3.334.582	-	-	-
9a. Parasal Olan Diğer Yükümlülükler	-	-	-	-	-
9b. Other Non Monetary Liabilities	70.407.376	21.527.605	2.458.998	-	-
10. Short Term Liabilities (7+8+9)	89.518.939	26.721.120	3.716.321	3.634	-
11. Financial Liabilities	5.376.531	-	1.692.010	-	-
12. Long Term Liabilities	5.376.531	-	1.692.010	-	-
13. Total Liabilities (10+12)	94.895.470	26.721.120	5.408.331	3.634	-
14. Net Foreign Currency Assets / (Liabilities) (6-13)	31.284.873	13.444.764	(2.453.366)	(2.629)	-
15. Monetary Items Net Foreign Currency Assets / Liability Position	30.884.313	12.010.582	(1.266.901)	(2.779)	-

The Group is exposed to foreign exchange risk arising primarily with respect to transactions denominated in USD, EURO, GBP and AED.

The following table details the Company's sensitivity to a 10% increase and decrease in the TL against USD, Euro, GBP and AED 10% is used in the reporting of currency risk to the key management and it represents the management's expectation on the potential exchange rate fluctuations. Sensitivity analysis can only be made on the year-end outstanding foreign currency denominated monetary items and it shows the year-end effects of the 10% of exchange currency fluctuation on the related items.

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39. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Factors(continued)

b.3.1) Currency Risk Method

Exchange Rate Sensitivity Analysis Table				
31.12.2016				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciates	Foreign currency appreciation	Foreign currency depreciates
	10% change in USD against TL:			
1- U S Dollar net assets / liabilities	(1.527.014)	1.527.014	-	-
2- U S Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	(1.527.014)	1.527.014	-	-
	10% change in EUR against TL:			
4- EUR net assets / liabilities	(1.643.036)	1.643.036	-	-
5- EUR Hedged (-)	-	-	-	-
6- EUR Net Effect (4+5)	(1.643.036)	1.643.036	-	-
	10% change in GBP against TL:			
7- GBP net assets / liabilities	(13.568)	13.568	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	(13.568)	13.568	-	-
	10% change in AED against TL:			
10- AED net assets / liabilities	(65.825)	65.825	-	-
11- AED Hedged(-)	-	-	-	-
12- AED Net Effect(10+11)	(65.825)	65.825	-	-
TOTAL(3+6+9+12)	(3.249.443)	3.249.443	-	-

Exchange Rate Sensitivity Analysis Table				
31.12.2015				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciates	Foreign currency appreciation	Foreign currency depreciates
	10% change in USD against TL:			
1- U S Dollar net assets / liabilities	3.909.200	(3.909.200)	-	-
2- U S Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	3.909.200	(3.909.200)	-	-
	10% change in EUR against TL:			
4- EUR net assets / liabilities	(779.582)	779.582	-	-
5- EUR Hedged (-)	-	-	-	-
6- EUR Net Effect (4+5)	(779.582)	779.582	-	-
	10% change in GBP against TL:			
7- GBP net assets / liabilities	(1.130)	1.130	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	(1.130)	1.130	-	-
TOTAL(3+6+9+12)	3.128.488	(3.128.488)	-	-

Group does not hedge foreign exchange liabilities arising from the operations through the use of derivative financial

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39. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Factors(continued)

b.3) Market Risk Management (continued)

b.3.2) Interest Rate Risk Management

The value of a financial instrument will fluctuate as a result of changes in market prices. The Group’s interest rate risk is primarily attributable to its borrowings. The interest-bearing financial liabilities have variable interest rates, whereas the interest bearing financial assets have a fixed interest rate and future cash flows associated with these financial instruments will not fluctuate in amount. The Group is subject to interest risk due to financial liabilities and finance lease obligations. Policy of the Group is to manage this risk through fixed and variable rates borrowings.

Company’s interest position table as of 31.12.2016 and 31.12.2015 as follows :

Interest Position Table		
	31.12.2016	31.12.2015
Fixed-Rate Financial Instruments		
Fair value differences through loss/profit assets		
Financial Assets		-
Cash and Cash Equivalents	-	-
Financial Liabilities	166.331.584	164.827.466
Floating-Rate Financial Instruments		
Financial Assets	-	-
Financial Liabilities	-	-

Company does not exposed to interest rate risk because of fixed-rated financial liabilities therefore interest rate risk calculation did not applied.(31.12.2015: None).

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40. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES)

Group management believes that the carrying values of financial instruments present their fair values.

31 Aralık 2016	<u>Financial Assets Carried at Fair Value</u>	<u>Credits and Receivables (Cash and Cash Equivalents)</u>	<u>Available for sale Financial Assets</u>	<u>Other Financial Valued at Amortized Cost Value</u>	<u>Book Value</u>	<u>Note</u>
Financial Assets						
Cash and Cash Equivalents	-	31.689.004	-	-	31.689.004	6
Trade Receivables	-	386.954.900	-	-	386.954.900	9,38
Financial Investments	-	-	46.296	-	46.296	7
Financial Liabilities						
Financial Liabilities	-	-	-	166.331.584	166.331.584	8
Trade Payables	-	-	-	236.899.649	236.899.649	9,38
31 Aralık 2015						
Financial Assets						
Cash and Cash Equivalents	-	49.065.154	-	-	49.065.154	6
Trade Receivables	-	311.235.382	-	-	311.235.382	9,38
Financial Investments	-	-	46.296	-	46.296	7
Financial Liabilities						
Financial Liabilities	-	-	-	164.827.466	164.827.466	8
Trade Payables	-	-	-	157.202.878	157.202.878	9,38

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40. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES)
(continued)

Financial Instrument fair values determine as follows;

- First Level: Financial Instruments valued with market values of the similar instruments which traded on active market.
- Second Level: Financial Instruments valued with data uses to find price which observable directly or indirectly on the market in addition to first level.
- Third Level: Financial Instruments valued with data which not based on data uses to find fair value of the instruments on the market.

The fair value hierarchy of financial assets and level of classification is as follows:

		<u>The level of the fair value at the reporting date</u>		
<u>Financial Assets</u>	<u>31.12.2016</u>	First Level (TL)	Second Level (TL)	Third Level (TL)
Available for sale Financial Assets				
- Stocks	46.296	-	-	46.296
Total	46.296	-	-	46.296

		<u>The level of the fair value at the reporting date</u>		
<u>Financial Assets</u>	<u>31.12.2015</u>	First Level (TL)	Second Level (TL)	Third Level (TL)
Available for sale Financial Assets				
- Stocks	46.296	-	-	46.296
Total	46.296	-	-	46.296

Financial assets reconciliation of beginning and ending balances are as follows:

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>Available for sale Financial Assets</u>	<u>Available for sale Financial Assets</u>
	<u>Stocks</u>	<u>Stocks</u>
Opening balance	46.296	46.296
Changes	-	-
Closing Balance	46.296	46.296

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41. EVENTS AFTER THE REPORTING PERIOD

31.12.2016

- Providing necessary permissions from the CMB and approval of the general assembly; As at 26.01.2017, Company has been decided start to negotiate to make an acquisition and choose consultant to make legal, technical, tax, financial and other assessments to able to merge with Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. that the Company participate in % 24,68 equity and has % 22,13 vote right in terms of 6102 numbered Turkish Code Of Commerce (TCC)'s 134 numbered clauses, 5520 numbered Corporate Tax Law's 18, 19 and 20. clauses, 6362 numbered Capital Market Board's 23 and 24 clauses, "M & A Communiqué" (II-23.2) published by the Capital Markets Board (CMB) dated 28.12.2013 and numbered 28865 and published by the CMB in the Official Gazette dated 24.12.2013 and numbered 28861 "Communiqué on the Procedures of Materiality and Disclosure of the Notification" (II-23.1).

- Company has been decided to make agreement with PriceWaterhouseCoopers Danışmanlık Hizmetleri A.Ş.'nin (PWC) to provide tax, financial consultancy during the preparation of Specialized Agency Report and make agreement with TSKB Gayrimenkul Değerleme A.Ş. to make valuation of the properties in accordance with the provisions of Article 7 of the CMB's "Merger and Split Communiqué" (II-23.2), the heading of the "Opinion of the Expert Body" required under the merger transaction by the 26.01.2017 dated and 2017/01 numbered Board Decision.

- As of 31 December 2016, TL 4.297 severance pay ceiling has been increased to TL 4.426 to be effective from 01 January 2017.

31.12.2015

-According to decision the Board of Directors of Anelsis Mühendislik Sanayi ve Ticaret A.Ş. made on 18 December 2015, Anelmep Maintenance and Operations LLC will be managed by manager/managers who is assigned by the company. The decision has been inserted to the articles of incorporation and articles signed on 19.01.2016. As a result of the changes made above, Anelmep Maintenance and Operations LLC is consolidated with full consolidation method as of 2016.

- As of 31 December 2015, TL 3.828 severance pay ceiling has been increased to TL 4.093 to be effective from 01 January 2016.

42. DISCLOSURE OF OTHER MATTERS

Anel Yapı Gayrimenkul A.Ş. ("Anel Yapı") has been subject to full consolidation at the accompanying consolidated financial statements of Anel Elektrik however T.C. Prime Ministry Capital Market Board ("CMB") has been requested defense from Anel Elektrik the reason that Anel Elektrik does not has control power in terms of TFRS 10 "Consolidated Financial Statements" and Turkish Accounting Standard 27 "Consolidated and Separate Financial Tables" because Çalikel Family has power to assign board members even if Anel Elektrik has he majority of the voting rights in the capital. The Company has been forwarded its defense to the CMB and expects the CMB's assessment and decision on this matter.