



2017

**ANEL ELEKTRİK
ANNUAL
REPORT**

Anel



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CHAIRMAN'S MESSAGE

Our Esteemed Business Partners,

We finished 2017 as an intensive and successful year. We have continued to grow efficiently with the projects which we have completed and we added to our portfolio.

While we continue our electrical and mechanical works in the projects of Qatar Red Line South Metro - Underground, Elevated and at Grade, which we undertook in 2016, we have also undertaken the electrical and mechanical works of the Qatar Green Line Stabling Yard Project.

2017 was a year which we had the opportunity to expand the geographical area we serve. We started to operate in England and Dubai for the first time with new projects. We established Anel Engineering & Contracting Ltd. in England and then we signed the contract for electrical and mechanical works of The University College London Hospital Proton Beam Therapy Centre Phase 4 Project which will provide radiotherapy service with its advance technology in London when it's completed. We started to work for the electrical and mechanical systems of the Dubai-I (Bluewaters) Terminal Building Project, which will serve the largest ferris wheel in the world, by operationalizing the Dubai branch of AnelEmirates, our affiliate in the United Arab Emirates.

In 2018, we anticipate to progress according to our strategy of increasing geographical and employer variety while we are maintaining our growth in markets which we are strong as it was in 2017.

Kind Regards,

Rıdvan Çelikel
Chairman of The Board

ACTIVITIES

Over 30 years of experience

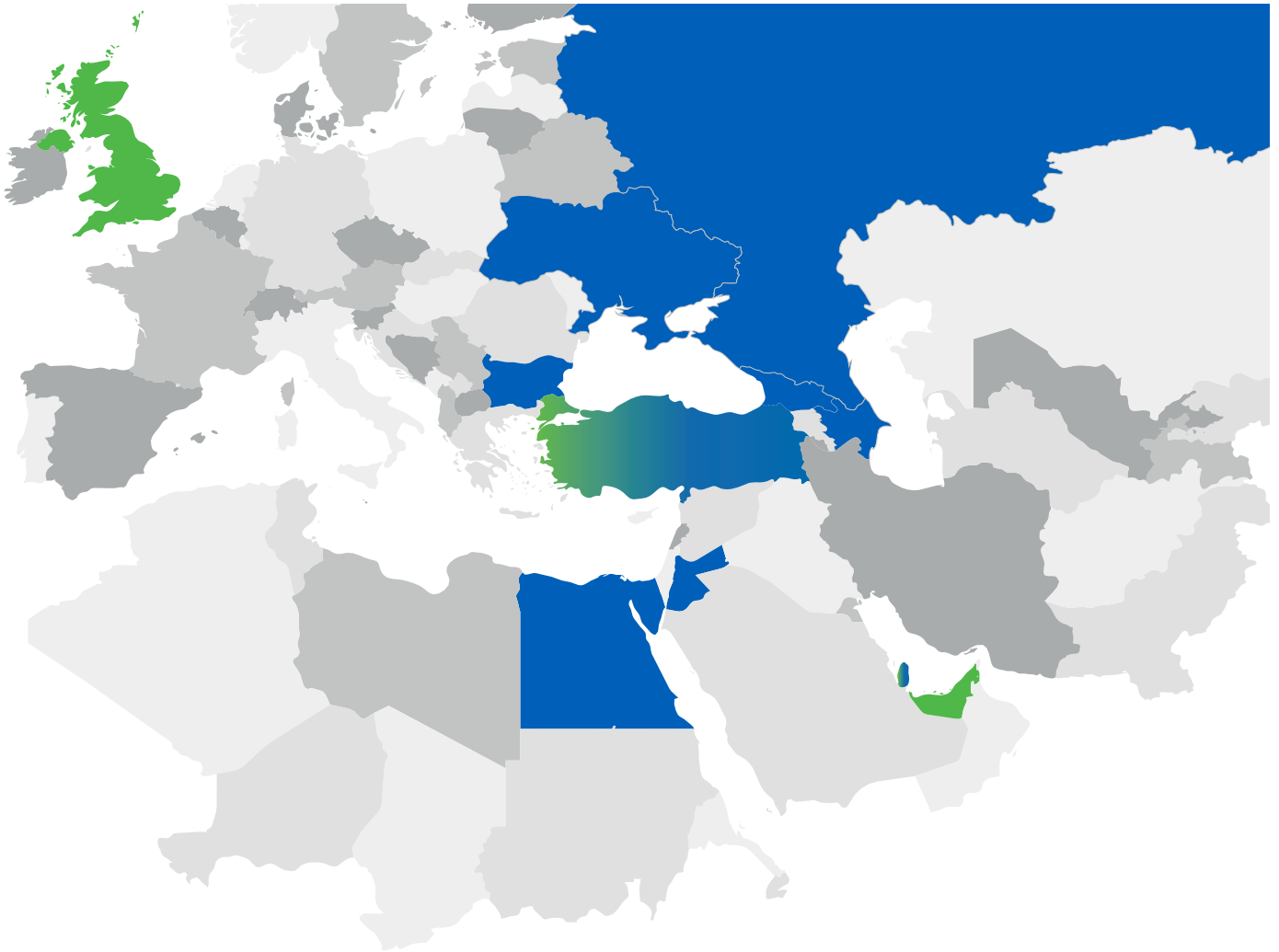
Anel Elektrik, with experience over 30 years has served in various projects in Turkey and all over the world from airports to stadiums, from rail systems to data centers, from hospitals to hotels, from business centers to shopping malls within the scope of electrical and mechanical contracting which is its main area of activity. It has completed over 200 projects in different types on an area bigger than 13 million square meters since 1986.

Activity in 12 countries across 3 continents

Anel Elektrik is a Turkish company. It has the ability to provide electromechanical contracting services simultaneously and to participate in international tenders all by itself. Currently operating in 12 countries within 3 continents, Anel Elektrik continues its activities in Turkey, Qatar, Abu Dhabi, Dubai and England.

“ Over 200
completed
projects in
different types
on an area
bigger than 13
million square
meters ”

OPERATION MAP



Ongoing Projects

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

Completed Projects

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

MILESTONES

- **1986**
Foundation of Anel Elektrik

Darlık Dam: The First Project
- **1988**
KAV Factory:
The First Industrial Facility Project
- **1990**
Foundation of AnelSis (LV and MV 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 Project of Turkey and Anel

Russia Tverskaya Hotel: The First International Project

Foundation of Russia Office

Turkcell Maltepe Operation Center

• 2000

Ford Otosan Gölcük
Factory

• 2003

Foundation of
AnelTech
(Telecommunication)

• 2004

Egypt Cairo Airport
Terminal 3: 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 Services

Foundation of
AnelEnerji (Renewable
Energy)

• 2010

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 Building: Abu
Dhabi's Star Project of
its 2030 Projection

Baku Olympic Stadium:
The First Stadium Project

• 2015

DP World Yarımca
Container Terminal:
One of the Biggest
Container Terminals with
1.3 Million TEU Capacity

Qatar Rail Redline South
Metro -Underground:
One of the Most
Important Transportation
and Infrastructure
Projects in Gulf Area

• 2016

Qatar Rail Redline
South Metro - Elevated
and at Grade

Dubai-I (Bluewaters)
Terminal Building: The
First Project Award in
Dubai

• 2017

The University College
London Hospital
Proton Beam Therapy
Centre Phase 4: The
First Project Award in
England

Qatar Green Line
Stabling Yard

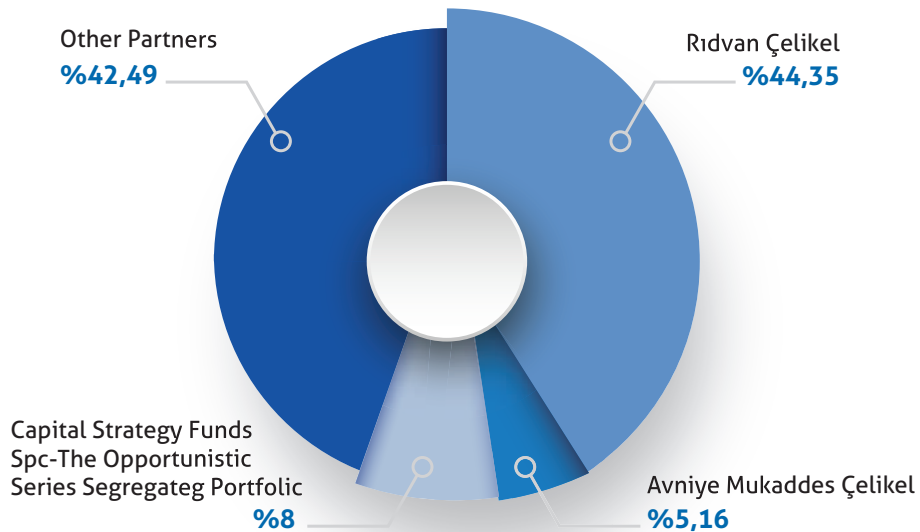
ANEL ELEKTRİK AT A GLANCE

Anel Group was found with Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. established in 1986. In addition to its core business of electromechanical contracting, Anel Group provides solutions in the area of operation & maintenance, renewable energy, recycling, ship electric & electronic systems, low & medium voltage panel production.

Today, with 10 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 Name	Share Amount (TL)	Share Ratio (%)
Rıdvan Çelikel	48.780.773	44,35
Avniye Mukaddes Çelikel	5.677.038,58	5,16
Capital Strategy Funds Spc-The Opportunistic Series Segregate Portfolio	8.803.498	8
Other	46.738.690,43	42,49
Total	110.000.000	100



“The Company is in registered capital system and its registered capital is 200.000.000 TL.”

SUBSIDIARIES AND AFFILIATES

Commercial Name	Area of Operation	Shareholder Ratio(%)	Shareholder Type
ANEL TELEKOMÜNİKASYON ELEKTRONİK SİSTEMLERİ SAN ve TİC. A.Ş.	Telecommunications and Electronics	24,68	Affiliate
ANELYAPI GAYRİMENKUL A.Ş.	Real Estate Buying-Selling	47,5	Affiliate
ANEL ENERJİ ELEKTRİK ÜRETİM SANAYİ ve TİCARET A.Ş.	Solar Energy	70,5	Subsidiary
ANELMARİN GEMİ ELEKTRİK ELEKTRONİK SİSTEMLERİ TİC.VE SAN.A.Ş.	Ship Electric Electronic Systems	93	Subsidiary
ANEL DAR LIBYA CONSTRUCTING & SERVICES LLC	Electrical Contracting	65	Subsidiary
ANEL EMIRATES GENERAL CONTRACTING LIMITED LLC	Electromechanical 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
ANELMEP MAINTENANCE and OPERATIONS LLC	Design, Contracting and Maintenance and Repair	49	Subsidiary
ANELMEP MEKANİK ELEKTRİK PROJE LİMİTED ŞİRKETİ	Electrical, Project, Contracting-Engineering	100	Subsidiary
ANEL ENGINEERING & CONTRACTING LTD.	Electromechanical Systems	100	Subsidiary

BOARD OF DIRECTORS

Rıdvan Çelikel

(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 at ETMD, the Electrical Installation Engineers Association.

Avniye Mukaddes Çelikel

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 Çelikel

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 Çelikel Tombuloğlu

Board Member

Merve Şirin Çelikel Tombuloğlu received her bachelor's degree in Electrical & Electronical Engineering from Berlin Technische Universitaet 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 and he currently serves as Board Member in Anel Group companies.

**Ahmet Bülent
Batukan**
Board Member

After graduating from Istanbul University Faculty of Law in 1955, Prof. Dr. Ahmet Münir Ekonomi started his academic career as Labour Law Assistant at Istanbul Technical University and then started his education which he received his Ph.D. from Munich University's Faculty of Law. As he was appointed as Assistant Professor and Professor, Prof. Dr. Ahmet Münir Ekonomi lectured Labour Law at Istanbul University and Galatasaray University's Faculty of Engineering and Technology. Prof. Dr. Ahmet Münir Ekonomi, in addition to Anel Group, serves as a consultant for Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama and Unilever Holding. Formerly a Member of the Board at the Yaşar Educational and Cultural Foundation, Prof. Dr. Ahmet Münir Ekonomi 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 Archaeology Museum Society. Meeting all the requirements defined in the Corporate Governance Principles set out by the Capital Markets Board, Prof. Dr. Ahmet Münir Ekonomi is not affiliated with Anel Elektrik or its subsidiaries.

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

Upon completing his master's degree in Business Administration at Sorbonne University, Ahmet Fatih Ediboğlu, started his professional career at Hürriyet in 1979. Then he served as Deputy General Manager and Member of the Board of Directors at Hürriyet and then as Consultant on Content and Investments. After working at Digitürk, he worked as a General Manager and Board Member at STAR TV, General Manager and Board Member at Atv, General Manager and Board Member at 1 Numara Dergicilik and General Manager and Board Member in Sabah. Ahmet Fatih Ediboğlu is an Executive Board Member of Midwood Studios, in addition to Anel Group companies. Meeting all the requirements defined in the Corporate Governance Principles set out by the Capital Markets Board, Ahmet Fatih Ediboğlu is not affiliated with Anel Elektrik or its subsidiaries.

Ahmet Fatih Ediboğlu
Independent Board
Member

COMMITTEES

Audit, Corporate Governance, Early Detection of Risk as well as the Nomination and Remuneration Committee reporting to the Corporate Governance Committee continued their activities in 2017 as well. Information about their operations and working principles have been disclosed to the public on the company's website

As the structure of our Company's current board of directors, the chairmanship of all the committees is carried out by Independent Board Member Prof. Dr. Ahmet Münir Ekonomi and the member distribution of our committees in which Ahmet Fatih Ediboğlu is also serving, is as follows.

Corporate Governance Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member
Member	Semra Çağlar	Executive

Audit Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member

Early Detection of Risk Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member

MANAGERS

Full Name	Position	Experience
Adnan Ek	Financial Affairs Group Manager	30 years
Cem Özşen	Director of Financial Affairs and Finance	28 years
Mustafa Parapan	Asian and European Regions Contracting Projects Deputy General Manager	23 years
Nesrin Bayraktar	Director of Human Resources and Corporate Communications	17 years
Semra Çağlar	Corporate Governance Committee Member	12 years
Tolga Tutum	Middle East and Africa Regions Contracting Projects Deputy General Manager	21 years
Zafer Genç	Project Coordinator	30 years

Employee Information

The number of employees as of 31.12.2017 is 3,731. Collective agreement application is not available in Anel Elektrik; we provide all rights and benefits to our employees within the scope of Labour Law.

ABROAD PROJECTS



The University College London Hospital Proton Beam Therapy Center Phase 4 (London, England)

Project Type: Health Facility

Scope of Project: Electrical and Mechanical Works

Total Area: 31.000 m²

Project Launch-Completion: 2018-2020

Main Contractor: BOUYGUES UK

Employer: University College London
Hospitals NHS Foundation Trust

Qatar Rail Green Line Stabling Yard (Doha, Qatar)

Project Type: Transportation

Scope of Project: Electrical and Mechanical Works

Total Area: 37.500 m²

Project Launch-Completion: 2017-2018

Main Contractor: Fujita Corporation

Employer: Qatar Rail Company



Dubai – I (Bluewaters) Terminal Building (Dubai, UAE)

Project Type: Commercial

Scope of Project: Electrical and Mechanical Works

Total Area: 10.000 m²

Project Launch-Completion: 2016-2019

Main Contractor: Hyundai Engineering and
Construction Co. Ltd.

Employer: MERAAS Development

Qatar Rail Redline South Metro - Elevated and at Grade (Doha, Qatar)

Project Type: Transportation

Scope of Project: Electrical and Mechanical Works

Total Area: 30.000 m²

Project Launch-Completion: 2016-2018

Main Contractor: FCC-Yüksel - Archirodon
Petroserv JV

Employer: Qatar Rail Company

Qatar Rail Redline South Metro - Underground (Doha, Qatar)

Project Type: Transportation

Scope of Project: Electrical and Mechanical Works

Total Line Length and Area: 32 km and
5 stations (151.000 m²)

Project Launch-Completion: 2015-2018

Main Contractor: QDVC-GS E&C-AL
Darwish Eng. JV

Employer: Qatar Rail Company

Abu Dhabi International Airport Midfield Terminal Building (Abu Dhabi, UAE)

Project Type: Transportation

Scope of Project: Electrical Works

Total Area: 730.000 m²

Project Launch-Completion: 2012-2018

Main Contractor: TCA JV
(TAV/CCC/Arabtec Joint Venture)

Employer: ADAC



Construction and Upgrade of Rayyan Road (Doha, Qatar)

Project Type: Transportation

Scope of Project: Mechanical Works

Total Length: 10,7 km

Project Launch-Completion: 2014-2018

Main Contractor: Doğuş Onur JV

Employer: Public Works Authority - Ashghal



Sidra Medical & Research Center (Doha, Qatar)

Project Type: Health Facility

Scope of Project: Mechanical Works

Total Area: 300.000 m²

(6,7 and roof floors)

Project Launch-Completion: 2015-2017

Main Contractor: Midmac - CCC JV

Contractor: Qatar KENTZ WLL

Employer: Qatar Foundation - Astad

DOMESTIC PROJECTS



Barbaros Reserve Bodrum Residences (Bodrum PESKA) (Muğla, Turkey)

Project Type: Hotel

Scope of Project: Electrical and Mechanical Works

Total Area: 11.000 m²

Project Launch-Completion: 2017-2018

Main Contractor: Sera Yapı Endüstri ve Tic. A.Ş.

Employer: Peska Turizm Yatırım A.Ş.

Ankara Turkcell Söğütözü Building (Ankara, Turkey)

Project Type: Data Centre

Scope of Project: Electrical and Mechanical Works

Total Area: 450 m²

Project Launch-Completion: 2017-2017

Main Contractor: Fabrika Mimarlık İnş.
Tas. San ve Tic. Ltd. Şti.

Employer: Turkcell



İş Kuleleri Tower III Mechanical Renovation Project (İstanbul, Turkey)

Project Type: Commercial

Scope of Project: Mechanical Works

Total Area: 30.000 m²

Project Launch-Completion: 2017-2017

Main Contractor: İŞMER

Employer: İş Gayrimenkul Yatırım Ortaklığı



**Türkiye Finans Participation Bank Head Office Building
(İstanbul, Turkey)**

Project Type: Commercial

Scope of Project: Electrical Works

Total Area: 24.500 m²

Project Launch-Completion: 2016-2017

Main Contractor: Oğuz Bayazıt Mühendislik
İnşaat Sanayi Ltd.Şti.

Employer: Türkiye Finans Participation Bank

**42 Maslak
(İstanbul, Turkey)**

Project Type: Commercial

Scope of Project: Electrical and Mechanical Works

Total Area: 250.000 m²

Project Launch-Completion: 2012-2017

Employer: Bay İnşaat





Now Bomonti Office
(İstanbul, Turkey)

Project Type: Commercial

Scope of Project: Electrical Works

Total Area: 41.600 m²

Project Launch-Completion: 2016-2018

Employer: NOW Gayrimenkul A.Ş.

Kosifler Kavacık Showroom
(İstanbul, Turkey)

Project Type: Commercial

Scope of Project: Electrical and Mechanical Works

Total Area: 20.198 m²

Project Launch-Completion: 2016-2017

Employer: Kosifler İnşaat A.Ş.





HUMAN RESOURCES

We are working to create positive value in all areas where we operate by establishing sustainable relationships with reliable and quality service approach. We owe our success to being a great team that constantly develops and improves, follows the innovations and creates value for society through volunteer activities as well as the projects.

Within the scope of our corporate values, which we define as unity, tenacity, rationalism, development, respect, employee of Anel;

Shares knowledge, friendship, and support.

Respects everyone independent of their statutes, listens to everyone before making a decision and communicates well.

Adapts to changes quickly, believes in oneself and is brave.

Knows one's areas of improvement and strives to develop.

Inspires work and team mates for higher performance and works enthusiastically.

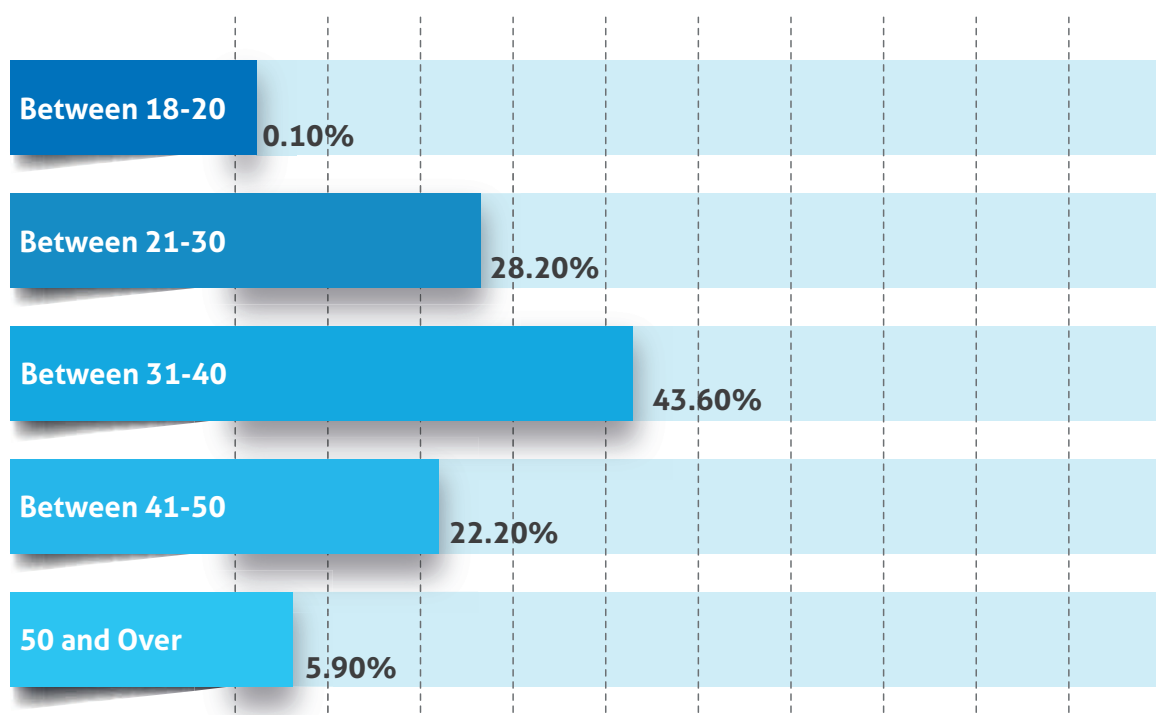
Sees the big picture, is rational.

Is open to new ideas and is creative.

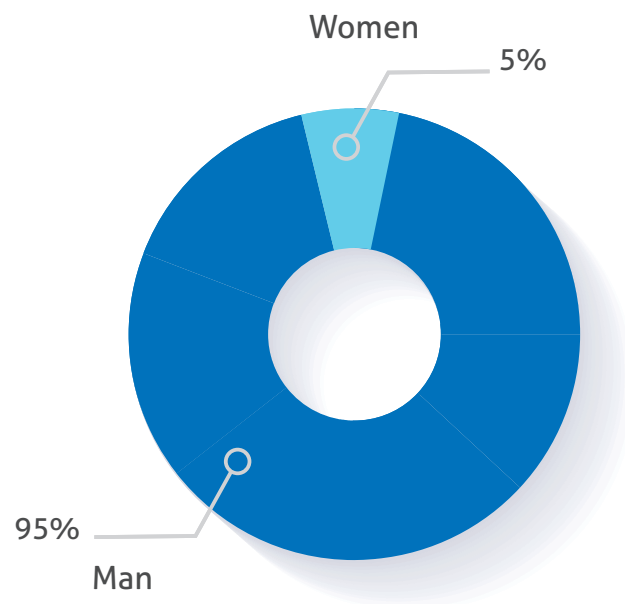
Coaches and leads the leaders of future and guides them.

2017 IN FIGURES

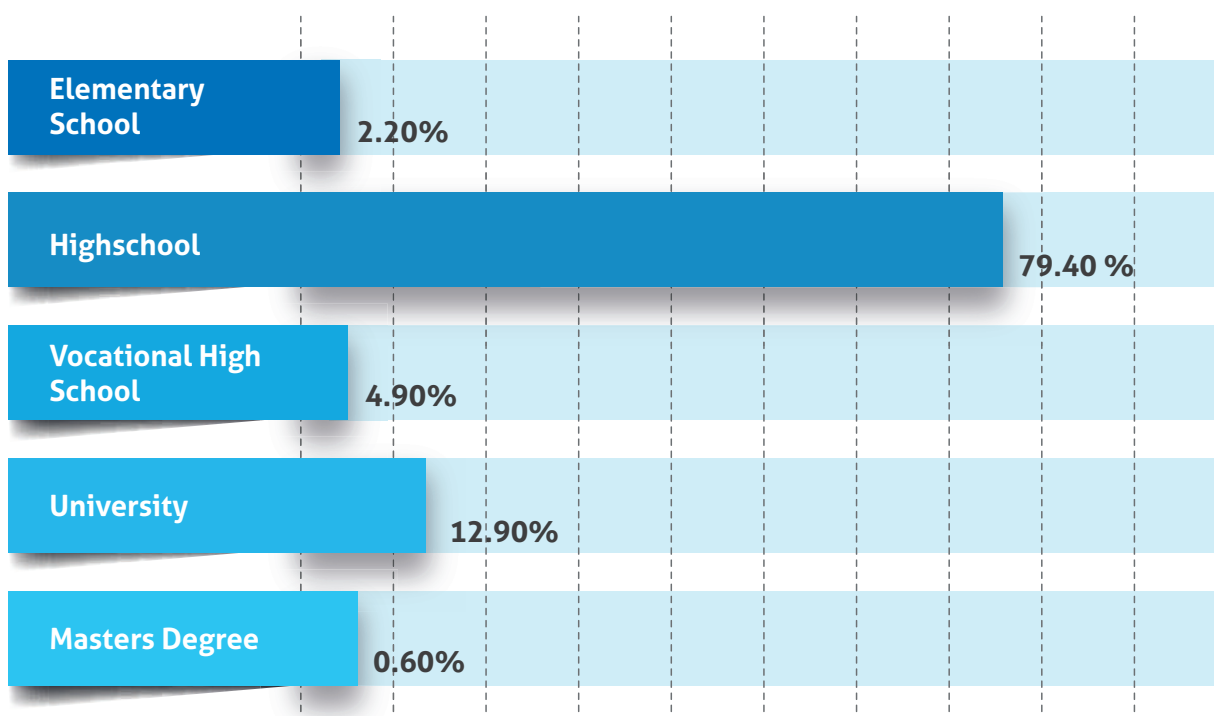
Distribution by Age



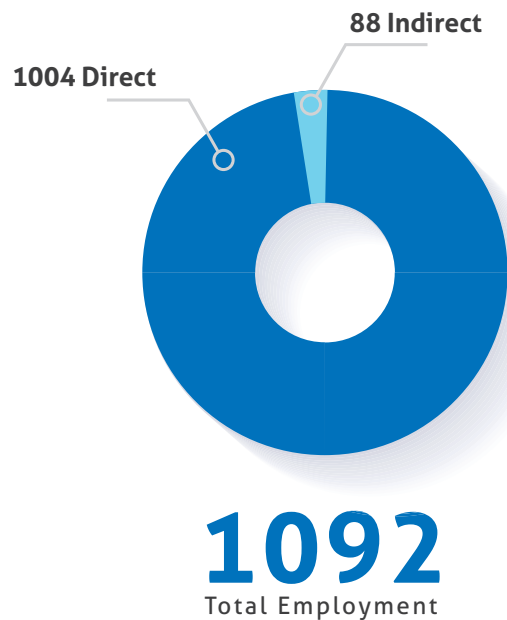
Distribution by Gender



Educational Background



ACTIVITIES WITHIN 2017



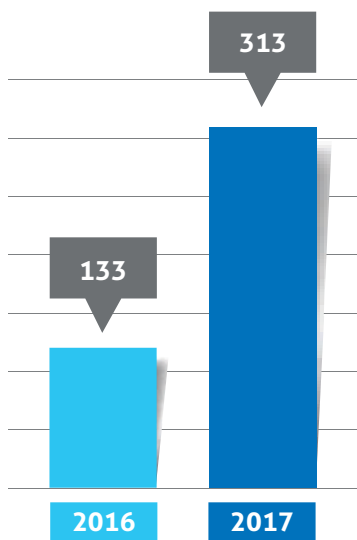
- 132 people among our high performance colleagues continued to work on other projects with internal passes at the end of the project.
- As a result of the Employee Satisfaction Questionnaire conducted by an independent company at the end of 2015, we continued our work on the determined actions.



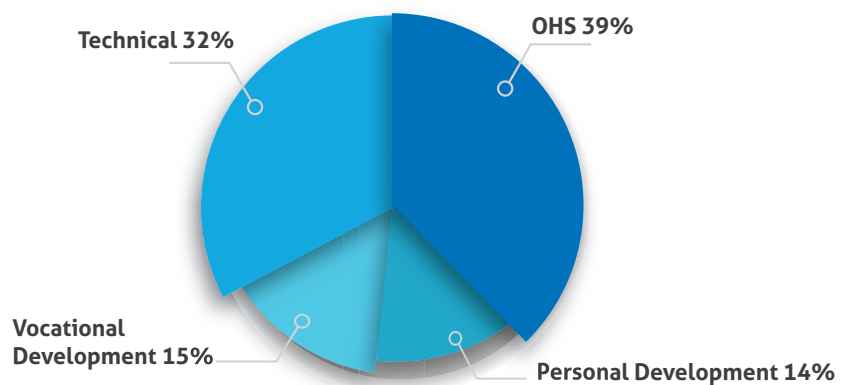
Development and Improvement

- We separated target and competency-based evaluations in our performance system, by focusing more on employee development, we have become able to measure performance more perceptible.
- We share the trainings prepared by our experts in the field as both online and classroom training. At AnelAkademi, we have tripled the number of personal and professional development trainings in addition to technical trainings. By adopting the Mindflash application, we made our online training platform more user-friendly and mobile.

Number of Trainings



Distribution of Trainings





- While focusing on behavioural competencies in personal development trainings, we concentrated on BIM/Revit trainings in technical trainings in 2017. As we follow the process with the BIM Committee we established, we focused on online and classroom trainings.



- This year our main focus was on knowledge sharing in classroom trainings. We have identified the topics of these activities, which we have called “Professional Talks” with participants. This year we shared our knowledge and experience on topics such as testing and commissioning, site work order, building management systems, compensation systems and frequency converters, finance, budgeting and accounting, import and LC processes and challenges in implementation.

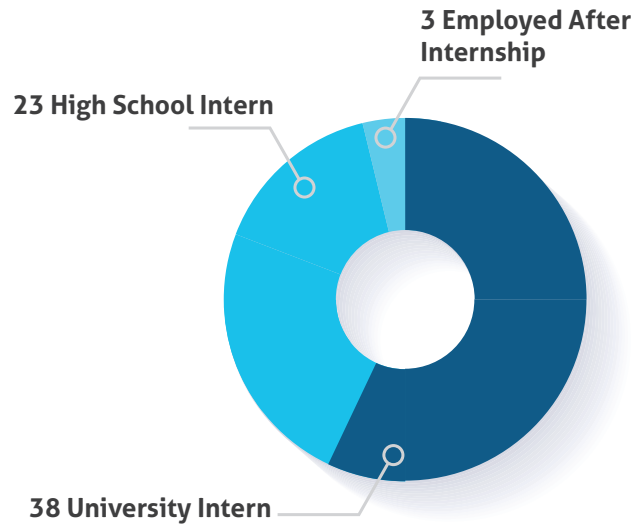


- We improved our orientation process and specialized the trainings according to the positions with 3 different orientation types. The general orientation is based on the intern orientation, which focuses on the dynamics of the business world, and the manager orientation, which is planned according to the work area.
- We carried out 78 trainings focusing on technical and personal development that we cooperated with our suppliers.
- A total of 393 people benefited from the 13 classroom trainings which were prepared by our internal trainers.



Communication

- We established ForumAnel which is an information sharing platform open for all colleagues.
- We added the "Life" section in our Corporate LinkedIn page and shared the working culture of Anel with a wider audience.
- Using Yammer among our internal communication platforms, we organized events in our social clubs.
- We conducted interviews with our colleagues. We shared knowledge and opinions by examining various topics in depth with our colleagues through Yammer.
- We participated in Istanbul Marathon as Anel Running Team and we supported the children who are in need of protection.



- We gave trainings on the aspects to consider in business life, Volunteer Awareness and OHS to all our interns. We talked about the future of engineering with REVIT training that we organized for engineering students.
- As part of Career Day activities, we visited universities as well as high schools to find our new interns and tell Anel to the young people. In addition to our activities at ITU, YTU, Boğaziçi University, we organized publicity and interviews with 3 technical universities in India. We conducted interviews in 2 schools for high school interns.
- We started to receive feedbacks from our interns to improve our internship process.
- We received more than 20,000 applications this year and we received the Human Respect Award at the Human Resources Summit organized by Kariyer.net this year like we have been in the past years since we provided 100% return to all candidates.
- We held ceremonies for our colleagues who completed their 10th year within Anel in Qatar, Abu Dhabi and Turkey and we gave their seniority awards.
- In 2017, 37% of the Çelikel Education Foundation volunteers were Anel employees.

INFORMATION TECHNOLOGIES

SAP ERP Activities

Since 2011, we are using SAP, the Enterprise Resource Planning software, which has globally accepted standards. This allows us to make information security effectiveness, authorization matrices, logging infrastructure and traceability and many other details in line with international standards. You can see the work we have done on the system below;

Current Reconciliation Project

We allowed the current reconciliations to be reported with the data taken through SAP and be sent to the e-mail addresses of the companies to be reconciliated automatically defined in the SAP system. We designed the e-mails sent through the system to be easy to understand, visually proper and easy to be used in mobile.

SAP BO Human Resources Reports Project

We ensured that the planned and actual values of Human Resources are monitored through SAP BO (Business Objects) management reports.

SAP E-Export Project

Within the context of the E-Export integration project, we enabled export invoices to be automatically processed in the system much more quickly and safely.

Systems We Have Commissioned

- Process Management System: Maintenance and follow-up of our department-based processes
- ForumAnel: In-house information pool, information sharing area regarding business processes
- Business Development System: Business development and tracking.

Other Softwares

- Service supplier evaluation form
- Çelikel Education Foundation Alev Topları Program application system
- IT and reporting system questionnaires
- Purchasing supplier evaluation (scm.anel.com) system
- SAP fiori developments
- BYS (Building Management System) system improvements
- TDYS (Design Change Management System) developments
- SAP project stocks report
- Corporate CV multilingual infrastructure and reports
- Determination of coding standards

Our Infrastructure Works



In 2017, we moved all our e-mail users onto the Microsoft Office365 cloud service.



We moved onto Microsoft Skype Online to make all our users work faster and more efficiently. We completed the PBX work to call domestic and international numbers via Skype for business online.

Back-up Infrastructure Change



In our projects in Turkey, Qatar and Abu Dhabi; we moved the backup infrastructures to the Veeam technology infrastructure. For the projects that were completed in 2017, we organized our archive server.

System Infrastructure Arrangement Work

We have completed upgrading our physical servers with backup infrastructure changes and updates by providing 10 server replacements.

We have arranged the voice, server and data infrastructure by moving the infrastructure of the AnelMarin office's system room to a new office.

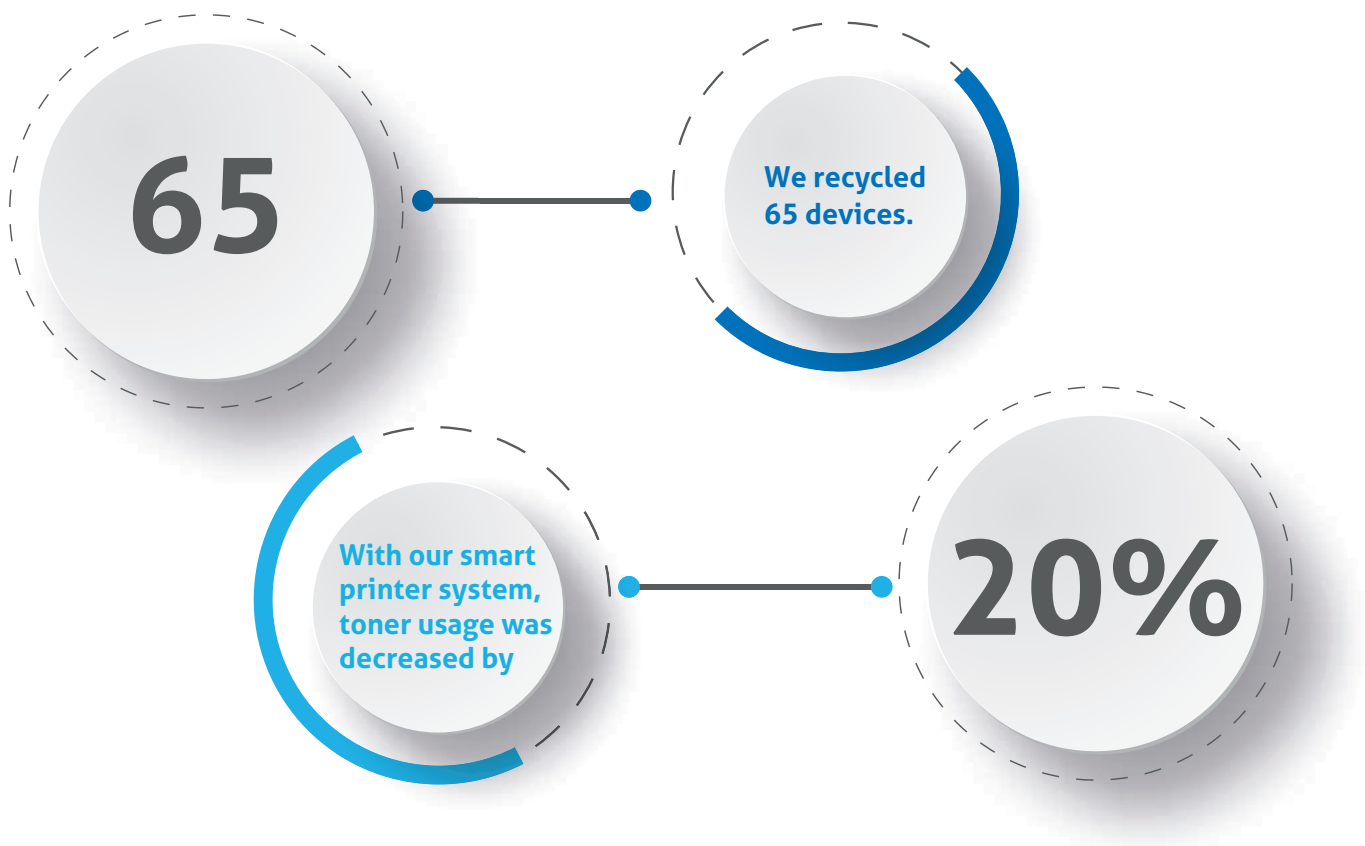
Central Printing System

Our central printing system has been renewed.

Green IT Activities

Together with our system infrastructure works, we provided efficiency in the use of active electricity. We also reduced our energy use rates with cloud infrastructure processes. With the smart printer system we managed 20% reduction in toner usage and we provided 80% of the invoices to be managed from digital environment with e-invoice, e-ledger and e-export solutions which we actualized within the context of e-transition.

Information technology equipment that turned into electronic waste status by filling their life spans were taken out from the inventory and subjected to recycling at AnelDoğa facilities. In this way, metals such as copper, aluminium and lead were recovered without releasing to the environment.



OCCUPATIONAL HEALTH AND SAFETY

With an understanding of humanity and respect for nature, we aim to create a safer and healthy business environment for our employees, customers, suppliers and to reach the “zero work accident” ideal.

Occupational Safety Training

We gave 16 hours of occupational safety training by establishing an annual occupational health and safety training program in our head office, buildings we provide operation maintenance service and sites in Turkey for 2017. We certified our employees who participated in the training. We have organized our trainings in the form of internal classroom trainings, remote training and outsourced trainings. Our internal classroom trainings were given by our occupational safety specialists and workplace doctors.

Training Subject	Number of Participants
Occupational Safety Orientation Training	3887
Basic Occupational Safety Training	266
Risk Analysis Training	144
Hygiene and Ergonomics Training	152
Occupational Safety Training in Electrical Work	221
Occupational Diseases Training	133
Occupational Safety Training for Works at Height	225
Basic First Aid Training	150
Emergency Teams Training	37
Environmental Awareness Training	21

In various subjects, 738 tool-box training sessions were held and 241,580 persons participated in trainings. Training were given to 2.106 persons as outsourced in various occupational security.

Risk Evaluation Works and Internal Audits

We performed risk assessments for all offices, business maintenance, and workshops, we have made possible risk assessments by organizing the existing risk assessments. We also shared the risk assessments prepared for the sites with the employers as well. Whether the occupational health and safety implementations defined in the procedures are applied in the buildings we give operation maintenance services and sites are checked with occupational safety internal audits.

Emergency Drills

We carried out the emergency drill we conducted every year in September at the Anel Business Centre with 700 people from all tenants and 180 Anel Group employees. The building employees were evacuated in 18 minutes and gathered safely in emergency gathering areas. We also conducted fire drills in our contracting offices and we gave practical training on the use of fire extinguisher. Our operation maintenance teams also participated in the drills that the employer organized.

Occupational Safety Specialist and Workplace Doctor

According to hazard classes and as per the personnel count of operation maintenance and sites, within the period defined in the laws, through ISG-Katip, our occupational safety specialist and workplace doctor appointments were realized and tracked. MoLSS Occupational Safety Specialist and Workplace Doctor MoLSS notifications have been completed through the ISG-Katip. It is ensured that all subcontractors also applied this implementation.

Occupational Health General Committee Meetings

At the Anel Business Centre and our sites, we held monthly occupational safety committee meetings with the participation of the site chiefs and subcontractors. At this meetings, a number of employee representatives mentioned in the regulations participated.

Field Audits and Controls

Whether the occupational health and safety implementations defined in the procedures are applied in the buildings we give operation maintenance services and sites are checked with occupational safety internal audits. OHS and environment field audit reports were organized by our Occupational Safety Specialist in a weekly basis in our sites. During field inspections, improper work was intervened and corrected. Improper training of employees was renewed and all nonconformities were recorded. Nonconformity forms were issued for improper works detected and necessary interventions were made immediately to allow them work.

Through Anel, subcontractors in all sites were evaluated, particularly in regards to occupational safety practices.

Employee Health Reports

Approved health reports were issued for our 22 employees who started work. Periodical health examinations of 239 employees were carried out.

Total Working Time (mh) 13,723,249.5	Work Accident Count 2	Numbers of Lost Days 28
Fatal Accident 0	Accident Weight Ratio 0.0020	Accident Frequency rate 0.1457

ENVIRONMENT

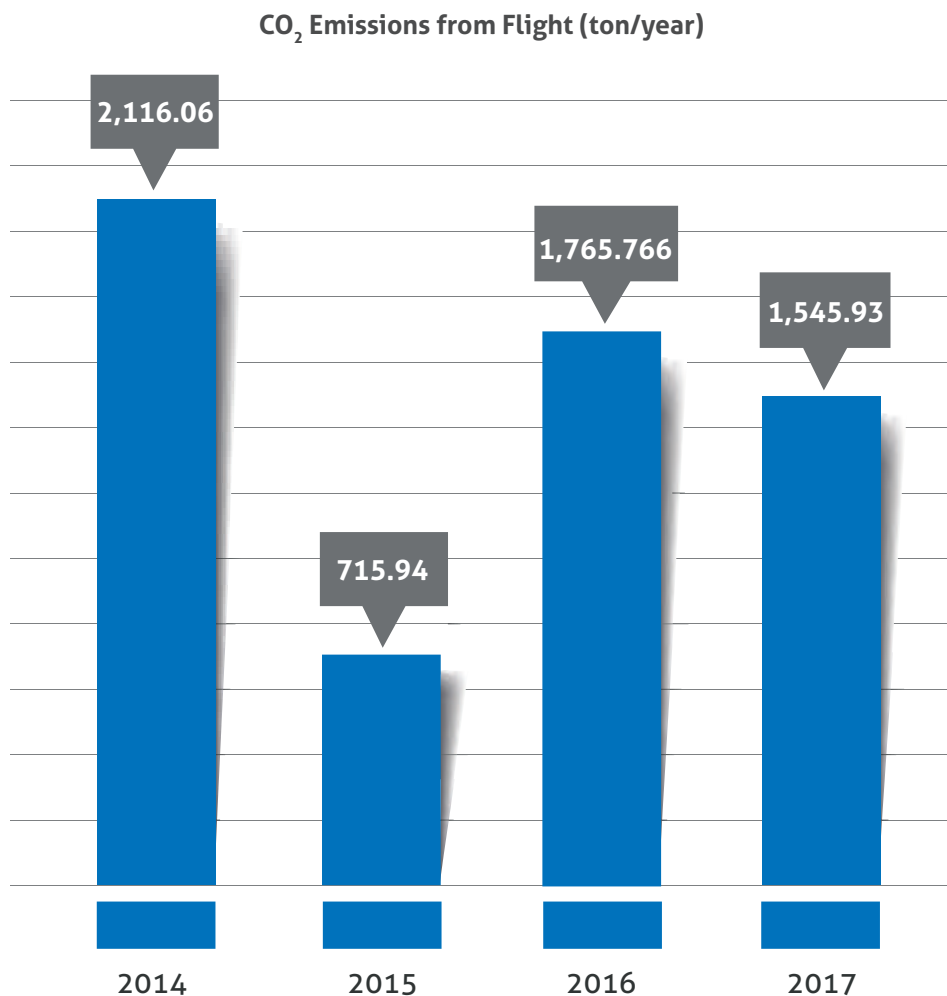
While producing value, with the respect and responsibility awareness for the nature, we are working to protect natural resources and to minimize the negative effects on the environment and we are acting in accordance with all applicable laws and regulations on the subject. Our works in the context of our Environment Policy in 2017;

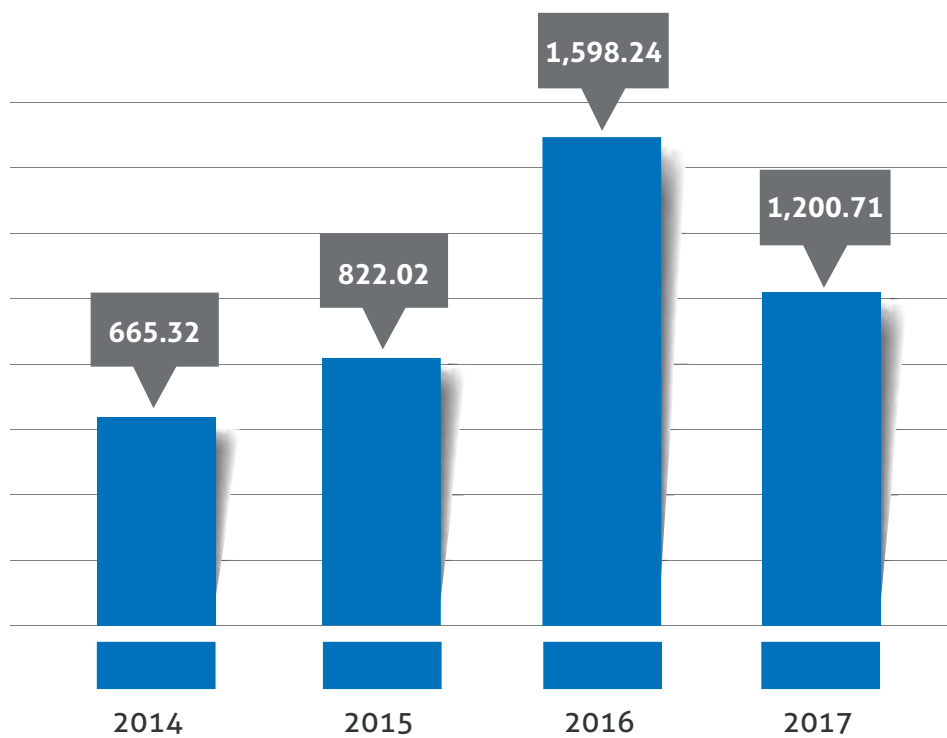
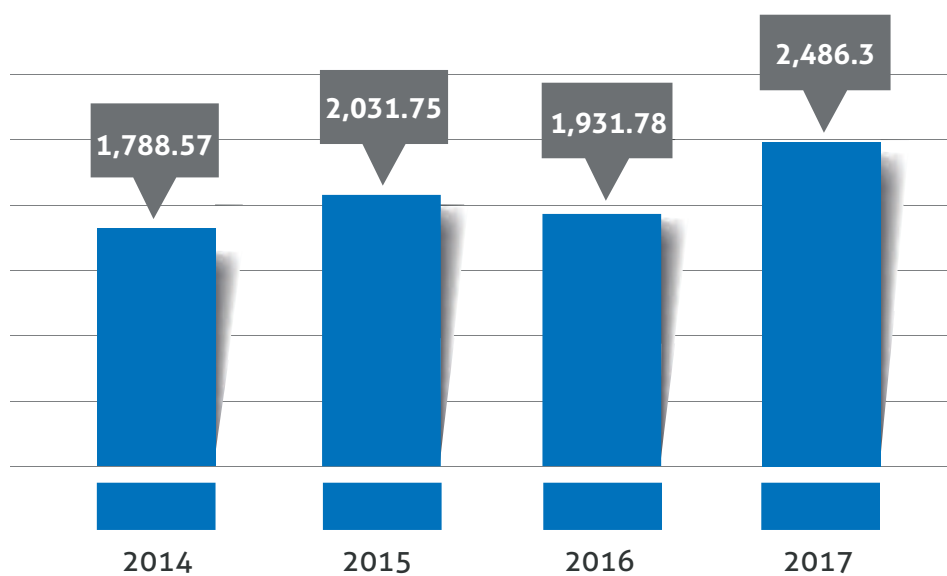
Electricity & Energy Saving

At the Anel Business Centre, we are saving energy by reducing the electricity consumption by turning off the lights automatically at noon.

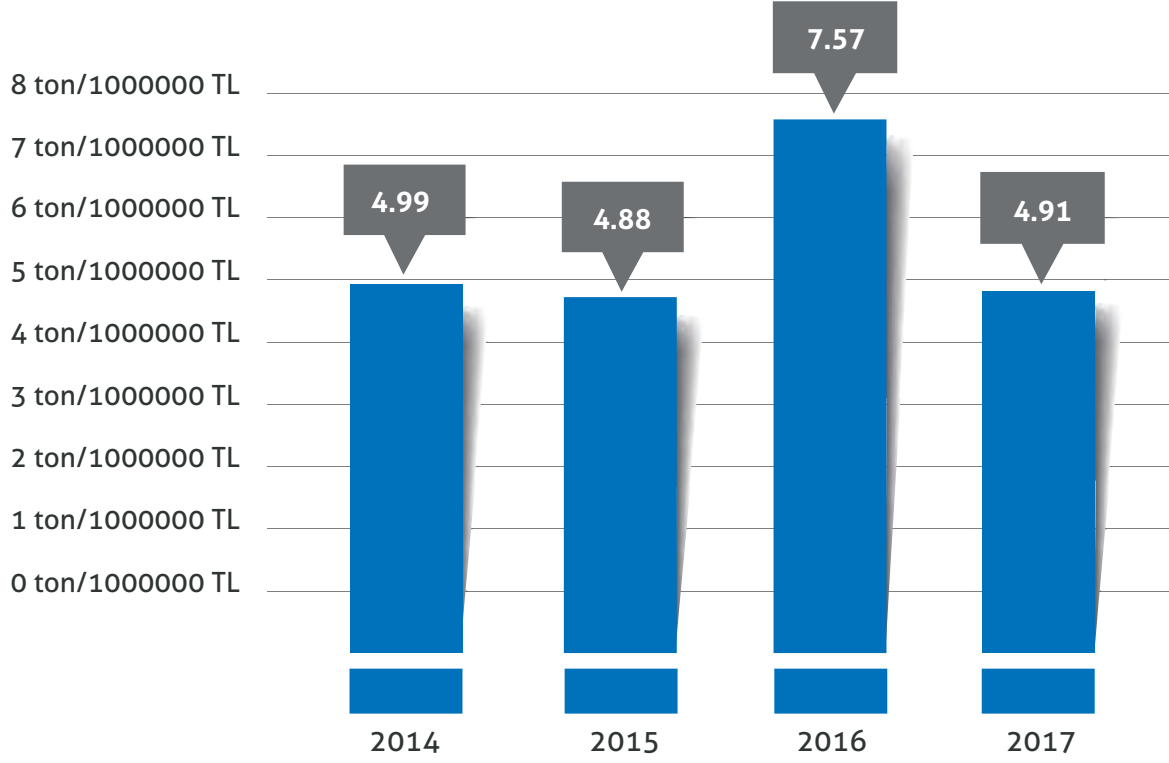
Carbon Footprint Calculation Studies

The figures we have included in our calculation are flight values, natural resource consumption and fuel consumption. Our carbon emissions amounts for the last 4 years;



CO₂ Emissions from Natural Resource Consumption (ton/year)**CO₂ Emissions from Fuel Consumption (ton/year)**

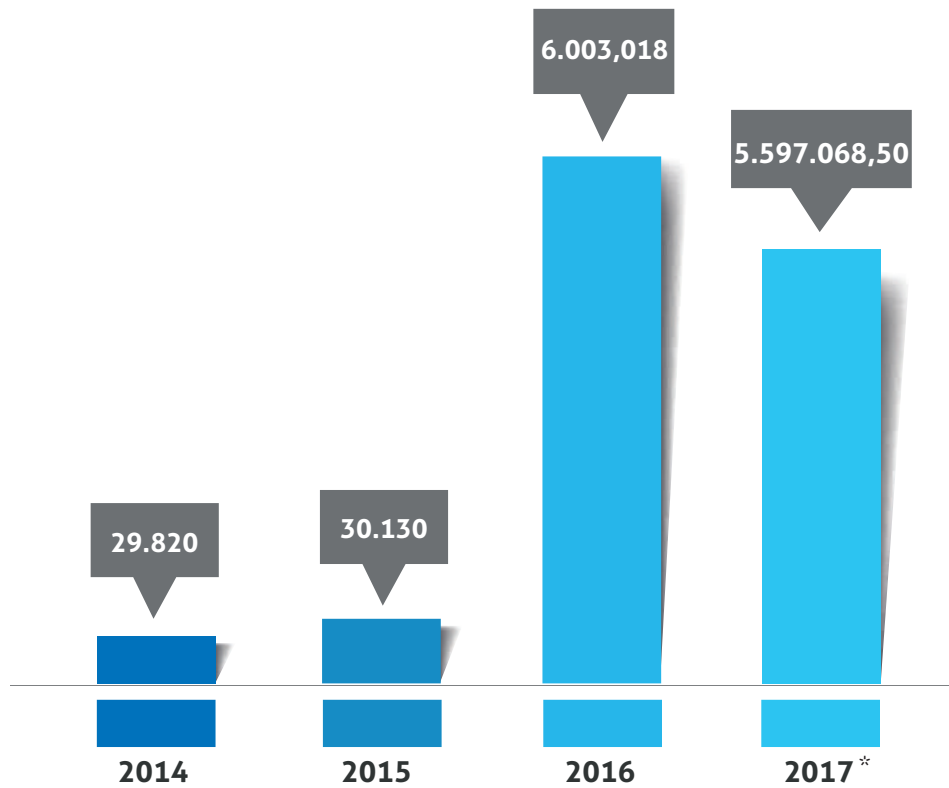
Carbon Production Turnover Comparisons



We follow the value of carbon emissions as an important indicator in the strategic plan, based on annual turnover, on a yearly basis. We created memorial forests in Balıkesir and Çanakkale by collaborating with TEMA to neutralize the carbon we calculated. Following the proposal of the afforestation project which was taken to Ümraniye Municipality, the afforestation works were carried out by the municipality with our contributions.

Renewable Energy Source Use - Solar Energy

In spite of the ever-increasing need for energy, global warming, environmental pollution and sustainability problems created by conventional energy sources lead the search for alternative energy to renewable energy sources in the world. Turkey has a great potential in terms of all renewable energy sources, especially solar energy. Anel Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. (Anel Enerji), evaluated this potential and, was established to transform solar energy, an environmental-friendly, reliable and sustainable resource, into electricity.



Electrical Energy Value Produced By Solar Energy (kWh)

*December is not included in 2017 data.

Thanks to the energy we produce from the sun, we have prevented approximately 2,285.92 tons of CO₂ emissions in 2017.

Waste Management

The primary goal is to produce less waste by preventing formation of waste at the source and to recycle the wastes. We disposed our wastes in 2017 by working with licensed recycling companies.

Trainings to Increase Environmental Awareness

The following trainings were carried out within the context of environmental awareness of employees working at AnelAkademi.

- Environmental Awareness
- Natural Resource Consumption
- Recycling (3R)

ISO 14001:2015 Environmental Management Systems, we expanded our internal auditor pool with Internal Auditor Training.

CONTRIBUTION TO COMMUNITY

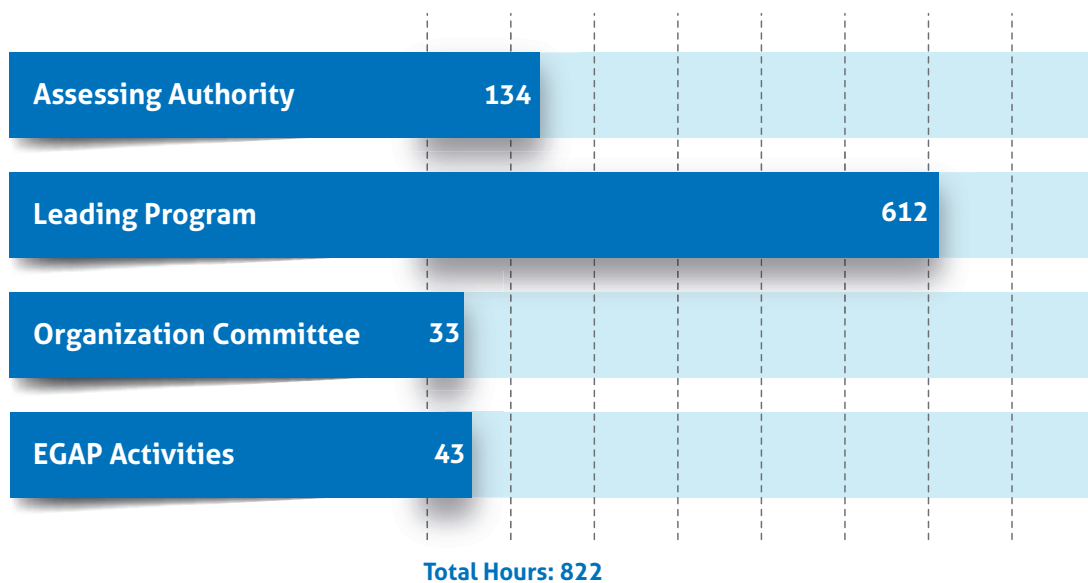
Considering the importance of education and art in terms of social life, Anel Elektrik conducts studies in these fields.

Social Responsibility Activities in Education

Founded in 2007, Çelikel Education Foundation aims to help Turkey 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 2017, like in the previous years..

Voluntary Support (Hours)



“ 37% of the volunteer workforce support for the Foundation’s projects and programs was provided by Anel Elektrik employees. ”

Social Responsibility Activities in Art

Located at the entrance of Anel Business Centre, Galeri 5 organizes exhibitions in various fields of art, 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 Centre on Monday mornings with the participation of young artists in 2017 as well. These performances not only create a source of income for young artists, but also gives them the opportunity to demonstrate their talents.

Exhibitions held in 2017

- Olağaniçi
- Enstrümanlar
- Arınma



FINANCIAL INFORMATION

While the revenue obtained as a result of the activities carried out in 2017 was TL 1.015.757.257 the net profit arose to TL 70,036,425 by increasing at the rate of 17,04% according to the net profit of the previous year.

Summary Income Statement	31.12.2017	31.12.2016	Variance
Sales	1.015.757.257	662.155.887	53,40%
Gross Profit	106.241.557	59.487.503	78,59%
Operating Profit/Loss	72.261.473	58.983.095	22,51%
Net Profit/Loss	70.036.425	59.839.001	17,04%

Summary Balance Sheet	31.12.2017	31.12.2016
Current Assets	800.896.409	880.872.521
Non-current Assets	134.068.573	129.353.408
Total Assets	934.964.982	1.010.225.929
Short Term Liabilities	503.505.566	650.356.184
Long Term Liabilities	40.155.032	37.614.054
Total Liabilities	543.660.598	687.970.238
Equity Capital	391.304.384	322.255.691
Total Assets	934.964.982	1.010.225.929

DEVELOPMENTS AFTER PERIOD

- To be effective as of 02.01.2018 by our Company's Board of Directors; it was decided that Mr. Mustafa Parapan, who served as Project Director, to be appointed as Asian and European Regions Contracting Projects Deputy General Manager and Mr. Tolga Tutum, who served as Project Director to be appointed as Middle East and Africa Regions Contracting Projects Deputy General Manager.
- In the Public Disclosure Platform's announcement made on 20.02.2018, it was announced that Acredo Technology BV Company, who filed a suit against our Company in T.R. İstanbul Anatolia 7th Court of Commerce, has amended the suit amount to 2.197.986,91 TL.



OTHER INFORMATION

Company Title	: Anel Elektrik Proje Taahhüt ve Ticaret A.Ş.
Address	: Saray Mah. Site Yolu Caddesi Anel İş Merkezi No:5\4 Ümraniye / İSTANBUL
Trade Registry Office	: İstanbul
Trade Registration Number	: 222590
Date of Registry	: 07.03.1986
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, 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 into account.

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 take 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.

Profit shares are considered to be distributed as soon as possible and regardless of their issuance and acquisition dates and to all existing shares, 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 instalment 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 offer 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, 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 2017.

Additional Information

In the period between 01.01.2017 - 31.12.2017;

- No research and development expense was made.
- The Company did not acquire its own shares.
- Except for the independent audit work carried out in accordance with the provisions of the legislation, no Special audit was conducted in our Company.
- 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 donation and aid in the amount of 382.420,80 TL were made.
- No incentives were used.
- No capital increase was made.
- Extraordinary general assembly did not convene within the relevant period.

RISK MANAGEMENT

Early Detection of Risk Committee

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

Early Detection of Risk Committee was constituted to work on the subjects below;

- establishing effective internal control systems for the purpose of defining, evaluating, detecting and managing the risk factors, which may affect reaching targets, according to impact 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 the 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 established. 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 414,700,000 TL market value as of 31.12.2017.

Share Code	2017 Closing Price (TL)	2017 Maximum Price (TL)	2017 Minimum Price (TL)
ANELE	3,77	3,88	1,241

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.

Tel : +90 (216) 636 20 00
E-mail : investor.relations@anel.com.tr
Fax : +90 (212) 636 25 00
Web : www.anel.com.tr

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş

Corporate Governance Principles Compliance Report of The Year 2017

1. Corporate Governance Principles Compliance Statement

Our company aims that corporate governance prevails over the company management with all of its aspects and thus, value is provided to the company partners, employees, stakeholders, environment and community.

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. In the activity period between 01.01.2017 - 31.12.2017 of our Company, the above principles enforced to be applied are implemented in Anel Elektrik and since most of the principles that are not mandatory to be applied are aspects that coincides with the prudent management philosophy that has been settled within the years at Anel, as stated above, these have been widely adopted and implemented by Anel Elektrik as well.

There is no conflict of interest arising from cases summarized below and that are not implemented.

- In accordance with article 4.2.6 of the "Corporate Governance Principles"; our Company Chairman Anel Holding A.Ş. and is represented by Rıdvan Çelikel. Rıdvan Çelikel acts as the head of execution personally.
- 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". 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 specified with article no.3.1.4 of the "Corporate Governance Principles", since the members of the committee and all means of communication used by the corporation are disclosed.

- The preferential rights granted to shareholders of Group A are as follows:
- All members of the Board of Directors, except for the independent members, are selected among A Group shareholders or candidates that they recommend.
- In the General Assemblies, A Group shareholders have (2) voting rights and B Group shareholders have (1) voting right.

SECTION I - SHAREHOLDERS

2. Shareholder Relations Unit

Within our Company, there is an Investor Relations Department operating from the day we went public. Cem Özgen, Director of Financial Affairs and Finance, and the Department operating 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 decisions. The information about the Investor Relations Department are given below.

Semra Çağlar

Investor Relations and Reporting Manager

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

Nazmiye Özge Şentürk

Investor Relations and Reporting Specialist

She does not possess any license.

Phone : +90 216 636 22 53

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

Address: Anel İş Merkezi, Saray Mahallesi, Site Yolu
Caddesi 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 shareholders with regard to the partnership
- c) To prepare documents that should be submitted for information and review 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 intra-partnership 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 directed to the Investor Relations department are answered in accordance with Anel Information Policy.

3. Exercising Shareholders' Rights to Obtain Information

In order for the shareholders to access information about our Company easily, within the Corporate Governance Principles, the information provided for the website has been made available to shareholders under the title of Investor Relations in our Company website. Updating and monitoring the information in internet environment are under the responsibility of the Investor Relations Department. The verbal and written questions directed to the Investor Relations Department are answered in the shortest notice, without making any distinction within the

scope of equality principle, provided that it is not an information having characteristics of business secret or not being already disclosed to the public.

There is no regulation in the articles of association of our Company regarding the regulating the request for the appointment of special auditor stated in the Corporate Governance Principles and legislation in force shall apply in this matter. No appointment of a special auditor was made within the year.

4. General Assembly Information

In 2017 Ordinary Meeting of General Assembly, realized in the Company headquarters on 24.08.2017 with quorum of 69.71% and with the attendance of a total of 76,679,072 shares corresponding to 22.188.841 Group A shares by procuration and 54.490.231 group B shares in capital, of which 4,409,816 were in person, 36,263,835 were by procuration and 13,816,580 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 Turkish Trade Registry Gazette dated 02.08.2017 and in Ortadoğu and Hürses newspapers dated 29.07.2017 which are published throughout Turkey, in Public Disclosure Platform, on Central Registry Agency's Electronic General Assembly System and on our website; 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 informative document containing detailed explanations of the items on the agenda, power of attorney sample, dividend proposal are notified to the public through the Public Disclosure Platform, in addition, the informative document containing detailed explanations of the items on the agenda, power of attorney sample, dividend proposal, annual reports financial statements and reports are made available in company headquarters, Central Registry Agency's E-General Assembly System and our Company website for the shareholders.

All of the shares representing the issued capital of our Company are bearer shares and all these shares are dematerialized. In this context, invitation to the meeting was announced in compliance to the provisions of law and Articles of Association and so as to contain the power of attorney sample and the agenda in the Turkish Trade Registry Gazette.

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 paid attention 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 agenda items they are related to. 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 an unbiased and detailed manner, the opportunity of expressing their thoughts and to ask questions under equal conditions were given to the shareholders and the questions addressed at the meeting were answered by the executives of our company. On the other hand, no agenda recommendation has been given by the shareholders.

There is no demand conveyed in writing by the 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 87.811.159 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 shares have privileges. Among those present at the Ordinary and Extraordinary General Assemblies, A Group shareholders or their proxies have (2) voting rights and B Group shareholders and their proxies have (1) voting right.

General Assembly shall be briefed if there are any transactions carried out with reference to the permission 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 importance, 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 answer the 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 made 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 2017.

- According to Public Disclosure Platform's announcement published on 26.01.2017; 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 28.12.2013 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, merger meetings were initiated for the merging within the structure of our Company ("Merger Transaction")

- Announcement Draft prepared for the merger process in our company by the "taking over" of Anel Telekomünikasyon Elektronik Sistemleri Sanayi Ve Ticaret A.Ş. to our company as a whole with all its assets and liabilities is submitted to CMB in 15.06.2017 with the request of approval of the Capital Markets Board along with the other documents included in Annex 1 of Notification No. II-23.2.

- Notification No. II-23.2 of Capital Markets Board adjudicate that, where the General Assembly Meeting which the merger will be approved is completed by the end of the eighth month following the end of the accounting period, the most recent annual financial statements are taken as basis for the merger. The Board of Directors has assessed that the General Assembly Meeting to approve the merger process is not available for completion until the end of the eighth month following the end of the financial period and has declared with the Public Disclosure Platform's announcement dated 26.07.2017 it has decided that the 30.06.2017 financial statements to be independently audited within the framework of the related notification's provision stating that "If the General Assembly Meeting is held on a date outside of this period, the interim financial statements shall be based on at least six months' period and shall not be longer than six months between the date of the financial statements and the date of the general assembly meeting" and that the application made to the Capital Markets Board made with the audited financial statements for the six month period, the report of the expert organization to be re-prepared on the basis of the said financial statements and other information and documents to be updated; "Announcement Draft" is submitted for approval of CMB on 29.09.2017 with the approval request along with the other documents within the Capital Markets Board's announcement no. II-23.2 Annex 1.

- Within the letter Capital Markets Board has sent to our Company on 05.12.2017 dated 04.12.2017 and no 29833736- 106.01.01-E.13527, we have informed that according to the first paragraph of article 6 of Merging and Division Notification, in the merging transactions which partnerships open to

public are a party, the financial statements which are regulated in a way the time between the financial statement date and the date of general assembly which the transaction will be approved be no longer than six months and it is necessary to announce the approved announcement text before at least thirty days from the date of general assembly which the merging transaction will be approved as per the second paragraph of the 8th article of the Notification. In its letter dated 04.12.2017, the Capital Markets Board, has stated that it is not possible to finalize our request under current circumstances with the financial statements dated 30.06.2017 which is based on the preparation of the document submitted to review of the Board attached to the merger transaction and application file within the mentioned legislation provisions, and the application made by our Company on 29/09/2017 was cancelled ex officio. On the other hand, within the framework of the related legislation provisions, our Company was reminded that a re-application may be submitted to the Capital Markets Board in a timely manner by preparing the necessary information and documents. Within this framework, our Company has announced with the Public Disclosure Platform's announcement dated 05.12.2017 that it was decided to apply to the Capital Markets Board for the approval of financial statements regarding the end of 2017 financial period and the announcement text regarding the merger transaction with the updated form of necessary information and documents that are requested in the mentioned notification, the issuance certificate for the issuance of shares representing the capital of the Company to be increased due to this transaction and the text of amendment regarding the capital article of the articles of association by the Board of Directors.

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.

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.

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 articles of association and is approved by our General Assembly. The date and type of distribution of dividends are decided by the General Assembly upon the recommendation of the Board of Directors, considering the Capital Market Legislation. Our Company's Dividend Policy is included in our Annual Report and on Company's website.

Dividend Policy consists minimum information with an explicitness that will enable the shareholders to foresee the 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 between the interests of the shareholders and the interests of the partnership is followed.

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

As of the end of the Company's 2016 accounting year, in the financial statements concerning the period of 01.01.2016 – 31.12.2016 prepared within the frame of Tax Procedure Law, as a result of our activities in the year 2016, a profit of 18.137.862,50 TL was obtained. Taking into consideration our Dividend Policy, gross profit amounting 11.967.800 TL which is calculated as 20% over 59.839.001 TL profit amount within our 2016 consolidated financial statements was distributed to our shareholders upon the approval of the General Assembly.

7. Transfer of Shares

In the articles of association of our Company, an information is included that the Bearer shares may be transferred freely as per the legislation provisions, however, the transfer process of Registered shares can be completed after the transfer request made in writing, is approved by the Board of Directors and registered in stock ledger.

Transfer of shares in our company is made in compliance with the provisions of the Turkish Commercial Code (TCC) and the Capital Markets Board.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

Within the framework of the Information Policy established within the scope of the Corporate Governance Principles published by the Capital Markets Board, Our company aims to make sure that its shareholders and all stakeholders are fully informed in a timely and accurate manner. The information to be disclosed in this context are information that are not covered by trade secrets. The information policy is published on our company website.

In mandatory disclosures within the context of the Capital Markets Legislation and other relevant legislation; Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi ("Anel"), uses the tools included in the "Information Policy". In accordance with the regulations which the Company is subject to, the aim of the Anel Information Policy, is to provide the communication of the disclosures to all stakeholders including the shareholders, investors, employees and customers in full, fairly, accurately, in a timely manner, comprehensibly, synchronously, actively and transparently and in an easily accessible way.

9. Company Website and Contents

The company website was established in order to provide information to shareholders, stakeholders and the public in a clear, concise and simultaneous manner; its address is www.anel.com.tr. CMB decisions and announcements regarding the implementation of CMB Principles and Communiqués and necessary information are given on the Company website and it is updated all the time. The website of the Company includes the matters specified in the Corporate Governance Principles.

On the other hand, activities carried out by our Company within the framework of Corporate Social Responsibility Principles are also included in our website.

10. Annual Report

Our company's annual reports are prepared to provide the public with complete and accurate information about our Company's activities and in accordance with the criteria set out in the Turkish Commercial Code, Ministry Regulation and the Corporate Governance Principles published by the Capital Markets Board.

SECTION III - STAKEHOLDERS

11. Informing the Stakeholders

Our stakeholders are our shareholders, investors, suppliers, customers, employees, and other

stakeholders in the community who are directly involved with the Company in its activities and in achieving its objectives.

As Anel, one of our goals is to take management decisions fairly, transparently and accountably, and to fulfil our responsibilities towards all these groups in the best possible way.

Mutual agreement on the rights, duties and obligations of the personnel is provided with the contract signed between the employee and the company.

Human resources applications are determined by regulations. In the event they are updated, related persons are informed.

The compensation provisions to be applied to employees are applied in the manner prescribed by the applicable labour law.

Our Company has taken the rights of its employees under protection by contracts and regulations and in case of violation of protected rights, the provisions of labour law apply. Shareholders, investors and analysts may access to information that is mandatory to be maintained pursuant to the Corporate Governance Code from the Investor Relations Section in our Company's website.

In addition, the Investor Relations Department can be contacted by telephone or by e-mail using investor.relations@anel.com.tr e-mail address.

Necessary mechanisms are established by Human Resources Department in order to share the transactions that the stakeholders consider that they are not legitimate and ethically inappropriate. The transfer of information to employees is carried out by gathering in various organizations or through the intranet system used within the Company. Some important announcements are communicated to all employees via e-mail. The necessary arrangements are made to ensure a double-sided flow of information between the managers and employees.

In our company, ensuring compliance with legal regulations and oversight is the responsibility of the Audit Committee and to examine the complaints of shareholders and stakeholders on issues related to corporate governance and to link them to the conclusion are the responsibility of the Corporate Governance Committee.

12. Stakeholders' Participation in Management

It is ensured that employees have a say in determining the company's strategy and therefore its objectives with a strategy determination questionnaire every year. The results of the questionnaire are analysed by the Management Systems Department and the results are shared with the participants. For employee satisfaction, HR processes are being renewed by consulting employees. Training and Performance Management

Processes are managed by the committees, including our employees from different departments.

With our shared decision making culture; our employees use the right to make decisions in processes that will affect them. Especially in order for our Human Resources and internal communication processes to respond to customer (employee) expectations, our processes are managed together with our employees through questionnaires and workshops, with the idea that partnering with customers (employees) for the decisions will reach the right result.

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 realizing the company's goals and strategies and expanding its corporate capabilities and creating value.

Bringing qualified human power to our company which possesses the values of Anel and will carry us to the future is primarily aimed. Providing the development of our employees, creating the opportunities to unleash their potential, and promoting the contributions and achievements of the organization constitute the basis of the Human Resources policy. The criteria for staff recruitment in our company have been determined in writing. Accordingly, from the moment employees enter the job, career plans are identified and equal opportunities are provided for people on equal conditions. At the end of the year, general evaluations are made on the plans and the position reached.

Trainings are held that will directly affect our corporate achievement in order to carry our personal and professional competences forward.

Gökçe Babayiğit, Gülay Savaşan and Murat Akcan have been appointed as representatives to carry out the relations with the employees in our Company and employees are notified on the decisions made about employees or the developments that are relevant to employees through representatives. In addition, employees are exchanged views on the company's status, education, career, and health.

Job descriptions and distribution, performance and other criteria of company employees are determined by company internal guidelines and these documents are kept on a portal where all employees have access. 360-degrees performance evaluation is carried out once a year, depending on the competencies required for the position and the specified goals. It is intended to remunerate the employees for the added value and responsibilities they provide in the organization.

Employees are treated equally in Training & Development, Performance Management, Career

Management, Remuneration and other Human Resources processes without discrimination of ethnicity, language, religion, race or gender. No complaints were raised by any employee on the related subject during the year.

Our policy is to provide a safe environment for our employees, subcontractors and visitors by taking preventive measures in all projects and removing potential hazards.

Collective agreement application is not available in our company and all rights and benefits are provided to our personnel within the framework of Labour Law. Thanks to our shared decision making culture, our employees use their right to make decisions in processes that will affect them.

14. Relations with Customers and Suppliers

Company takes all kinds of precautions to ensure customer satisfaction in the work that it has performed. Customer demands are met in accordance with the terms of the contract and the customers are informed without delay waiting for the end of the period. In the works performed, we comply with the quality standards and demonstrate due diligence maintaining the standards. For this purpose, a guarantee is provided by negotiating the terms of the contract.

The confidentiality of information contained within the context of trade secrets relating to customers and suppliers are taken care of.

15. Ethical Code of Conduct and Social Responsibility

Our Company's Board of Directors has established ethical rules for the company and its employees and information on ethical code of conduct are announced to the public on our Company website.

The issues set out in our Code of Ethics constitute the basis of our corporate culture.

Due to the value it attaches to sustainability; in 2013, Anel has signed the United Nations (UN) Global Cooperation Agreement. Anel carries out its activities with continuous improvement while implementing the 10 principles within Global Compact in its strategies and practices.

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. In order to contribute to the development of responsible people, it develops and implements programs to increase the quality of training. Anel Elektrik continued to support the programs conducted by Çelikel Education Foundation

in 2017, like in the previous years. Information on social responsibility activities are included in the Company's website and the annual report.

SECTION IV - BOARD OF DIRECTORS

16. Structure, Formation and Independent Membership of the Board of Directors

The Board of Directors, keeps the risk, growth and return balance of the company at the optimum level with the strategic decisions to be taken and governs and represents the company by taking into account the long-term interests of the company, with a rational and cautious approach to risk management. The Board of Directors defines the company's strategic goals, determines the workforce and financial resources that the company will require, and controls the management performance. The Board of Directors conducts its activities in a transparent, accountable, fair and responsible manner.

The business and administration of our company is carried out by the Board of Directors consisting 7 members elected by the General Assembly.

3 members from the Board of Directors are taking part in execution, while the remaining 4 members are non-executive. With two female members taking part in our Board of Directors, Our Board of Directors has 28.57% female members rate, above the target level in Corporate Governance Principles and within the Board of Directors, there are 2 Independent Board Members in accordance with Article 6 of the Corporate Governance Communiqué.

There are written statements about the independence of each of the independent members.

Full Name	Position/Title
Anel Holding A.Ş. (Represented by Rıdvan Çelikel)	Chairman - (Executive)
Avniye Mukaddes Çelikel	Vice Chairman - (Executive)
Ahmet Bülent Batukan	Member - (Non-Executive)
Mahir Kerem Çelikel	Member - (Executive)
Merve Şirin Çelikel Tombuloğlu	Member - (Non-Executive)
Ahmet Fatih Ediboğlu	Independent Member
Prof. Dr. Ahmet Münir Ekonomi	Independent Member

Rıdvan Çelikel (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 at ETMD, the Electrical Installation Engineers Association.

Avniye Mukaddes Çelikel
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 Çelikel
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 Çelikel Tombuloğlu
Board Member

Merve Şirin Çelikel Tombuloğlu received her bachelor's degree in Electrical & Electronical Engineering from Berlin Technische Universitaet 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
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 and he currently serves as Board Member in Anel Group companies.

Prof. Dr. Ahmet Münir Ekonomi
Independent Board Member

After graduating from Istanbul University Faculty of Law in 1955, Prof. Dr. Ahmet Münir Ekonomi started his academic career as Labour Law Assistant at Istanbul Technical University and then started his education which he received his Ph.D. from Munich University's Faculty of Law. As he was appointed as Assistant Professor and Professor, Prof. Dr. Ahmet Münir Ekonomi lectured Labour Law at Istanbul University and Galatasaray University's Faculty of Engineering and Technology. Prof. Dr. Ahmet Münir Ekonomi, in addition to Anel Group, serves as a consultant for Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama and Unilever Holding. Formerly a Member of the Board at the Yaşar Educational and Cultural Foundation, Prof. Dr. Ahmet Münir Ekonomi 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 Archaeology Museum Society. Meeting all the requirements defined in the Corporate Governance Principles set out by the Capital Markets Board, Prof. Dr. Ahmet Münir Ekonomi is not affiliated with Anel Elektrik or its subsidiaries.

Ahmet Fatih Ediboğlu

Independent Board Member

Upon completing his master's degree in Business Administration at Sorbonne University, Ahmet Fatih Ediboğlu, started his professional career at Hürriyet in 1979. He then served as Deputy General Manager and Member of the Board of Directors at Hürriyet and then as Consultant on Content and Investments. After working at Digitürk, he worked as a General Manager and Board Member at STAR TV, General Manager and Board Member at Atv, General Manager and Board Member at 1 Numara Dergicilik and General Manager and Board Member in Sabah. Ahmet Fatih Ediboğlu is an Executive Board Member of Midwood Studios, in addition to Anel Group companies. Meeting all the requirements defined in the Corporate Governance Principles set out by the Capital Markets Board, Ahmet Fatih Ediboğlu is not affiliated with Anel Elektrik or its subsidiaries.

the Board of Directors were elected to serve for three years at the General Assembly Meeting held on 24 August 2017.

As stated in our articles of association, members other than independent members of the Board of Directors are elected by the General Assembly, among the candidates for who are A group is a shareholders or candidate they will nominate.

Except for our Independent members of the Board of Directors, other members of the Board of Directors are also in charge as Board Members in the other companies of Anel Group.

With the purpose that our Board Members to be able to take charge in the other group companies affiliated with our Company, it was decided that they will not be subject to the prohibitions and limitations listed in articles 395 and 396 of the Turkish Commercial Code no. 6102 at the annual General Assembly Meeting of our Company. Within this framework, members of the Board of Directors are not subject to any restrictions

Board of Directors	Duties in other Structures
Rıdvan Çelikel	Chairman of the Board of Anel Group Companies and Member of Managers Committee
Avniye Mukaddes Çelikel	Vice Chairman of the Board of Anel Group Companies and Member of Managers Committee
Merve Şirin Çelikel Tombuloğlu	Board Member of Anel Group Companies
Ahmet Bülent Batukan	Board Member of Anel Group Companies
Mahir Kerem Çelikel	Board Member of Anel Group Companies
Prof. Dr. Ahmet Münir Ekonomi	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.
Ahmet Fatih Ediboğlu	Midwood Studios Executive Board Member

17. Operating Principles of the Board of Directors

As stated in our Company's articles of association, the Board of Directors convenes as often as company's business requires. Meeting invitations are made via telephone and electronic mail. The meeting agenda is determined by consulting with the Chairman of the Board of Directors upon the request of the member of the Board of Directors.

The frequency of the Company's Board of Directors meetings and the matters concerning the meetings and quorums are determined in the Company's Articles of Association.

Documents related to the meeting agenda and the agenda are prepared by the secretariat of the Board of Directors and are delivered to members in the form of a file a period of time before the meeting that will allow the members to review and evaluate their contents according to the agenda. Members of

in the event they are to take other duties outside the Company during the period in which they are appointed with the General Assembly.

In 2017, the Board of Directors gathered 43 times and the attendance rate to these meetings have been 99%.

There was no opposing view registered in the Board minutes, since all of the Board decisions are taken majority vote. However, if such a situation arises, all necessary matters related to these views will be recorded in the minutes.

The Board of Directors plays a leading role in ensuring effective communication between the company and its shareholders, resolving disputes that may arise and finding solutions and it cooperates closely with the corporate governance committee and the Investor Relations Department for this purpose.

The Board of Directors reviews the effectiveness of risk management and internal control systems at

least once a year. Information on the functioning and effectiveness of the internal audit system is provided in the annual report.

The authorities of the Managers with the authority to sign are clearly separated and this distinction is arranged in the signatory circulars in writing. No one in the company is furnished with unlimited decision-making authority. 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. Members of the company Board of Directors 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. None of our members have voted against the Board decisions at the meetings held during this period. Board members do not have voting rights and/or veto rights in case of a tie. Every board member, including the Chairman, has only one vote and no member has been granted predominant vote. Our Company Chairman is Anel Holding A.Ş. and it is represented by Rıdvan Çelikel. Rıdvan Çelikel acts as the head of execution personally. 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 the Committees Formed under the Board of Directors

In our Company, the current Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee as well as the Nomination and Remuneration Committee affiliated to the Corporate Governance Committee continued their activities in 2017. Information about their operations and working principles are disclosed to the public on the company's website.

Among these committees, Audit Committee meetings are held six times in a year, Corporate Governance Committee is held twice a year and Early Detection of Risk Committee is held six times a year and the minutes of the Committee meetings are submitted to our Company's Board of Directors.

The Board of Directors provide all types of resources and assistance required for the Committee to fulfil its duties. Committees may invite anyone they deem necessary in order to take his/her opinions.

Committees benefit from the opinions of independent experts in the required fields related to their activities. Fees of the consultancy services which the Committee needs are paid by the Company. However, information on this service provider person/institution and information on whether this person/institution has a relationship with the company shall be presented in the annual report.

In the current structuring of the committees, a Board Member takes part in more than one committee. The distribution of our committees by members is as follows;

Corporate Governance Committee	Full Name	Status
Chairman	Prof.Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member
Member	Semra Çağlar	Executive
Audit Committee	Full Name	Status
Chairman	Prof.Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member
Early Detection of Risk Committee	Full Name	Status
Chairman	Prof.Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member

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

18. 1. Audit Committee

Audit Committee members consists of two independent members of our Board of Directors; as Prof. Dr. Ahmet Münir Ekonomi performs duty as Committee Chairman and Ahmet Fatih Ediboğlu performs duty 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 entity, initiating the independent audit period by preparing the independent audit contracts and monitoring independent audit entity's works at every stage shall be performed under the supervision of audit committee. The independent audit entity, which the company will receive service and the services from these entities shall be determined by audit committee and submitted to Board of Directors' approval.

Methods and criteria to be applied on examining and resolving the complaints reached the company with regard to company's accounting and internal control systems and independent audit, evaluating the notifications concerning company's accounting and independent auditing, made by company employees within the framework of confidentiality principle shall be determined by the Audit Committee.

Audit committee shall notify in writing the Board of Directors, with its own assessments by taking the opinions of the company's responsible managers and the independent auditors about the assessments 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 Prof. Dr. Ahmet Münir Ekonomi performs duty as the Committee Chairman, our Board of Directors' Independent Member Ahmet Fatih Ediboğlu as Committee Member and our Company's Investor Relations Manager Semra Çağlar as Committee Member.

Detects whether corporate management principles are applied in the company and if not, detects the reason of this and interest conflicts occurred due to incomplete implementation with these principles and gives advices that will improve corporate management applications to the Board of Directors and supervises Investor Relations Department's works.

18. 3. Early Detection of Risk Committee

Early Detection of Risk Committee members consists of two independent members of our Board of Directors; as Prof. Dr. Ahmet Münir Ekonomi performs duty as Committee Chairman and Ahmet Fatih Ediboğlu performs duty 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 there are 2 Independent Members of the Board of Directors, our Independent Board Members are able to take charge in more than one committee.

19. Risk Management and Internal Control Mechanism

Internal control and risk management mechanisms were established to assess the company's existing and potential risks and to take necessary preventive measures and these mechanisms were approved by the Board of Directors and started to be applied. According to Internal Audit Regulation approved by the Board of Directors, the purpose of internal audit is to monitor, develop, and improve every operation of the company and to serve as independent consultant and to offer objective assurance in order to add value to the group. General Management assists in reaching the goals of the Company by developing systematic approaches for the assessment and improvement of the efficiency and effectiveness of Risk Management, Internal Control and Management processes.

The scope of the Internal Audit Activities is as follows:

1. All processes and activities of the company is included in the audit scope.
2. Audit Group's activities include assessing the compliance of the Risk Management, Internal Control and Management Processes with the structure determined by the Board of Directors, and determining whether they are sufficient and whether they operate systematically within the framework of the subjects below:

- a) To correctly identify and manage all financial and operational risks that may adversely affect the Company's activities effectively,
- b) To establish effective communication with relevant departments and branches in matters covered by the audit,
- c) Keeping important financial, managerial and operational information for company's operations accurate, reliable and up-to-date,
- ç) Ensuring that all employee operations comply

with Company policies, procedures and principles, Ethical Code of Conduct, standards and relevant legal regulations and law,

d) Ensuring efficiency in obtaining and using all resources of the company,

e) Developing quality and development effort in the internal control processes constantly,

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

g) Evaluating critical audit results on managerial control, efficiency and corporate identity issues by discussing with appropriate management levels.

20. Strategic Goals of the Company

Since 1986, our Company is protecting our future by acting with awareness for adding value to the planet, to the society we are involved and the institutions and companies we conduct business. Goals and critical performance indicators parallel to the vision and mission of the Company that are set out from this perspective are determined within the scope of annual strategy plans. These targets and critical performance indicators are approved by the Board of Directors at the budget meetings held at the end of the previous year. In ordinary meetings, the Board of Directors reviews the results of activities against the performance of the previous year and its target indicators.

- According to Public Disclosure Platform's announcement published on 26.01.2017; provided that the necessary permissions are taken from CMB and that our General Assembly approves;

Merger negotiations have begun with the purpose of merging under the structure of our company by "taking over" Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş., which is among our Anel Group companies that we possess 24.68% of its capital and 22.13% of the total vote rights together with all its assets and liabilities as a whole by our Company and the "Announcement Draft" regarding the merger transaction submitted for approval of CMB on 15.06.2017 with the approval request along with the other documents within the Capital Markets Board's announcement no. II-23.2 Annex 1.

- Notification No. II-23.2 of Capital Markets Board adjudicate that, where the General Assembly Meeting which the merger will be approved is completed by the end of the eighth month following the end of the accounting period, the most recent annual financial

statements are taken as basis for the merger. The Board of Directors has assessed that the General Assembly Meeting to approve the merger process is not available for completion until the end of the eighth month following the end of the financial period and has declared with the Public Disclosure Platform's announcement dated 26.07.2017 it has decided that the 30.06.2017 financial statements to be independently audited within the framework of the related notification's provision stating that "If the General Assembly Meeting is held on a date outside of this period, the interim financial statements shall be based on at least six months' period and shall not be longer than six months between the date of the financial statements and the date of the general assembly meeting" and that the application made to the Capital Markets Board made with the audited financial statements for the six month period, the report of the expert organization to be re-prepared on the basis of the said financial statements and other information and documents to be updated; "Announcement Draft" is submitted for approval of CMB on 29.09.2017 with the approval request along with the other documents within the Capital Markets Board's announcement no. II-23.2 Annex 1.

- Within the letter Capital Markets Board has sent to our Company on 05.12.2017 dated 04.12.2017 and no 29833736- 106.01.01-E.13527, we have informed that according to the first paragraph of article 6 of Merging and Division Notification, in the merging transactions which partnerships open to public are a party, the financial statements which are regulated in a way the time between the financial statement date and the date of general assembly which the transaction will be approved be no longer than six months and it is necessary to announce the approved announcement text before at least thirty days from the date of general assembly which the merging transaction will be approved as per the second paragraph of the 8th article of the Notification.

With its letter dated 04.12.2017, Capital Markets Board has stated that it is not possible to finalize our request under current circumstances with the financial statements dated 30.06.2017 which is based on the preparation of the document submitted to review of the Board attached to the merger transaction and application file within the mentioned legislation provisions, and the application made by our Company on 29/09/2017 was cancelled ex

officio. On the other hand, within the framework of the related legislation provisions, our Company was reminded that a re-application may be submitted to the Capital Markets Board in a timely manner by preparing the necessary information and documents. Within this framework, our Company has announced with the Public Disclosure Platform's announcement dated 05.12.2017 that it was decided to apply to the Capital Markets Board for the approval of financial statements regarding the end of 2017 financial period and the announcement text regarding the merger transaction with the updated form of necessary information and documents that are requested in the mentioned notification, the issuance certificate for the issuance of shares representing the capital of the Company to be increased due to this transaction and the text of amendment regarding the capital article of the articles of association by the Board of Directors.

- In 2018, it is aimed to receive the approval for the merger transaction of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. by "taking over" together with all its assets and liabilities by our Company and merge under our Company's structure and to submit to the approval of General Assembly.

21. Financial Rights

Remuneration 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 in 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.

At the Ordinary General Assembly held on 24 August 2017, the attendance fees to be given to the members of the Board of Directors were discussed as a separate agenda item and decided by the Board of Directors.

In accordance with the Corporate Governance Principles, the fees paid to the senior executives of the Company as well as the members of the Board of Directors and other benefits provided are disclosed to the public through the annual report.

In the remuneration of the Independent Board

Members, no dividends, share options or payment plans based on the performance of the company are used. All members of the Board of Directors shall be entitled to receive the amount determined in the General Assembly and the monthly attendance fees. These fees are at a level that will not affect the independence of the Independent Board Members and are not determined based on the performance of the company.

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

In 2017, while remuneration and attendance fee of TL 814.025 were paid to Board Members, the remuneration and all other benefits provided to our senior executives who are at the managerial level were TL 6,488,857 in the same period.

Our Company does not facilitate loans, does not grant credit under the name of personal credit through a third party or give collaterals such as suretyship to any of the Board Members or managers.

DECLARATION OF RESPONSIBILITY

DATE OF THE BOARD RESOLUTION ON APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORTS:
12.03.2018

RESOLUTION NUMBER: 02

DECLARATION OF RESPONSIBILITY PURSUANT TO ARTICLE 9TH OF PART TWO OF THE CAPITAL MARKET BOARD'S "COMMUNIQUE 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 2017 as well as profit and loss statement for the accounting period ending on this day and annual report for this period of Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi (Company)

b) Based on the information we possess in relation 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 deficiencies that may be construed as misleading as of the date of declaration,

c) Based on the information we possess in relation 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 annual report fairly reflects the business development and performance, the financial statements of the company, together with those included in consolidation, significant risks and uncertainties being exposed.

Kind Regards,



A. Mukaddes ÇELİKEL
Vice Chairman of the Board



Cem ÖZŞEN
*Director of Financial Affairs
and Finance*

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

CONVENIENCE TRANSLATION INTO ENGLISH
RESTATED OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 AND AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Director of Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi

A) Audit of the consolidated Financial Statements*Opinion*

We have audited the consolidated financial statements of Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

Basis for Opinion

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") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations. We have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognition contracts with customers

Refer to Note 2 "Construction contracts revenue" for the relevant accounting policy and a discussion of significant accounting estimates

<p><u>The key audit matter</u></p> <p>The significant portion of Group's revenues consist of construction contracts. Companies operating in contracting industry.</p> <p>Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi and the consolidated subsidiaries of the Group operating in the construction sector, conduct mainly engineering, procurement and construction projects ("EPC") in Turkey and abroad.</p> <p>The EPC projects are complex and exposes the Group to various business and financial reporting risks. The timing of the recognition of revenue in respect of EPC contracts is calculated using the percentage of completion method. The recognition of revenue and the estimation of the outcome of EPC contracts with project specific terms require significant management judgement, in particular with respect to estimation the cost to complete and the amounts of variation orders to be recognised.</p> <p>Recognition of EPC contracts influence receivables and payables from progressing constructs, commitments and service agreements beside the revenue recognition. Because of this process determined by management of company's predictions and judgements, be identified as a significant risk.</p>	<p><u>The audit procedures we applied in this area is as following</u></p> <ul style="list-style-type: none"> - We obtained an understanding of and tested that the key controls around the revenue recognition process are designed and implemented effectively, supporting the prevention, detection or correction of material errors in the reported contract revenue figures. - We inspected the terms and conditions of material EPC contracts in evaluating the judgements used and determining the timing of the revenue recognition. - We discussed on the status of projects under construction with finance and technical staff of the Group and evidenced our understanding with the supporting documents. - We recomputed contract revenues by using the percentage of completion method. - We performed an assessment of the historical level of accuracy and prudence in the contract cost budgets and forecasts and challenged management's current assumptions in respect of completion stages of the EPC projects or change in the cost budgets. - We tested revenue and contract accounting journal entries focusing on unusual or irregular items. - We performed detailed cut off tests over revenue and revenue return accounts.
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Other Matter

The Group's consolidated financial statements as at and for the year ended 31 December 2016 and consolidated condensed interim financial statements as at and for the six month period then ended 30 June 2016 were audited and reviewed by another auditor who expressed unmodified opinion and conclusion on 17 August 2016 and on 5 June 2017, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Group on 12 March 2018.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2017, the Group's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Group's articles of association in relation to financial reporting.

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member of KPMG International Cooperative

Hatice Nesrin Tuncer, SMMM
Partner
12 March 2018
İstanbul, Türkiye

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2017

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

	<u>Notes</u>	Audited	
		Current Period	Previous Period
		31.12.2017	31.12.2016
ASSETS			
Current Assets		800.896.409	880.872.521
Cash and Cash Equivalents	5	56.097.860	31.689.004
Trade Receivables		278.157.848	386.954.900
- Trade Receivables from Related Parties	8,3	706.169	571.654
- Trade Receivables from Third Parties	8	277.451.679	386.383.246
Other Receivables		24.150.684	40.733.988
- Other Receivables from Related Parties	9,3	11.162.032	23.684.411
- Other Receivables from Third Parties	9	12.988.652	17.049.577
Receivables from Ongoing Construction, Commitments and Service Agreements	12	158.546.300	139.497.859
Inventories	10	235.365.902	226.923.519
Prepaid Expenses	11	37.305.373	46.752.322
Current Tax Related Assets	28	1.973.952	2.731.792
Other Current Assets	20	9.298.490	5.589.137
Non-Current Assets		134.068.573	129.353.408
Financial Investments		-	46.296
-Available for sale Financial Investments	6	-	46.296
Other Receivables		6.247	4.000
- Other Receivables from Third Parties	9	6.247	4.000
Investments Accounted with Equity Method	13	56.419.151	58.623.812
Investment Property	14	2.470.000	2.280.000
Tangible Fixed Assets	15	41.565.008	36.825.306
Intangible Fixed Assets	16	238.295	587.788
Prepaid Expenses	11	2.422.428	1.362.286
Deferred Tax Assets	28	30.093.444	23.571.541
Non-Current Assets Related with Current Period Tax	28	854.000	6.052.379
TOTAL ASSETS		934.964.982	1.010.225.929

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 2017

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

Audited

	Notes	Current Period 31.12.2017	Previous Period 31.12.2016
LIABILITIES			
Short-Term Liabilities		503.505.566	650.356.184
Short-Term Borrowings	7	23.208.716	142.911.731
Short Term Portion of Long Term Financial Liabilities	7	2.558.678	2.320.186
Trade Payables		215.440.133	234.162.535
- Trade Payables to Related Parties	8,3	1.372.081	2.834.377
- Trade Payables to Third Parties	8	214.068.052	231.328.158
Employee Benefits	19	1.284.316	14.356.145
Other Payables		5.104.438	9.719.704
- Other Payables to Related Parties	9,3	586.682	5.769.462
- Other Payables to Third Parties	9	4.517.756	3.950.242
Payables from Ongoing Construction, Commitments and Service Agreements	12	44.530.946	60.716.501
Deferred Income	11	194.770.826	172.544.860
Income Tax Payable	28	4.782.492	5.252.656
Short-Term Provisions		11.825.021	8.371.866
- Short-Term Provisions for Employee Benefits	19	8.423.865	7.162.004
- Other Short-Term Provisions	18	3.401.156	1.209.862
Long Term Liabilities		40.155.032	37.614.054
Long-Term Borrowings	7	22.786.980	21.099.667
Trade Payables		-	2.737.114
-Trade Payables to Third Parties	8	-	2.737.114
Other Payables		720.758	1.711.654
-Other Payables to Third Parties	9	720.758	1.711.654
Deferred Income	11	-	17.011
Long-Term Provisions		16.647.294	12.048.608
- Long-Term Provisions for Employee Benefits	19	16.647.294	12.048.608
EQUITY		391.304.384	322.255.691
Equity Belongs to Parent Company		393.746.238	324.428.928
Paid-in Capital	21	110.000.000	110.000.000
Premiums/Discounts related with Shares	21	1.384.433	1.384.433
The Merge Effect of Business Combinations Under Common Control	21	(48.314.150)	(48.314.150)
Other Comprehensive Income (Expense) Items not to be Reclassified to Profit (Loss)		(1.311.860)	(1.205.970)
Revaluation and Measurement Gain / (Loss)		(1.311.860)	(1.205.970)
-Increase / (Decrease) from Revaluation of Tangible Assets	21	(348.487)	(348.487)
- Defined Benefit Plans Remeasurement Gains / Losses	21	(963.373)	(857.483)
Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss)		90.181.741	78.827.166
- Foreign Currency Conversion Difference	21	90.181.741	78.827.166
Restricted Reserves Allocated from Profits		11.982.429	10.389.397
-Legal Reserves	21	11.982.429	10.389.397
Retained Earnings/(Losses)	21	159.787.220	113.509.051
Net Profit /(Loss) for the Period	29	70.036.425	59.839.001
Non-controlling Shares	21	(2.441.854)	(2.173.237)
TOTAL LIABILITIES		934.964.982	1.010.225.929

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 01.01.2017 - 31.12.2017

		Audited	
		Current Period	Previous Period
	Notes	01.01.-31.12.2017	01.01.-31.12.2016
PROFIT OR LOSS			
Revenue	22	1.015.757.257	662.155.887
Cost of Sales (-)	22	(909.515.700)	(602.668.384)
GROSS PROFIT/LOSS		106.241.557	59.487.503
General Administrative Expense (-)	23	(30.631.915)	(31.540.453)
Marketing and Sales Expense (-)	23	-	(714)
Other Operating Income	25	17.661.812	47.508.435
Other Operating Expense (-)	25	(21.009.981)	(16.471.676)
OPERATING PROFIT/LOSS		72.261.473	58.983.095
Income From Investing Activities	26	320.224	1.418.519
Expense From Investing Activities (-)	26	(30.440)	(11.160.206)
Shares from Income / (Loss) of Investments Valuated with Equity Method	13	(2.297.491)	(581.581)
OPERATING PROFIT/LOSS BEFORE FINANCING INCOME AND EXPENSES		70.253.766	48.659.827
Financing Income	27	22.847.089	297.400.391
Financing Expenses (-)	27	(25.065.526)	(272.337.701)
PROFIT/LOSS BEFORE TAX FROM ONGOING ACTIVITIES		68.035.329	73.722.517
Tax Income/(Expense) From Ongoing Activities		1.732.479	(2.373.854)
-Tax Income/ (Expense) For Period	28	(4.645.131)	(4.588.071)
-Deferred Tax Income/ (Expense)	28	6.377.610	2.214.217
PERIOD PROFIT / (LOSS) FROM ONGOING ACTIVITIES		69.767.808	71.348.663
PROFIT/ (LOSS) FOR THE PERIOD		69.767.808	71.348.663
Distribution of the Profit / (Loss) for the Year			
Non-controlling Shares	21	(268.617)	11.509.662
Parent Company Shares	29	70.036.425	59.839.001
Earnings Per Share			
- Earnings Per Share from Ongoing Activities	29	0,64	0,54

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD BETWEEN 01.01.2017 - 31.12.2017

PROFIT/ (LOSS) FOR THE PERIOD		69.767.808	71.348.663
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss :		(105.890)	(100.679)
Increase/ (Decrease) from Revaluation of Tangible Assets		-	-
Defined Benefit Plans Remeasurement Gains / (Losses)	21	(133.138)	(127.237)
Taxes Related to Other Comprehensive Income (expenses) Items not to be Reclassified to Profit		27.248	26.558
Deferred Tax Income (Expenses)		27.248	26.558
Items to be Reclassified to Profit or Loss:		11.354.575	12.438.064
Gain / (Loss) from Foreign Currency Conversion Differences		11.354.575	12.438.064
OTHER COMPREHENSIVE INCOME/ EXPENSES		11.248.685	12.337.385
TOTAL COMPREHENSIVE INCOME		81.016.493	83.686.048
Appropriation of Total Comprehensive Income:			
Non-Controlling Interests		(268.617)	11.509.662
Parent Company Share		81.285.110	72.176.386

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 01.01.2017 - 31.12.2017

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

Audited												
Notes												
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)	Restricted Reserves Allocated from Profits	Retained Earnings (Losses)		Net Profit / (Loss) for the Period	Equity Attributable to Parent Company	Non-controlling Shares	Equity
			Increase / (Decrease) from Revaluation of Tangible Assets	Defined Benefit Plans Remeasurement Gains / Losses	Foreign Currency Conversion Differences							
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	13,908,436	300,654,087	
-	-	-	-	-	-	19,196	14,396,182	(14,415,378)	-	-	-	-
-	-	-	-	(100,679)	12,438,064	-	-	59,839,001	72,176,386	11,509,662	83,686,048	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(1,488,216)	(1,488,216)	(1,488,216)	(1,488,216)	(1,488,216)	-
-	-	(39,176,581)	-	-	-	-	6,231,688	(32,944,893)	(27,651,335)	(60,596,228)	(60,596,228)	-
21	110,000,000	1,384,433	(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	
CURRENT PERIOD												
110,000,000	1,384,433	(48,314,150)	(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	
-	-	-	-	-	-	1,593,032	58,245,969	(59,839,001)	-	-	-	-
-	-	-	-	(105,890)	11,354,575	-	-	70,036,425	81,285,110	(268,617)	81,016,493	-
-	-	-	-	-	-	-	(11,967,800)	-	(11,967,800)	-	(11,967,800)	-
-	-	-	-	-	-	-	-	-	-	-	-	-
21	110,000,000	1,384,433	(348,487)	(963,373)	90,181,741	11,982,429	159,787,220	70,036,425	393,746,238	(2,441,854)	391,304,384	

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 01.01.2017 - 31.12.2017

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

	Notes	Audited	
		Current Period 01.01.-31.12.2017	Prior Period 01.01.-31.12.2016
A. CASHFLOWS FROM OPERATING ACTIVITIES		152,300,308	32,440,834
Profit/(Loss) for the period		69,767,808	71,348,663
Profit/(Loss) from Ongoing Activities	37	69,767,808	71,348,663
Adjustments to reconcile net profit to cash provided by operating activities		18,267,975	(3,301,600)
Depreciation and Amortisation Expenses	15,16	7,240,742	6,036,586
Adjustments for Provisions / (Reversals) of Employee Benefits	19	6,348,026	4,907,752
Adjustments for Provisions / (Reversals) of Lawsuits or Fine	18	2,191,294	(2,381,128)
Financial income / expense net	27	2,218,437	(25,062,690)
Interest income adjustments	27	(22,847,089)	(297,400,391)
Interest expense adjustments	27	25,065,526	272,337,701
- Adjustments for Fair Value Increase / (Decrease) of Investment Property	14	(190,000)	(96,000)
Undivided Profit of Investment Valuated with Equity Method	13	2,204,661	11,639,480
Tax (Income) / (expenses)	28	(1,732,479)	2,373,854
-Adjustments for (Gains) / Losses from Disposal of fixed assets		(12,706)	(719,454)
-Adjustments for (Gains) / Losses from Disposal of Tangible fixed assets		(12,706)	(625,169)
-Adjustments for (Gains) / Losses from Disposal of Intangible fixed assets		-	(94,285)
Changes in Net Working Capital		70,916,327	(20,192,980)
-Increases / (Decreases) in Trade Receivables from Related Parties	8,30	(134,515)	4,181,478
-Increases / (Decreases) in Trade Receivables from Third Parties	8	108,931,567	(66,215,585)
-Increases / (Decreases) in Other Receivables from Related Parties	9,30	12,522,379	31,514,843
-Increases / (Decreases) in Other Receivables from Third Parties	9	4,058,678	(8,675,472)
Increases / (Decreases) in Receivables from Ongoing Construction, Commitment, and Service Agreements	12	(19,048,441)	(38,800,517)
Increases / (Decreases) in Inventories	10	(8,442,383)	(107,368,233)
Increases / (Decreases) in Prepaid Expenses	11	8,386,807	(15,260,884)
-Increases / (Decreases) in Trade Payables to Related Parties	8,30	(1,462,296)	(1,400,819)
-Increases / (Decreases) in Trade Payables to Third Parties	8	(19,997,220)	81,097,590
Increases / (Decreases) in Employee Benefits	19	(13,071,829)	10,375,310
Increases / (Decreases) in Payables from Ongoing Construction, Commitment, and Service Agreements	12	(16,185,555)	52,366,176
-Increases / (Decreases) in Other Payables to Related Parties	9,3	(5,182,780)	(1,308,799)
-Increases / (Decreases) in Other Payables to Third Parties	9	(423,382)	353,607
-Increases / (Decreases) in Deferred Income	11	22,208,955	32,619,792
-Increases / (Decreases) in Other Assets	27	2,246,867	8,210,874
-Increases / (Decreases) in Other Liabilities	27	(3,490,525)	(1,882,341)
Cash Flows from Operating Activities		158,952,110	47,854,083
Payments in the coverage of benefits provided to employees	19	(1,399,146)	(488,369)
Tax Returns (Payments)	28	(5,252,656)	(14,924,880)
B. CASH FLOW FROM INVESTING ACTIVITIES		(5,271,399)	(75,397,962)
Cash Outflows from Purchase of Subsidiary Share		-	(63,748,990)
-Cash Inflows from Tangible Asset Sales	15	56,819	736,897
-Cash Inflows from Intangible Asset Sales	16	-	184,731
-Cash Outflowsflows from Tangible Asset Purchases	15	(5,244,232)	(12,127,084)
-Cash Outflowsflows from Intangible Asset Purchases	16	(83,986)	(443,516)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(122,673,405)	25,078,588
Cash Inflows from Loans	7	169,829,959	442,871,277
Cash Outflows on Credit Repayments	7	(273,414,710)	(404,604,448)
Dividend profit share	21	(11,967,800)	(1,488,216)
Paid interest	27	(11,247,739)	(24,460,238)
Received interest	27	4,126,885	12,760,213
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)		24,355,504	(17,878,540)
D. FOREIGN CURRENCY CONVERSION DIFFERENCES IMPACT ON CASH AND CASH EQUIVALENTS		53,352	502,390
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		24,408,856	(17,376,150)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	31,689,004	49,065,154
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	56,097,860	31,689,004

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
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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 Caddesi No:5/4 34768 Anel İş Merkezi, Ümraniye/İstanbul

Branch Adresses:

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

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

Rusya Branch: 127422, Russian Federation, Moscow, Timiryazevskaya street, 1. Business Centre -Premier.

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 company shares were offered to public in 2010, and as of 31 December 2017, % 48,63 of shares are traded in Istanbul Stock exchange, INC. (BIST) according to Central Registry Agency (CRA) records. (31 December 2016 :%48,66) (Note :21)

3.731 personnel have been employed within the Group. (31.12.2016: 3988 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 company</u>	<u>Field of company</u>	<u>Activity type</u>	<u>Foundation of country</u>	<u>Foundation of year</u>
Anel Enerji Elektrik Üretim San. ve Tic. A.Ş.	Solar Energy Projects	Service	Turkey	2009
Anelmarin Gemi Elektrik Elektronik. Sist. Tic ve San A.Ş.	Ship Electricity and Electronics	Service	Turkey	2005
Anel Dar Libya Constructing & Services LLC	Project Commitment	Service	Libia	2010
Anel Engineering-Technological Company Ltd Russia	Project Commitment	Service	Russia	2009
Dag-08 Ood	Solar Energy Projects	Service	Bulgaria	2008
Golden Sun Ood	Solar Energy Projects	Service	Bulgaria	2008
			United Arab	
Anel Emirates General Contracting LLC	Project Commitment	Service	Emirates	2010
Anel BG Ltd.	Solar Energy Projects	Service	Bulgaria	2011
Anelmep Maintenance and Operations LLC	Project Commitment	Service	Qatar	2008
Anelmep Mekanik Ltd. Şti.	Project Commitment	Service	Turkey	2016
Anel Engineering & Contracting Ltd.	Project Commitment	Service	England	2017

The Company does not have any subsidiaries that are traded in any stock exchange.

From now on, Anel Electric project will be referred to as "Group" together with Contracting and Trading Inc. and the affiliates mentioned above.

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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. TMS; Turkish accounting standards consist of additional and interpretations of the Turkish financial reporting standards. Furthermore, the consolidated financial statements and their explanatory notes are announced by the CMB on June 7, 2013, "announcement about financial statement and footnote formats" provided in accordance with the described formats and the required information.

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 TFRSs, 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 2017.

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 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.

Assumption of continuity of business

Consolidated financial statements are prepared according to the continuity of the company under the assumption that the group will benefit from its assets in the next year and its activities in the natural flow and fulfill its obligations.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

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").

TAS 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 exchange consolidating overseas activities are as follows:

<u>Name of the Company</u>	<u>Currency</u>	31 December 2017		31 December 2016	
		<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)	1,0362	1,0021	0,9668	0,8300
Azerbaycan Branch	New Manat	2,2186	2,1201	1,9875	1,8915
Anel Engineering-Technological Company Ltd.Rusya	Russian Ruble	0,0654	0,0633	0,0576	0,0495
Dag-08 Ood, Golden Sun Ood,					
Anel BG Ltd.	Bulgarian Lev	2,2958	2,0928	1,8860	1,6980
Anel Emirates	United Arab Emirates Dirham	1,0270	0,9931	0,9583	0,8227
Anel Mep	Qatari Riyal (QAR)	1,0362	1,0021	0,9668	0,8300

The following methods are used in the presentation of the Company's subsidiaries operating in foreign countries in the financial statements:

Operations of branch-like enterprises are subject to valuation, such as the operations of the main partnership. In this context, the Central Bank of the Republic of Turkey, which is valid at the end of the reporting period of the monetary and non-monetary items in the financial statements prepared with their respective currencies and the partnerships subject to joint management ("TCMB ") is translated into Turkish lira through exchange rates. The income and expense items are distributed regularly over the years, and the average annual rates are translated into Turkish lira. The exchange rate differences arising from the cycle are monitored in the consolidated Balance sheet under the Equity account group in the "foreign currency cycle differences" account. Equity items are also translated into Turkish lira through TCMB exchange rates, which are valid at the end of the reporting period. The emerging cycle differences related to the equity of branch-like enterprises and independent foreign enterprises in foreign countries that are involved in the consolidation are again followed by the "foreign money Cycle differences" account under the Equity account group Served

Consolidation Principles

The consolidated financial statements in the relationship include the financial statements of the Company and its subsidiaries. The financial statements of the companies involved in the consolidation are prepared with the same date as the consolidated financial statements.

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

A. Basic Standards of Presentation (continued)

Consolidation Principles (continued)

Subsidiaries

Consolidated financial statements as of 31 December 2017; It contains the financial statements of the Company's subsidiaries that have control over their financial and activity policies. As of December 31, 2017 direct and indirect participation rate of subsidiaries subject to consolidation are as follows.

<u>Subsidiaries</u>	<u>Establishment and place of organization</u>	<u>Core Business</u>	<u>Currency</u>	<u>Parent Company's Share (%)</u>	
				<u>31.12.2017</u>	<u>31.12.2016</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	Qatar	Project Commitment	USD Dolar	100,00	30,00
Anelmep Mekanik Ltd. Şti.	Turkey	Project Commitment	Turkish Lira	100,00	-
Anel Engineering & Contracting Ltd.	England	Project Commitment	USD Dolar	100,00	100,00

In the event that the main partnership is entitled to control more than half of the voting rights in a partnership directly or indirectly, and that the business has the authority to manage its financial and activity policies, the control is assumed to exist. In the consolidation of financial statements, all profits and losses, including inter-company balances, transactions and unrealized profits and losses, are deducted. Consolidated financial statements are prepared by implementing consistent accounting policies for similar transactions and calculations. The financial statements of affiliate partnerships are prepared for the same accounting period as the main partnership. Affiliate partnerships begin to be consolidated from the date of the control to the group, and the process of consolidating the control with the emergence of the group ends. Revenue and expenses of affiliate affiliates purchased or disposed of within the year, disposal from the date of purchase Consolidated profits or losses and other comprehensive income statements.

Reevaluates whether or not the company has control over its investment if there is a situation or event that may cause any changes to at least one of the criteria listed above.

Non-controlling shares in the net assets of subsidiaries incorporated into the consolidation It is included as a separate pencil in the equity. The shareholders of consolidated subsidiaries and their main non-affiliate shares within the current term operations have been individually shown as "non-controlling shares" in consolidated financial statements. Non-controlling shares consist of the amount of the main non-affiliate shares in the shareholders' equity changes from the date of purchase, with the amounts belonging to the shares that are not already in the initial purchase date. Non-control power shares with negative balance Even if it is concluded, the total comprehensive revenue is transferred to the shareholders and non-control power shares. Control is achieved by the Company meet the following conditions:

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

A. Basic Standards of Presentation (continued)

Consolidation Principles (continued)

In the event that the company does not have the majority voting rights on the invested company/entity, the investment company/entity should be eligible for adequate voting to direct/manage the activities of the related investment alone. It has control power on it. The company should evaluate whether the majority of the voting in the respective investment, including the following elements, is sufficient to provide control power.
 Consider all relevant events and conditions.

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

In the event that the group is required, the financial statements of the subsidiaries have been made to make adjustments to the accounting policies in order to be the same as the accounting policies.

All intra-group assets and liabilities, equity, revenues and expenses and cash flows for transactions between group companies are eliminated in consolidation.

Elimination Transactions On the Consolidation

Unrealized Income and Expenses arises from intragroup transactions, intragroup transactions and intragroup balances erases mutually while preparation 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.
- 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.

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

A. Basic Standards of Presentation (continued)

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.

The unrealized profits arising from the transactions between the group and its subsidiaries have been corrected in the group's share of the participation and unrealized damages; Corrected if the transaction does not indicate that the transferred asset has decreased value. As long as the group has not been under any obligation or committed to the participation in relation to the affiliate, the registered value of the investment in the affiliate should be zero or the equity method will continue in the event of the group's significant impact. Not. The registered value of the investment on the date of the important effect is shown at the cost of the fair value, otherwise it can be measured reliably if the value of the truth after that date is reliable.

As of 31 December 2017, the details of the group's subsidiaries are as follows.

<u>The title of the participant</u>	<u>Establishment and</u>		<u>Effective Share rate in capital (%)</u>	
	<u>place of activity</u>	<u>Main activity</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	Turkey	Telecommunications	24,68	24,68
Energina Kompania Bonev	Bulgaria	Energy	50	50
Anel Yapı Gayrimenkul A.Ş.	Turkey	Real Estate Leasing	47,5	47,5

Summary of significant accounting policies

Standards and interpretations issued but not yet effective

New standards, interpretations and amendments to existing standards are not effective at reporting date but earlier application is permitted; however the [Group has not early adopted are as follows. The [Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

TFRS 15 Revenue from Contracts with Customers

As issued in September 2016 by POA, the new standard replaces existing TFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which companies to be entitled, rather than fair value and new guidance have been introduced on separating performance obligations for goods and services in a contract and recognition of revenue over time. TFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has performed an initial assessment on these transactions and does not expect that there will be a significant impact on its consolidated financial statements resulting from the application of TFRS 15.

TFRS 9 Financial Instruments (2017 version)

TFRS 9 Financial Instruments, has been published by POA in January 2017, replaces the existing guidance in TAS 39 Financial Instruments: Recognition and Measurement. It also carries forward the guidance on recognition, classification, measurement and derecognition of financial instruments from TAS 39 to TFRS 9. The last version of TFRS 9 includes a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements and also includes guidance issued in previous versions of TFRS 9. The Standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has performed an initial assessment on these financial assets and liabilities and does not expect that there will be a significant impact on its consolidated financial statements resulting from the application of TFRS 9.

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

A. Summary of significant accounting policies (continued)

TFRS Interpretation 22 – Foreign Currency Transactions and Advance Consideration

TFRS Interpretation 22 "Foreign Currency Transactions and Advance Consideration" has been published by POA in December 2017 to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. This Interpretation is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of TFRS Interpretation 22.

Amendments to TFRS 2 – Classification and Measurement of Share-based Payment Transactions

POA has issued amendments to TFRS 2 Share-Based Payment in December 2017 to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted.

The Group does not expect that application of these amendments to TFRS 2 will have significant impact on its consolidated financial statements.

TAS 40 – Transfers of Investment Property

Amendments to TAS 40 - Transfers of Investment Property issued by POA in December 2017 have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management's intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of consolidated financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 40.

Annual Improvements to TFRSs 2014-2016 Cycle

Improvements to TFRSs

POA has issued Annual Improvements to TFRSs - 2014-2016 Cycle for applicable standards. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its consolidated financial statements.

Annual Improvements to TFRSs 2014-2016 Cycle

TFRS 1 "First Time Adoption of Turkish Financial Reporting Standards"

TFRS 1 is amended to removing of the outdated short-term exemptions for first-time adopters within the context of 'Annual Improvements to TFRSs 2012-2014 Cycle' related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

TAS 28 "Investments in Associates and Joint Ventures"

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with TFRS 9.

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

A. Summary of significant accounting policies (continued)

Amendments to IFRS 9 - Prepayment features with negative compensation

On December 2017, POA has issued amendments to TFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of TFRS 9. Under TFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TFRS 9.

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

Amendments to TAS 28- Long-term interests in Associates and Joint Ventures

On December 2017, POA has issued amendments to TAS 28 to clarify that entities also apply TFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of TAS 28. In applying TFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying TAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 28.

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

IFRS 16 Leases

On 13 January 2016, IASB issued the new leasing standard which will replace TAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to TAS 40 Investment Properties. TFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts TFRS 15 Revenue from Contracts with Customers. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of TFRS 16.

IFRIC 23 –Uncertainty Over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

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

A. Summary of significant accounting policies (continued)

Annual Improvements to IFRSs 2015-2017 Cycle
Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2015-2017 Cycle. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

Annual Improvements to IFRSs 2015-2017 Cycle
Improvements to IFRSs

IAS 12 Income Taxes

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

IAS 23 Borrowing Costs

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

IFRS 17 –Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

B. Changes in Accounting Policies

The accounting policy changes arising from the first implementation of a new ("IAS/IFRS") are applied backwards or forwards in accordance with the provisions of the transition. Changes that are not included in any transitional provision are applied retrospectively to significant changes in the accounting policy or the accounting errors that have been identified and the previous term financial statements are re-organised.

The accounting policies used in the current period are the same as the accounting policies used in the preparation of consolidated financial statements for the year ending on 31 December 2016.

C. 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.

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

C. Changes in Accounting Estimates and Errors (continued)

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 2016 dated consolidated financial statements.

D. Summary of Significant Accounting Policies

Revenue

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

Business Operations

The revenue obtained from the sale of commercial activities is accounted for when the following conditions are fulfilled:

- 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.

Reliable measurement of the costs arising from or due to the process.

Service Presentation:

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

If the results of the construction contracts cannot be reliably guessed, the revenue from the contract shall be accounted for as much as the compensated portion of the contractual expenses. The contract expenses are accounted for when they occur. Type of revenue from cost plus contracts, records cost calculated on the profit margin reflected.

The contract proceeds are accounted for during the term of the contract in cases where the result of construction contracts can be reliably guessed and the contract is likely to bring profits. In cases where the total contract expenses are likely to exceed the total contract revenue, the expected damage is immediately accounted for as a expense. Changes in contracts, requested payments and incentive payments are added to the contract revenues as long as the customer agrees and can be measured reliably.

In cases where the revenue of a construction contract can be reliably guessed, revenues are recorded according to the completion rate of the construction activity on the balance sheet date. The completion rate is calculated according to the total estimate of the cost of construction up to the balance sheet date. This calculation does not apply in cases where the completion rate cannot be calculated in a way that is true.

Changes in the amount of the construction contract, supplementary claims and incentive payments are likely to be approved by the employer and included in the project revenues if the relevant income can be reliably measured.

The construction contract costs cover indirect costs, including all first-item-material and direct labor expenses, contract-related performance, and consequential labor, material, repairs and depreciation expenses.

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

D. Summary of Significant Accounting Policies (continued)

Revenue (continued)

The sales and general administrative expenses are fixed as soon as they occur. The expense equivalents of the estimated damages in incomplete contracts are recorded in the financial statements during the period in which these damages are determined. Changes in estimated profitability due to business performance, business conditions, contract penalties and final agreement arrangements may result in the revision of cost and revenue amounts that will occur at the end of the project. These revisions are reflected in consolidated financial statements during the period of its detection.

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.

Group management will receive additional receivables under the contract that may be subject to a non-contractual claim, as well as negotiations on the additional claims receivable in question with the employer when the collection reaches the approval phase and the When measured, it registers as revenue.

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.

Financial guarantees maintained by employers

Employers can make a deposit deduction at the rates that are changed according to the terms of the contract, based on their entitlement to the group of construction projects. These guarantees will be charged to employers when the warranty process is completed. Financial guarantees maintained by employers are initially recorded with the values that are authentic and are valued by the values redeemed using the effective interest rate method in subsequent periods.

Employment cuts from Taheros

The group shall be able to withhold a margin of guarantee, based on the terms and conditions of the contracts organized by the subcontractors. These debts are paid back to the subcontractors when the warranty process is complete. The employment cuts from the Taheras are initially recorded with the values of the truth and are valued with their redeemed values using the internal yield rate method in subsequent periods.

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 10).

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

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

D. Summary of Significant Accounting Policies (continued)

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 15).

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.

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 book value of an asset is decreased as a result of revaluation, this reduction is accounted for as expense. However, this decrease will be accounted for by the extent of any credit balance in excess of the revaluation in relation to this entity in other comprehensive revenue.

In the other comprehensive revenue, the decrease in question reduces the amount accumulated in equity under the title of revaluation surplus (note 15).

Depreciation of the re-valued buildings is in the revenue table. The remaining balance in the revaluation Fund is transferred directly to the undistributed profits when the revalued property is sold or withdrew from the service. Unless the asset is excluded from the financial statement, the revaluation funds are not transferred to the non-distributed profits.

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.

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

D. Summary of Significant Accounting Policies (continued)

Property, Plant And Equipment (continued)

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.

Intangible Assets

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.

Non-financial statements 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 real estate is the property that is acquired in order to gain a lease and/or increase in value, and are measured primarily by cost values and the transaction costs included in it. Investment properties are valued by the fair value reflecting the market conditions as of the balance sheet date.

Investment properties are excluded from the balance sheet if they are to be sold or unusable and cannot be provided for any future economic benefit from the sale.

The gain or loss on disposal or sale of the investment property is included in the income statement for the related 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 14). Profit or loss is included in the period when the gain or loss arises from the change in the fair value of the investment property.

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.

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

D. Summary of Significant Accounting Policies (continued)

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.

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.

Determining whether a contract includes leasing

The group determines at the start of the contract whether a contract is a lease or whether it includes a lease. In order for a transaction to be "leased", the following two conditions must be met:

- the fulfillment of the contract depends on the use of a particular entity; and
- The right to control the use of the entity specified in the contract.

At the inception or reassessment of the arrangement, the Group allocates the payments and other items required for such an arrangement for lease transactions and other items based on relevant fair values.

If the Group decides that it can not reliably receive payments for a finance lease transaction, an asset and a liability are recorded that are equal to the fair value of the contractual asset.

If the sales and leaseback transaction result in a financial lease, the portion above the carrying amount of the sales revenue is not immediately recognized as income by the seller-leaseholder.

Instead, the income is postponed and amortized over the lease period and recorded in profit or loss.

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.

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

D. Summary of Significant Accounting Policies (continued)

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
- 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 30).

Financial Instruments

Financial assets

The Group classifies its financial assets as "financial assets at fair value through profit or loss", "investments held to maturity", "available-for-sale financial assets" and "loans and receivables". The classification is determined at the time of initial filing, depending on the purpose and nature of the asset obtained. Financial assets traded on a regular basis are recorded in the records at the transaction delivery date. Financial assets are measured at fair value 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)

D. 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.

Derivative instruments, which are associated with such equity tools, and the payment of such assets through the sale of the current market value, which is not available in an active market and whose value is not reliably determined in a reliable way. At the end of each reporting period, the cost value is valued by the deducted amounts of the losses that are determined by the value.

Loans and receivables

Commercial and other receivables and loans that are not traded on the market, with fixed and identifiable payments, are classified into this category. Credits and receivables (trade and other receivables, bank balances, safes, and others) are shown by decreasing the low value over the discounted cost using the effective interest method. Interest income is calculated according to the effective interest rate method, except where the rediscount effect is not important.

Impairment of financial assets

Financial assets or groups of financial assets other than financial assets at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date.

One or more events occur after the initial recognition of the financial asset and the related event is related to the impairment of the related financial asset or the future cash flow of the asset group that can be reliably estimated

If there is a neutral indicator, the impairment of value occurs. For financial assets carried at amortized cost, the amount of the impairment is the difference between the present value of the estimated future cash flows, discounted at the financial asset's effective interest rate, and the carrying amount.

For all financial assets, except for trade receivables where the carrying amount is reduced through the use of a provision, the impairment is directly deducted from the carrying amount of the related financial asset. If the commercial receivable can not be collected, it is deducted from the corresponding amount provision account and deleted. Changes in the allowance account are recognized in the income statement.

Except for available for sale equity instruments, if the impairment loss decreases in the following period and the impairment loss can be attributed to an event occurring after the recognition of the impairment loss, the impairment loss previously recognized will not exceed the amortized cost amount if the impairment of the investment has not been accounted for at the date when the impairment is canceled it is canceled in the income table.

The increase in the fair value of available-for-sale equity securities after impairment is accounted directly in equity.

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

D. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

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. Cash and cash equivalents of the Group are classified under the category of "Loans and Receivables".

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.

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 8).

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:

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

D. Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions (Continued)

- 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,

Monetary debt arising from overseas activities that constitute a part of the net investment in foreign activity, accounted for in the online reserves, and associated with profit or loss in the sale of net investment, with no intent or possibility of payment The differences arising from their receivables.

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 29).

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 33).

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 18).

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

D. 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 4).

Taxes calculated over corporate earnings

Because of Turkish tax legislation does not allow the parent company and its affiliates to prepare a consolidated tax declaration, the tax equivalents are calculated separately on the basis of each legal entity, as reflected in the attached consolidated financial statements.

The current tax charge includes the current year's tax and deferred tax. The tax expense of the period is recorded in profit or loss, except for those relating to the business mergers or items taken directly from the records under other comprehensive revenue or equity.

Tax

The current tax liability is calculated through the taxable portion of the term profit. Taxable profits differ from profits in income statement table due to excluding items that are not possible to be taxes or taxes deductible. Current tax liability of group is legalized as of balance sheet date or calculated by using substantially significant tax rates.

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

D. Summary of Significant Accounting Policies (continued)

Taxation and Deferred Income Taxes (continued)

Deferred tax

Deferred tax liabilities or assets are determined by calculating the temporary differences between the amounts recognized in the financial statements of assets and liabilities and the amounts considered in the statutory tax base, taking the tax effects into consideration at the statutory tax rates

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets consisting of unused tax losses and 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. It is calculated.

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of the goodwill or other asset or liability in the financial statements (other than in a business combination) that is not effected by business or financial profit or loss.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates and joint ventures, except where the Group is able to control the reversal of temporary differences and the probability of such reversal in the foreseeable future is low. deferred tax assets arising from related taxable temporary differences are calculated on the assumption that it is highly probable that the differences will be utilized in the near future with sufficient profits subject to taxation and it is probable that the related differences will be recovered in the future.

Deferred income tax assets and liabilities are calculated over the tax rates (tax regulations) that are expected to be effective in the period in which the assets are realized or liabilities are realized and legalized or substantively legalized as of the balance sheet date. During the calculation of deferred tax assets and liabilities, the tax consequences of the Group's anticipated recovery of its carrying amount or the fulfillment of its obligations as of the balance sheet date are taken into account.

Deferred income tax assets and liabilities are recognized when the Group has a legally enforceable right to set off current tax assets or liabilities based on current tax assets or when the Group has a willingness to pay taxes by offsetting the Group's current tax assets and liabilities is deducted.

Deferred tax assets and liabilities are offset against each other if the same country is subject to tax legislation and there is a legally enforceable right to offset current tax assets against current tax liabilities.

Taxation of foreign branches and projects:

The Company's subsidiaries in Bulgaria are subject to 10% income tax. Ongoing construction projects in the United Arab Emirates and Qatar are exempt from corporate tax. 20% of the company's subsidiary in Russia is subject to income tax.

Employee Benefits and Severance Pay

Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. In accordance with the updated TAS 19 Employee Benefits Standard ("TAS 19"), such payments are considered as defined retirement benefit plans. The retirement pay liability recognized in the statement of financial position is calculated according to the net present value of the estimated future salary of all employees due to their retirement and reflected in the financial statements. All actuarial gains and losses are accounted for under other comprehensive income. There are no liabilities related to subsidiaries and joint activities operating in foreign countries. (Note 19).

Cash Flow Statement

The Group prepares cash flow statements to inform the users of the financial statements about the ability to direct the amount and timing of changes in net assets, financial structure and cash flows according to changing conditions. In the cash flow table, the cash flows related to the turnover are reported by being classified as operating, investing and financing activities.

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

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

D. Summary of Significant Accounting Policies (continued)

Cash Flow Statement (continued)

Cash flows from operating activities represent cash flows arising from the Group's core operations. Cash flows from investing activities represent the cash flows the Group uses in its investment activities (fixed assets investments and financial investments). Cash flows from financing activities represent the resources the Group uses in its financial activities and the repayments of those resources. Cash and cash equivalents include investments in cash and demand deposits with short-term, high liquidity with a short maturity of 3 months or less.

Shares and 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.

E. Significant Accounting Estimates

In the preparation of financial statements in the Consolidated Financial Statements, the Group management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, the probable liabilities and commitments that arise as of the reporting date and the amounts of income and expenses in the reporting period. Although these estimates and assumptions are based on the Group management's best knowledge of current events and transactions, they may differ from actual results. Estimates are regularly reviewed, necessary corrections are made and they are reflected in the period income table.

The interpretations that may have significant effect on the amounts reflected in the financial statements and the assumptions made by taking into account the actual sources of the existing or future estimates are as follows:

- a) Where it becomes probable that the contractual amendments will be approved by the employer, the group will reflect such contractual changes in the financial statements according to the completion rate of the construction projects. Estimates of the collectibility of contractual changes are made by taking into account the past experience of the Group's management, the relevant contractual provisions and the related legal regulations.”.
- b) TAS 11 "Construction Contracts" uses estimates in determining the total cost of the project and the project profitability.
- c) The group calculates the "project costs remaining in construction contracts" through in-house forecasting mechanisms. Factors such as raw material prices, labor and other costs increases are included in these projections, which are based on best estimate as of the balance sheet date. For unexpected increases that may occur in subsequent periods, the remaining costs of the construction contracts need to be reassessed. Changes in the scope of construction projects and changes in scope project incomes and estimates of the total project costs resulting from the realizations can be significant fluctuations between years.
- d) The group is subject to different tax legislation and laws as it operates in various countries. There are uncertainties about the final tax implications of some transactions and calculations affecting income tax due to the general system in those countries. In those countries, the tax account is generally 1-5 years. Therefore, the group must use significant estimates when calculating tax equivalents. When the final tax results are released, the realized amounts may differ from those predicted, and the income tax for the records as of the balance sheet.

Deferred tax asset is recorded in the event of determining that taxable revenue is likely to occur in the coming years. Deferred tax asset is calculated through the downloadable temporary differences in cases where taxable revenue is likely to occur. For the interim period, which ended on 31 December 2017, the group has registered deferred tax assets because it finds adequate indicators that the foreseeable future is a taxable wife.

- e) Severance pay liability for actuarial assumptions (discount rates, future salary increases and employee separation rates)

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

E. Significant Accounting Estimates

- f) The claims receivable reflects the amounts that the administration believes will meet future damages from receivables, which are present as of the balance sheet date but are at risk of not being charged under current economic conditions. The performance of borrowers who remain outside the associated organization while evaluating the receivables' impairment in the past company based on the credibility of the market and the date of the financial statements from the balance sheet and re-negotiated conditions are also taken into consideration.
- g) When calculating inventory impairment, data for inventory after discount list prices is used. For non-measurable stocks, the sales price is evaluated by the opinions of the goods in stock and the physical status of the technical staff. In cases where the projected net can be accomplished, the value of the inventory is divided by the low cost.
- h) The possibility of loss of cases and the obligations to be lost in the case of the case in response to litigation, the company's legal advisors and expert opinions are obtained by the company's management evaluated by the Based on the best estimates, company management determines the amount of the litigation response.
- i) Company management has made significant assumptions in the direction of the technical team's experience in determining the beneficial economic lifetimes of tangible and intangible assets.

3. SHARES IN OTHER BUSINESS

The information about the group's affiliated partnerships, the country and ownership rate in which it is registered, is described in footnote 1.

Anel Yapı Gayrimenkul A.Ş., which is a subsidiary of the Group, Anel Telemonikasyon Elektrik Sistemleri Sanayi ve Ticaret Anonim Sirketi and Energia Kompania Bonev TAS-28 "Investments in Associates and Joint Ventures" (Note 2). Descriptions of these companies are given in footnote 13.

4. SEGMENT REPORTING

The Group has determined operating segments based on internal reports regularly audited by the competent authority to take decisions on its activities. The authority of the Group to make decisions is the General Manager and the Board of Directors.

The Group's competent authority to review the results and activities on a product-by-product basis and geographical distribution basis in order to make decisions about the resources allocated to the divisions and to evaluate the performance of the divisions. The distribution on the basis of group product groups is as follows: Electrical and mechanical project commitment, ship electrical electronics and energy. The revenue of the Group's reportable operating segments comes largely from project commitment.

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4.SEGMENT REPORTING (Continued)

31.12.2017	Project Commitment	Ship Electrical	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	1.001.548.755	8.876.468	5.332.034	-	1.015.757.257
Intra Group Revenue	20	-	-	(20)	-
Total Net Revenue	1.001.548.775	8.876.468	5.332.034	(20)	1.015.757.257
Cost of Sales (-)	(901.339.262)	(5.277.464)	(3.094.184)	195.210	(909.515.700)
Gross Profit	100.209.513	3.599.004	2.237.850	195.190	106.241.557
General and Administrative Expenses (-)	(28.946.580)	(750.389)	(934.946)	-	(30.631.915)
Other Operating Income	15.550.185	1.381.924	924.858	(195.155)	17.661.812
Other Operating Expenses	(19.070.727)	(1.215.478)	(723.776)	-	(21.009.981)
Operating Profit	67.742.391	3.015.061	1.503.986	35	72.261.473
Income from Investment Operations	322.044	157	65	(2.042)	320.224
Expense from Investment Operations (-)	(30.440)	-	-	-	(30.440)
Equity Method Investments Profit / (Loss) 's Shares	(2.297.491)	-	-	-	(2.297.491)
Operating Profit / (Loss) before Finance Income and Expense	65.736.504	3.015.218	1.504.051	(2.007)	70.253.766
Financing Income	24.291.685	914.283	327.544	(2.686.423)	22.847.089
Financing Expenses (-)	(23.870.161)	(98.473)	(3.783.315)	2.686.423	(25.065.526)
OPERATING PROFIT / (LOSS) BEFORE TAX	66.158.028	3.831.028	(1.951.720)	(2.007)	68.035.329
Operating Tax Income / (Loss)					
-Period Tax Income / (Loss)	(4.033.723)	(611.408)	-	-	(4.645.131)
-Deferred Tax Income/(Expense)	6.340.485	(195.770)	77.832	155.063	6.377.610
PROFIT / (LOSS)	68.464.790	3.023.850	(1.873.888)	153.056	69.767.808
Investment Expenses					
Tangible Fixed Assets	5.172.846	49.701	8.740	12.945	5.244.232
Intangible Fixed Assets	83.986	-	-	-	83.986
Depreciation Expenses	(5.311.431)	(7.390)	(1.436.768)	(14.952)	(6.770.541)
Redemption Expenses	(468.067)	(1.234)	(900)	-	(470.201)
Other Information					
- Total Assets	1.268.508.630	7.737.603	35.328.508	(376.609.759)	934.964.982
- Total Liabilities	789.474.426	1.896.491	37.726.152	(285.436.471)	543.660.598

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4.SEGMENT REPORTING (continued)

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	46.031.370	570.959	907.002	(896)	47.508.435
Other Operating Expenses	(15.092.806)	(449.598)	(855.704)	(73.568)	(16.471.676)
Operating Profit / (Loss)	56.552.579	1.629.496	874.588	(73.568)	58.983.095
Income from Investment Operations	1.418.470	49	-	-	1.418.519
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					
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	1.535.952.054	5.914.928	30.857.796	(562.498.849)	1.010.225.929
- Total Liabilities	1.125.323.896	3.088.882	45.986.160	(486.428.700)	687.970.238

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4.SEGMENT REPORTING (continued)

Geographical Segments

	Turkey	Qatar	England	Russia	Bulgaria	Azerbaijan	United Arab Emirates	Elimination	Total
01.01.- 31.12.2017									
Revenue	65.227.060	715.681.301	944.513	2.126	5.330.254	85.035	228.486.988	(20)	1.015.757.257
Assets Related Ongoing Construction Contracts	5.413.696	48.491.709	-	-	-	-	104.640.895	-	158.546.300
Assets according to Segment	367.326.396	519.793.532	20.776.349	156.990	33.305.170	22.992.605	347.223.698	-376.609.758	934.964.982
Investment Expenses	298.819	4.560.261	62.647	-	-	-	406.491	-	5328.218
	Turkey	Qatar	Russia	Bulgaria	Azerbaijan	Libia	United Arab Emirates	Elimination	Total
01.01.- 31.12.2016									
Revenue	81.775.550	289.036.068	10.553	4.151.366	2.295.674	-	284.946.058	(59.382)	662.155.887
Assets Related Ongoing Construction Contracts	20.554.790	17.854.872	-	-	-	-	101.088.197	-	139.497.859
Assets according to Segment	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
Investment Expenses	267.381	11.462.110	-	16.974	270	-	823.865	-	12.570.600

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4.SEGMENT REPORTING (continued)

The details of customers which constitute %10 or more of Group's revenue gained within the periods as 01.01.-31.12.2017 and 01.01.-31.12.2016 are as below:

<u>Operating Segment</u>	<u>Activity</u>	<u>01.01. - 31.12.2017</u>	
		<u>Amount in Gross</u>	<u>Share in Gross</u>
		<u>Revenue</u>	<u>Revenue</u>
Project Commitment	Project Commitment	283.516.023	28%
Project Commitment	Project Commitment	186.511.699	18%
Ship Electrical and Electronics	Service Sales	5.894.221	66%
Ship Electrical and Electronics	Service Sales	2.383.629	27%

<u>Operating Segment</u>	<u>Activity</u>	<u>01.01. - 31.12.2016</u>	
		<u>Amount in Gross</u>	<u>Share in Gross</u>
		<u>Revenue</u>	<u>Revenue</u>
Project Commitment	Project Commitment	197.961.680	54%
Project Commitment	Project Commitment	259.210.311	71%
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%

5. CASH AND CASH EQUIVALENTS

	<u>31.12.2017</u>	<u>31.12.2016</u>
Cash	290.010	107.188
Banks	55.807.850	31.581.816
- Demand Deposits	35.465.855	31.581.816
- Time Deposit Maturity less than 3 Months	20.341.995	-
Total	<u>56.097.860</u>	<u>31.689.004</u>

Details of bank deposits are as follows ;

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>31.12.2017</u>	<u>Interest Rate (%)</u>	<u>31.12.2016</u>
TL	13,00	2.002.137	-	-
US Dollars	0,80	15.088.591	-	-
Euro	0,40	3.251.267	-	-
Total Time Deposit		<u>20.341.995</u>		<u>-</u>

There is no blockage on cash and cash equivalents as of the reporting date (31 December 2016: None)

6. FINANCIAL INVESTMENTS

Short Term Financial Investment

None (31.12.2016: None).

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6. FINANCIAL INVESTMENTS (continued)

Long Term Financial Investments

<u>Long Term Financial Investments</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
<u>Available for sale Financial Assets</u>		
- Financial Investments Accounted with Cost Method in the Absence of Active Market	-	46.296
Total	-	46.296

Available for sale Financial Assets

- Financial Investments Accounted with Cost Method in the Absence of Active Market

<u>Stocks</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Unlisted Stocks	-	46.296
Total	-	46.296

7. FINANCIAL BORROWINGS

	<u>31.12.2017</u>	<u>31.12.2016</u>
a) Bank Loans	48.391.730	166.138.331
b) Credit Card Debts	162.644	193.253
Total	48.554.374	166.331.584

a) Bank Loans:

		<u>31.12.2017</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	15,2-17,5	23.046.072	-	-
Euro	5,85 - 6,8	-	2.558.678	22.786.980
Total		23.046.072	2.558.678	22.786.980

		<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	-	-
Euro	4,2 - 5,87	-	2.320.186	21.099.667
AED	4,10 - 4,83	20.204.311	-	-
Qatari Riyal	5,50	1.403.788	-	-
Total		142.718.478	2.320.186	21.099.667

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7. FINANCIAL BORROWINGS (continued)

a) Bank Loans (continued):

	<u>31.12.2017</u>	<u>31.12.2016</u>
Payable within one year	25.604.750	145.038.664
Payable within 2 - 3 years	2.331.680	1.536.584
Payable within 3 - 4 years	2.584.949	1.977.778
Payable within 4 - 5 years	2.749.802	2.106.632
Payable within 5 years and longer term	15.120.549	15.478.673
Total	<u>48.391.730</u>	<u>166.138.331</u>

As of 31 December 2017, there are mortgages amounting to TL 18.811.785 on the bank loans. (31 December 2016: TL 17.541.686)

	<u>31.12.2016</u>	<u>Monotory Transactions</u>	<u>Non-Monotory Transactions</u>	<u>31.12.2017</u>
Financial liability	166.331.584	(103.584.751)	(14.192.459)	48.554.374
Total	<u>166.331.584</u>	<u>(103.584.751)</u>	<u>(14.192.459)</u>	<u>48.554.374</u>

8. 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>31.12.2017</u>	<u>31.12.2016</u>
Customers	181.789.996	241.464.719
Notes Receivables and Postdated Checks	3.727.089	250.000
Less: Unrealized Finance Income	(271.970)	(75.487)
Doubtful Trade Receivables (*)	3.832.786	5.534.835
Less: Doubtful Trade Receivables Provisions	(3.832.786)	(5.534.835)
Collaterals held by Employers	92.206.564	144.744.014
<i>Sub Total</i>	<u>277.451.679</u>	<u>386.383.246</u>
Receivables from Related Parties (Note 30)	706.169	571.654
Total	<u>278.157.848</u>	<u>386.954.900</u>

As of 31.12.2017, the weighted average of interest rate % 13,39, %0,77 and %0,37 used to calculate unearned finance income for short-term trade receivables in terms of TL, US Dollars and Euro and average maturity of receivables is 2 months. (2016: TL: %8,49, US Dollars : % 0,42 , Euro : %0,21, 2 month).

As of 31 December 2017, trade receivables' amounting TL 3.832.786 (2016: 5.534.835 TL) is a provision for doubtful receivables.

Provision for doubtful receivables for trade receivables is determined based on past experience.

(*) The movement schedule of the Group for doubtful trade receivables is as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Beginning of the period	5.534.835	4.299.260
Provisions within the period	41.096	593.104
Less: Collected within the current period	(2.064.530)	(98.137)
Foregin currency exchange differences	321.385	740.608
End of the period	<u>3.832.786</u>	<u>5.534.835</u>

(**) Until the completion of the work defined in the construction contracts or until completion, in some cases the commercial receivables held by the customers for longer periods and not yet arriving " share receivables ".

The disclosures about the nature and level of risks for trade receivables are explained in detail in Note 31.

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8. TRADE RECEIVABLES/ PAYABLES (continued)

.b) Trade Payables:

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

<u>Short Term Trade Payables</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Suppliers	162.279.539	186.904.800
Notes Payable and Postdated Checks	27.519.927	30.477.475
Less: Unrealized Finance Expense	(434.606)	(150.125)
Expense Accruals	-	1.894.860
Financial Guarantees Given to the Subcontractor (*)	24.703.192	12.201.148
<i>Sub Total</i>	<u>214.068.052</u>	<u>231.328.158</u>
 Trade Payables to Related Parties (Not 30)	 1.372.081	 2.834.377
Total	<u>215.440.133</u>	<u>234.162.535</u>

As of 31.12.2017, the weighted average of interest rates %13,39, %0,92 and %0,34 used to calculate unearned finance expense for short-term trade payables in terms of TL, US Dollars and Euro and weighted average maturity is 3 months. (31.12.2016: TL :% 8,5, US Dollars :%0,62, Euro:0,22% 3 months).

<u>Long Term Trade Payables</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Notes Receivables and Postdated Checks	-	2.777.655
Less: Unrealized Finance Income	-	(40.541)
Total	<u>-</u>	<u>2.737.114</u>

(*) Before or after the completion of the work defined in the construction contracts, in some cases the commercial debt that is held by the employer for a longer period and does not arrive yet, share debts ".

Details of receivables from related parties and due to related parties are disclosed in Note 30.

The disclosures about the nature and level of risks in trade payables are explained in detail in Note 31.

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9. OTHER RECEIVABLES AND PAYABLES

<u>Short Term Other Receivables</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Deposits and Guarantees Given	7.536.060	6.535.385
Due From Personnel	2.988	3.330
Doubtful Other Receivables	933.856	923.744
Less: Provision of Doubtful Other Receivables (*)	(933.856)	(923.744)
Other Receivables	382.998	375.268
Tax and Social Security Receivables	5.066.606	10.135.594
<i>Sub Total</i>	<u>12.988.652</u>	<u>17.049.577</u>
Other receivables from related parties (Not 30)	11.162.032	23.684.411
Total	<u>24.150.684</u>	<u>40.733.988</u>

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

	<u>31.12.2017</u>	<u>31.12.2016</u>
Beginning of the period	923.744	128.049
Provisions within the period	12.385	795.350
Less: Collected within the Period	(2.273)	(60)
Foreign Currency Exchange Differences	-	405
End of the period	<u>933.856</u>	<u>923.744</u>

<u>Long-Term Other Receivables</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Deposits and Guarantees Given	6.247	4.000
Total	<u>6.247</u>	<u>4.000</u>

<u>Shorts-Term Other Payables</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Deposits and Guarantees Received	15.217	-
Taxes and Charges	3.875.281	3.708.243
Other Payables	9.465	203.239
Restructured Debts of Public Sector	617.793	38.760
<i>Sub Total</i>	<u>4.517.756</u>	<u>3.950.242</u>

Other Payables to Related Parties (Not 30)	586.682	5.769.462
Total	<u>5.104.438</u>	<u>9.719.704</u>

<u>Long-Term Other Payables</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Restructured Debts of Public Sector	720.758	1.711.654
Total	<u>720.758</u>	<u>1.711.654</u>

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10. INVENTORIES

	<u>31.12.2017</u>	<u>31.12.2016</u>
Raw Materials and Equipments	235.709.532	227.242.961
Goods	16.875	17.585
Trade Goods	11.120	34.598
Provision for Inventories (-)	(371.625)	(371.625)
Total	<u>235.365.902</u>	<u>226.923.519</u>
Provision for Inventories Movement	<u>31.12.2017</u>	<u>31.12.2016</u>
Opening Balance	371.625	311.103
Additional During the Period (-)	-	60.522
Closing Balance	<u>371.625</u>	<u>371.625</u>
<u>Inventory Impairment Breakdown</u>	<u>01.01.-31.12.2017</u>	<u>01.01.-31.12.2016</u>
Raw Materials and Equipments	371.625	371.625
Total	<u>371.625</u>	<u>371.625</u>

The Group has no inventory pledged as collateral for loans used. (31.12.2016: None)

11. PREPAID EXPENSES AND DEFERRED REVENUES

<u>Short-Term Prepaid Expenses</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Advances Given for Inventories	9.665.903	18.981.964
Other Advances Given	19.469.653	18.285.448
Prepaid Expenses for the Following Months	8.169.817	9.484.910
Total	<u>37.305.373</u>	<u>46.752.322</u>
<u>Long-Term Prepaid Expenses</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Expense for the Following Years	2.422.428	1.362.286
Total	<u>2.422.428</u>	<u>1.362.286</u>
<u>Short-Term Deferred Income</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Advances Received	193.423.555	172.362.348
Short-term Deferred Income	1.347.271	182.512
Total	<u>194.770.826</u>	<u>172.544.860</u>
<u>Long-Term Deferred Income</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Income for the Following Years	-	17.011
Total	<u>-</u>	<u>17.011</u>

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12. CONSTRUCTION CONTRACTS

	<u>31.12.2017</u>	<u>31.12.2016</u>
Assets regarding Construction Contracts In Progress	158.546.300	139.497.859
Total	<u>158.546.300</u>	<u>139.497.859</u>

Assets related to construction projects in progress are as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
- Assets regarding Domestic Construction Contracts	3.961.251	3.429.155
- Unearned Assets regarding Domestic Construction Contracts (*)	1.452.445	17.125.635
- Unearned Assets regarding Overseas Construction Contracts (*)	153.132.604	118.943.069
Assets regarding Construction Contracts In Progress	<u>158.546.300</u>	<u>139.497.859</u>

	<u>31.12.2017</u>	<u>31.12.2016</u>
Liabilities Regarding Construction Contracts In Progress	44.530.946	60.716.501
Total	<u>44.530.946</u>	<u>60.716.501</u>

Liabilities related to construction projects in progress are as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
- Over-invoiced Portion regarding Domestic Construction Contracts	561.346	2.803.683
- Over-invoiced Portion regarding Overseas Construction Contracts	43.969.600	57.912.818
	<u>44.530.946</u>	<u>60.716.501</u>

(*) There is reasonable assurance that the entity will fulfill the necessary conditions for the acquisition of assets that have not yet been acquired and the fair value of the consideration received has been reflected in the financial statements on an accrual basis.

Guarantees given and received for the projects described in Note 18.

As of 31 December 2017, short-and long-term advances has been received regarding the ongoing construction contracts is amounting to TL 193.423.555 (31 December 2016: TL 172.362.348).

13. INVESTMENTS ACCOUNTING UNDER EQUITY METHOD

Details of subsidiaries and associates partnerships according to equity method evaluation as of December 31, 2017 and December 31, 2016 are as follows:

	<u>Participation Rate</u>		<u>Participation Rate</u>	
	<u>(%)</u>	<u>31.12.2017</u>	<u>(%)</u>	<u>31.12.2017</u>
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	24,68	10.561.028	24,68	11.062.052
Energina Kompania Bonev	50,00	577.394	50,00	380.972
Anel Yapı Gayrimenkul A.Ş.	47,50	45.280.729	47,50	47.180.788
Total		<u>56.419.151</u>		<u>58.623.812</u>

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13. INVESTMENTS ACCOUNTING UNDER EQUITY METHOD (continued)

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

	<u>Participation Rate</u> (%)	<u>31.12.2017</u>	<u>Participation Rate</u> (%)	<u>31.12.2016</u>
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş. (*)	24,68	10.561.028	24,68	11.062.052
Goodwill		16.466.160		16.466.160
Impairment on Goodwill (-)		(16.466.160)		(16.466.160)
Total		<u>10.561.028</u>		<u>11.062.052</u>

(*) As of 31 December 2017, 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 6.133.171 according to best purchasing price TL 0,497 which is annaunced by BİST. (31.12.2016: TL 6.045.547)

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

	<u>31.12.2017</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.	46.962.994	4.171.147	42.791.847	29.541	(2.030.084)
Energina Kompania Bonev	11.752.201	10.597.413	1.154.788	1.822.792	207.183
Anel Yapı Gayrimenkul A.Ş.	219.177.527	123.849.678	95.327.849	18.232.018	(4.000.122)
	<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.	215.985.002	116.657.030	99.327.972	15.404.006	(527.826)

İştiraklerin ve iş ortaklıklarının dönem karlarından alınan payların detayı aşağıda yer almaktadır:

	<u>Affiliates</u> <u>rate (%)</u>	<u>31.12.2017</u>	<u>Affiliates</u> <u>rate (%)</u>	<u>31.12.2016</u>
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	24,68	(501.025)	24,68	(391.140)
Energina Kompania Bonev	50	103.592	50	60.276
Anel Yapı Gayrimenkul A.Ş.	47,5	<u>(1.900.058)</u>	47,5	<u>(250.717)</u>
		<u>(2.297.491)</u>		<u>(581.581)</u>

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14. INVESTMENT PROPERTY

							<u>31.12.2017</u>
The Fair Value	Opening Balance	Additions	Disposals	Transfers	Appreciation	Closing Balance	
Lands and Buildings	2.280.000	-	-	-	190.000	2.470.000	
Investment Properties	2.280.000	-	-	-	190.000	2.470.000	
							<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	

The fair value of investment property amounting to Turkey at 31 December are as follows:

Name of real estate	<u>31.12.2017</u>		<u>31.12.2016</u>	
	<u>Expertize Report Date</u>	<u>Fair Value</u>	<u>Expertize Report Date</u>	<u>Fair Value</u>
3 Piece of field	29.01.2018	2.470.000	28.02.2017	2.280.000

TSKB Gayrimenkul Değerleme A.Ş., an independent appraisal company with CMB license, which does not have any relationship with the Group, has valued three of the Group's investment properties in Gaziantep. The Group management believes that the valuation company has up-to-date information about the class and location of the investment property with the relevant professional background. The Group earned TL 190.000 in revenue from investment properties in Gaziantep during the period (2016: TL 96.000). Rent income is recognized in income from investment activities.

According to the appraisal report dated January 29, 2018 organized by the valuation company, the value of the real estate was valued at TL 2.470.000. (December 31, 2016: TL 2.280.000) The value of the property is determined by the Market Approach method. (31 December 2016: Market approach)

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15. TANGIBLE ASSETS

	31.12.2017							
Cost Price	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold Improvements	Other Fixed Assets	Total
Opening Balance	1.345.516	241.041	40.449.992	2.711.700	18.205.259	377.532	217.322	63.548.361
Translation Difference	45.078	17.308	7.401.637	182.260	1.130.156	870	11.885	8.789.194
Additions	-	-	3.813.625	124.348	1.279.654	26.605	-	5.244.232
Disposals	-	-	(7.722)	-	(254.944)	-	-	(262.666)
Closing Balance	1.390.594	258.349	51.657.532	3.018.308	20.360.125	405.007	229.207	77.319.121
Accumulated depreciation	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold Improvements	Other Fixed Assets	Total
Opening Balance	-	(110.040)	(13.490.065)	(479.792)	(12.112.909)	(373.345)	(156.906)	(26.723.056)
Translation Difference	-	(7.918)	(1.723.966)	(31.074)	(707.866)	(870)	(7.375)	(2.479.069)
Charge for the period	-	(12.953)	(3.939.466)	(559.022)	(2.247.178)	(443)	(11.479)	(6.770.541)
Disposals	-	-	4.182	-	214.371	-	-	218.553
Closing Balance	1.390.594	(130.911)	(19.149.315)	(1.069.888)	(14.853.582)	(374.658)	(175.760)	(35.754.113)
tangible fixed assets		127.438	32.508.217	1.948.420	5.506.542	30.349	53.447	41.565.008

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15. TANGIBLE ASSETS (continued)

Cost Value	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold Improvements	Other Fixed Assets	31.12.2016
Opening Balance	1.315.761	199.150	29.859.557	372.038	11.735.767	375.426	198.169	44.055.867
Translation Difference	29.755	41.891	6.014.101	36.661	1.725.805	2.106	5.951	7.856.270
Additions	-	-	4.592.561	2.453.742	5.063.807	-	16.974	12.127.084
Disposals	-	-	(16.227)	(150.741)	(320.120)	-	(3.772)	(490.860)
Closing Balance	1.345.516	241.041	40.449.992	2.711.700	18.205.259	377.532	217.322	63.548.361
Accumulated depreciation								
Opening Balance	-	(80.929)	(8.687.156)	(289.644)	(9.301.980)	(371.239)	(142.073)	(18.873.019)
Translation Difference	-	(17.026)	(1.634.295)	(33.517)	(1.411.597)	(2.106)	(3.517)	(3.102.058)
Charge for the period	-	(12.085)	(3.184.841)	(274.532)	(1.642.450)	-	(13.202)	(5.127.110)
Disposals	-	-	16.227	117.901	243.118	-	1.886	379.132
Closing Balance	-	(110.040)	(13.490.065)	(479.792)	(12.112.909)	(373.345)	(156.906)	(26.723.055)
Tangible assets, net	1.345.516	131.001	26.959.928	2.231.909	6.092.350	4.187	60.416	36.825.306

Total depreciation expense for the current period is TL 6.770.541 (December 31, 2016: TL 5.127.110). This amount is TL 6.595.401 (31 December 2016: TL 5.027.611) which is part of the cost of goods sold (Note 22) and TL 175.140 (31 December 2016: TL 98.960) are included in general administrative expenses (Note 23).

As of 31.12.2017, there is insurance coverage of TL 178.893 and USD 28.233 on the tangible fixed assets.

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15. TANGIBLE ASSETS (continued)

Useful lives of tangible fixed assets are as follows:

	<u>Useful Life</u>	
Lands Improvements	3&14	Year
Buildings	50	Year
PlantsMachinery and Equipments	3&14	Year
Vehicles	5	Year
Fixtures	3&14	Year
Other Fixed Assets	5	Year
Leasehold Improvements	5	Year

16. INTANGIBLE FIXED ASSETS

<u>31.12.2017</u>		
<u>Cost Price</u>	<u>Right</u>	<u>Total</u>
Opening Balance	5.132.186	5.132.186
Translation Difference	130.564	130.564
Additions	83.986	83.986
Closing Balance	5.346.736	5.346.736
Accumulated Amortization and Impairment		
Opening Balance	(4.544.398)	(4.544.398)
Translation Difference	(93.842)	(93.842)
Charge for the period	(470.201)	(470.201)
Closing Balance	(5.108.441)	(5.108.441)
Fixed Assets,net	238.295	238.295

<u>31.12.2016</u>		
<u>Cost Price</u>	<u>Right</u>	<u>Total</u>
Opening Balance	4.973.061	4.973.061
Translation Difference	218.758	218.758
Additions	443.516	443.516
Disposals	(503.149)	(503.149)
Closing Balance	5.132.186	5.132.186
Accumulated Amortization and Impairment		
Opening Balance	(3.895.164)	(3.895.164)
Translation Difference	(152.461)	(152.461)
Charge for the period	(909.476)	(909.476)
Disposals	412.703	412.703
Closing Balance	(4.544.398)	(4.544.398)
Fixed Assets,net	587.788	587.788

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16. INTANGIBLE FIXED ASSETS (continued)

The sum of the current period redemption is TL 470,201. (31 December 2016: TL 909.476). The amount of this amount TL 371,938 (31 December 2016: TL 522.124) is included in the cost of the sold goods (note 22), part of the TL 98.263 (31 December TL 387.352) amount included in the general administrative expenses (note 23).

Economic lives of intangible assets are as follows:

	Useful Life
Rights	3-14

17. 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>Payments accounted for as expenses</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Minimum lease payments	15.897.347	11.578.364
Total	15.897.347	11.578.364
	<u>31.12.2017</u>	<u>31.12.2016</u>
in a one year	15.712.751	11.333.866
in a two year	142.508	173.283
in a three year	33.671	36.354
in a four year	8.418	27.888
in a five year	-	6.972
Total	15.897.348	11.578.363

18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

<u>Other short term provisions</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Litigation provisions	3.401.156	1.209.862
Total	3.401.156	1.209.862
	<u>31.12.2017</u>	<u>31.12.2016</u>
Beginning of period	1.209.862	3.590.990
Provision in period	2.195.766	379.825
Negative: canceled in period	(4.472)	(2.760.953)
End of period	3.401.156	1.209.862

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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent Liabilities

As of December 31, 2017, there are 48 lawsuits against the Group amounting to TL 3.783.818 and USD 323.693 (TL equivalent 1.220.941). (31.12.2016: 50 lawsuits TL 4.296.931 and USD 2.383.345 / equivalent TL 8.387.469) . Group has been made provision amounting TL 3.401.156 (31.12.2016: TL 1.209.862) regarding to this lawsuits.

Collaterals-Pledge-Mortgages-Bails

As of 31 December 2017 and 31 December 2016, 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

				<u>31.12.2017</u>
	<u>US Dollars</u>	<u>Euro</u>	<u>TL</u>	<u>TL Equivalent</u>
Letters of Guarantees Received	-	14.731	267.500	334.018
Guarenteed Bill Received	1.124.874	489.306	2.407.514	8.859.887
Guaranteed Cheques Received	-	12.400	1.919.036	1.975.028
Total	1.124.874	516.437	4.594.050	11.168.933

				<u>31.12.2016</u>
	<u>US Dollars</u>	<u>Euro</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	1.326.616	1.493.941	7.308.950	17.519.949

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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (continued)

	<u>US Dollars</u>	<u>Euro</u>	<u>BGN</u>	<u>GBP</u>	<u>AED QATARI RIYAL</u>	<u>TL</u>	<u>31.12.2017</u> <u>Total TL</u>
Related to Projects							
Letters of Guarantees Given	106.382.804	3.411.754	-	5.160.000	149.703.605	47.936.229	15.569.581 661.867.004
Guarenteed Bill Given	-	-	8.194.000	-	-	-	- 18.811.785
Other							
Letters of Guarantees Given	-	-	-	-	-	55.000	6.747.700 6.804.693
Total	106.382.804	3.411.754	8.194.000	5.160.000	149.703.605	47.991.229	22.317.281 687.483.482
	<u>US Dollars</u>	<u>Euro</u>	<u>BGN</u>	<u>AED QATARI RIYAL</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	-	149.703.605	54.856.349	12.037.621 673.736.335	
Guarenteed Bill Given	-	-	9.301.000	-	-	- 17.541.686	
Other							
Letters of Guarantees Given	-	-	-	-	-	1.398.256 1.398.256	
Total	128.405.868	3.588.926	9.301.000	149.703.605	54.856.349	13.435.877 692.676.277	

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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (continued)

CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)									
31.12.2017	US Dollars	Euro	TL	GBP	AED	QATARI RİYAL	BGN	TL Equivalent	
A) CPMB's given for Company's own legal personality	575,468	2,929,469	18,068,881	5,160,000	149,703,605	47,991,229	8,194,000	281,962,634	
B) CPMB's given on behalf of fully consolidated companies	105,807,336	482,285	206,100	-	-	-	-	401,478,548	
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	4,042,300	-	-	-	-	4,042,300	
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 majority 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	106,382,804	3,411,754	22,317,281	5,160,000	149,703,605	47,991,229	8,194,000	687,483,482	

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (continued)

CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)							
31.12.2016	US Dollars	Euro	TL	AED	QATARI RIYAL	BGN	TL Equivalent
A) CPMB's given for Company's own legal personality	17,547,662	3,330,314	13,292,877	149,703,605	54,856,349	9,301,000	301,441,656
B) CPMB's given on behalf of fully consolidated companies	110,858,206	258,612	143,000	-	-	-	391,234,621
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-	-	-
D) CPMB's given within the scope of Corporate Governance Communique's 12/2 clause	-	-	-	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-	-	-	-
i) Total amount of CPMB's given on behalf of majority 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	149,703,605	54,856,349	9,301,000	692,676,277

Other groups of CPM is given by the Group's equity ratio as of 31.12.2017 is 0% (31.12.2016:0%).
The distribution of TRIKs by type as of 31 December 2017 and 31 December 2016 is shown below.

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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (continued)

	31.12.2017							
Collaterals, Pledges, Mortgages and Bails	Total TL Equivalent	US Dollars	Euro	AED	Qatari Riyal	GBP	BGN	TL
Collaterals	668.671.697	106.382.804	3.411.754	149.703.605	47.991.229	5.160.000	-	22.317.281
Mortgages	18.811.785	-	-	-	-	-	8.194.000	-
Total	687.483.482	106.382.804	3.411.754	149.703.605	47.991.229	5.160.000	8.194.000	22.317.281

	31.12.2016							
Collaterals, Pledges, Mortgages and Bails	Total TL Equivalent	US Dollars	Euro	AED	Qatari Riyal	BGN	TL	
Collaterals	675.134.591	128.405.868	3.588.926	149.703.605	54.856.349	-	13.435.877	
Mortgages	17.541.686	-	-	-	-	9.301.000	-	
Total	692.676.277	128.405.868	3.588.926	149.703.605	54.856.349	9.301.000	13.435.877	

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19. EMPLOYEE BENEFITS

<u>Provisions for Short Term Employee Benefits</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Unused Vacation Rights	8.423.865	7.162.004
	<u>31.12.2017</u>	<u>31.12.2016</u>
Beginning of the period	7.162.004	4.655.701
Additional provision	7.367.987	6.397.698
Using in period	(6.570.925)	(4.749.144)
Foreign currency conversion adjustments	464.799	857.749
End of the period	<u>8.423.865</u>	<u>7.162.004</u>
<u>Employee Benefits Liabilities</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Due To Personnel	745.637	13.833.587
Social Security Withholdings Payable	538.678	522.558
Total	<u>1.284.316</u>	<u>14.356.145</u>
<u>Provisions for Long Term Employee Benefits</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Provisions for Employee Termination Benefits	16.647.294	12.048.608

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. TAS 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 % 7 expected salary increasing rate and % 12 discount rate and approximately % 4,64 real discount rate and retiring assumption as follows. (December 31, 2016: %3,79). The severance 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.

	<u>31.12.2017</u>	<u>31.12.2016</u>
Annual Discount Rate (%)	4,64	3,79
Probability of Retirement (%)	92,96	87,57

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 December 31, 2017 the accompanying financial statements provisions for the future probable obligation arising from the retirement of employees is calculated by estimating the present value.

Severance pay ceiling amounting to amounting to TL 4.732 (31.12.2016: TL 4.297) used on calculation of retirement pay provision with effect from 01 January 2017.

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19. EMPLOYEE BENEFITS (Continued)

The movement of provision for severance pay as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Provision as of 1 January	12.048.608	8.431.328
Service Cost	5.040.421	2.373.306
Interest Cost	45.744	28.143
Employee Termination Paid	(1.399.146)	(488.369)
Aktuarial Gain/Loss	133.138	127.237
Foreign Currency Exchange Differences	778.529	1.576.963
Provision as of 31 December	<u>16.647.294</u>	<u>12.048.608</u>

20. OTHER ASSETS AND LIABILITIES

<u>Other Current Assets</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Deferred VAT	4.975.094	2.671.454
Work Advance	998.675	166.013
Personel Advances	2.661.965	2.081.217
Other Current Assets	662.755	670.453
Total	<u>9.298.489</u>	<u>5.589.137</u>

21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

a) Capital

The Company's issued share capital as at 31 December 2017 and 31 December 2016 dates are as follows:

	<u>31.12.2017</u>		<u>31.12.2016</u>	
	<u>Share Amount</u>	<u>Share Percentage</u>	<u>Share Amount</u>	<u>Share Percentage</u>
<u>Shareholders</u>	<u>TL</u>	<u>(%)</u>	<u>TL</u>	<u>(%)</u>
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 Segregated Portfolio (****)	8.803.498	8,00	13.000.000	11,82
Other Real Persons (*****)	20.637	0,02	20.637	0,02
Other (*)	46.829.980	42,57	42.633.477	38,76
Paid-in Capital	<u>110.000.000</u>	<u>100,00</u>	<u>110.000.000</u>	<u>100,00</u>

(*) As at 31.12.2017, % 48,63 (31.12.2016: %48,66) 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 share of the company, Mahir Kerem Çelikel, with 473.100 shares (0.43%), which is owned by the public shares of the Company's capital, is TL 1.999.857 and the shareholding ratio is 1.82% . (31.12.2016: 400,000 shares)

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

a) Capital (continued)

(****) Capital Strategy Funds Spc-The Opportunistic Series 8,803,498 shares (8%) owned by Segregate Portfolio are all publicly traded.

(*****) 24.425 shares (0.02%) which other real persons have on the Company's capital are publicly traded.

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. (31.12.2016: 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.

b) Premiums/ (Discounts) Related with Shares	31.12.2017	31.12.2016
Premiums/ (Discounts) Related with Shares	1.384.433	1.384.433
Total	1.384.433	1.384.433
c) Effect of Common Controlled Entities or Enterprises Mergers	31.12.2017	31.12.2016
Effect of Common Controlled Entities or Enterprises Mergers	(48.314.150)	(48.314.150)
Total	(48.314.150)	(48.314.150)
d) Revaluation and Measurement Gain/ (Loss)	31.12.2017	31.12.2016
Financial Assets Revaluation Gain/(Loss)	(348.487)	(348.487)
Total	(348.487)	(348.487)
e) Foreign Currency Translation Differences	31.12.2017	31.12.2016
Foreign Currency Translation Differences	90.181.741	78.827.166
Total	90.181.741	78.827.166
f) Defined Benefit Plans Revaluation and Measurement Gain/ (Loss)	31.12.2017	31.12.2016
Defined Benefit Plans Revaluation and Measurement Gain/ (Loss)	(963.373)	(857.483)
Total	(963.373)	(857.483)
g) Restricted Reserves	31.12.2017	31.12.2016
Restricted Reserves	11.982.429	10.389.397
Total	11.982.429	10.389.397
h) Retained Earnings	31.12.2017	31.12.2016
Retained Earnings	159.787.220	113.509.051
Total	159.787.220	113.509.051
i) Non-controlling Shares	31.12.2017	31.12.2016
1st January Balance	(2.173.237)	13.968.436
Additions	-	(26.527.371)
Foreign Currency Translation Differences	16.330	(1.123.964)
Minority Share Profit/(Loss)	(284.947)	11.509.662
Total	(2.441.854)	(2.173.237)

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

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.

The partnerships distribute their profits within the framework of the profit distribution policies to be determined by the general assemblies and in accordance with the provisions of the related legislation by the decision of the general assembly. A minimum distribution ratio has not been determined within the scope of the said communiqué. Companies pay dividends in the manner specified in their articles of incorporation or profit distribution policies. In addition, dividends may be paid in installments of equal or different consistency, and cash dividend advances may be distributed over the profit in the interim period financial statements.

The Company has decided to allocate other reserves, distribute profits to the next year and distribute profit shares to the members of the board of directors, members of the partnership and persons outside the shareholders unless the profit share determined for the shareholders is reserved in the articles of association or in the profit distribution policy. as well as for the shareholders, the profit share can not be distributed to these persons unless the profit share is paid in cash.

Equity inflation adjustment differences and carrying values of extraordinary reserves can be used for bonus share capital increase, cash dividend distribution or loss deduction. However, equity inflation adjustment differences will be subject to corporation tax if used for cash profit distribution.

In our financial statements for the period 01.01.2016-31.12.2016, which is prepared within the framework of the Tax Procedure Law, a profit of TL 18.137.862,50 TL was obtained as a result of our activities in the year 2016.

Considering our dividend distribution policy, the profit of the period included in our financial statements for the period 01.01.2016-31.12.2016 prepared in the framework of the Tax Procedural Code of TL 11.967.800 which is calculated as 20% over the profit amount of TL 59.839.001, It has been decided at the General Assembly to be distributed to the shareholders as of 20/09/2017. (31.12.2016: TL 1.488.216).

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22. REVENUE / COST OF SALES

<u>Sales Revenues (Net)</u>	<u>01.01.-31.12.2017</u>	<u>01.01.-31.12.2016</u>
Domestic Sales	65.246.868	78.610.459
Export Sales	950.228.688	584.760.569
Other Revenues	576.248	3.567.366
Total Revenues	1.016.051.804	666.938.394
Sales Returns (-)	(294.547)	(4.782.507)
Sales Revenues (Net)	1.015.757.257	662.155.887
II- Cost of Goods Sold	(377.091)	(1.325.105)
III- Cost of Services Sold	(902.170.241)	(595.793.544)
IV- Cost of Other Sales	(1.029)	-
V- Depreciation Expenses	(6.595.401)	(5.027.611)
VI- Redemption Expenses	(371.938)	(522.124)
Cost of Sales (I+II+III+IV+V+VI)	(909.515.700)	(602.668.384)
GROSS PROFIT/LOSS	106.241.557	59.487.503

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

	01.01-31.12.2017	01.01-31.12.2016
General Administrative Expenses	30.631.915	31.540.453
Marketing Expenses	-	714
Total	30.631.915	31.541.167

General Administrative Expenses	01.01-31.12.2017	01.01-31.12.2016
Department Share (*)	11.797.244	11.804.109
Employee Expenses	10.262.712	9.589.208
Counselling Expenses	1.242.501	910.988
Litigation and Execution Expenses	1.156.862	117.359
Non-deductible Expenses	1.037.895	2.196.533
Employee Termination Expenses	854.695	926.244
Information and Processing Expenses	722.972	893.248
Travel and Accomadaiton Expenses	697.843	715.170
Rent Expenses	646.682	686.895
Trademark and registration expenses	367.363	791.363
Insurance Expenses	219.972	89.494
Other Expenses	218.355	791.062
Depreciation Expenses	175.140	98.960
Vacation Provison Expenses	168.007	398.273
Food Expenses	152.848	152.618
Vehicle Rent Expenses	115.993	3.486
Cleaning Expenses	112.643	104.191
Redemption and exhaustion shares	98.263	387.352
Elelectric, water , heating expenses	97.864	97.748
Tax Fees	97.197	393.470
Communication expenses	71.899	140.084
Material Costs	57.403	25.823
Dues Expenses	47.327	7.563
Advertising Expenses	42.099	18.650
Vehicles Expenses	41.177	34.052
Bank Expenses	34.624	2.148
Maintenance and Repair expenses	29.678	49.591
Fowarding Expenses	22.077	28.678
Representation and Entertainment Expenses	21.122	38.440
Cargo expenses	14.737	11.197
Stationery Expenses	6.721	4.791
Subcontracted Labour Expenses	-	150
Transportation Expenses	-	28.567
Penalties	-	2.948
Total	30.631.915	31.540.453

(*) Within the scope of Anel Group; management and organization of financial affairs, finance, quality processes, information systems, corporate communication, internal audit, commercial affairs, procurement, planning and legal affairs and management of all these processes. and the expenses incurred are distributed to companies benefiting from the service as a share of contribution with a certain systematic.

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24. EXPENSES BY NATURE

<u>Depreciation Expenses</u>	01.01-31.12.2017	01.01-31.12.2016
Cost of Good Sold	6.595.401	5.027.611
General Administrative Expenses	175.140	98.960
Marketing Expenses	-	539
Total	6.770.541	5.127.110

<u>Redemption Expenses</u>	01.01-31.12.2017	01.01-31.12.2016
Cost of Good Sold	371.938	522.124
General Administrative Expenses	98.263	387.352
Total	470.201	909.476

<u>Personnel Expenses</u>	01.01-31.12.2017	01.01-31.12.2016
Salary and Wages	264.594.780	180.032.556
Social Security Expenses	3.582.337	3.628.617
Severance Pay Expenses	4.941.933	2.409.254
Vacation Provision Expenses	1.261.861	2.506.303
Total	274.380.911	188.576.730

25. INCOME/EXPENSES FROM MAIN OPERATIONS

<u>Other Income from Main Operations</u>	01.01.-31.12.2017	01.01.-31.12.2016
Provisions No Longer Required	4.973.584	1.247.347
Exchange Differences Income Related to Main Operations	8.335.649	16.496.177
Interest Income from Related Parties	-	9.675.122
Tax Provisions Canceled	1.558.251	15.638.866
Advances Recognition As An Income	-	3.526.599
Return from the execution file	1.148.000	-
Other Income and Profits	1.646.328	924.324
Total	17.661.812	47.508.435

<u>Other Expenses from Main Operations</u>	01.01.-31.12.2017	01.01.-31.12.2016
Provision Expenses (-)	2.244.775	1.527.937
Exchange Differences Expenses Related to Main Operations	8.716.458	12.672.165
Accounts receivables As An Expense (*)	8.980.807	572.749
Other Expenses (-)	1.067.941	1.698.825
Total	21.009.981	16.471.676

(*) Receivable accounts that are abandoned.

26. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES

<u>Income from Investing Activities</u>	01.01.-31.12.2017	01.01.-31.12.2016
Interest Income on Term Deposits	68.540	530.785
Investment Property Revaluation Gain (Not 14)	190.000	96.000
Ground rent	18.538	21.362
Fixed Assets Sales Revenue	43.146	770.372
Total	320.224	1.418.519

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26. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES (continued)

Expenses from Investing Activities (-)	01.01.-31.12.2017	01.01.-31.12.2016
Fixed Assets Sales Loss (-)	30.440	50.918
Goodwill Impairment Expenses(-)	-	11.101.944
Financial Investment Sales Loss (-)	-	7.344
Total	30.440	11.160.206

27. FINANCIAL INCOME / (EXPENSES)

Financing Income	01.01.-31.12.2017	01.01.-31.12.2016
Interest Income	4.126.888	12.760.213
Exchange Differences Income	18.714.834	284.636.826
Unearned Interest Income	5.367	3.352
Total	22.847.089	297.400.391
Financing Expenses (-)	01.01.-31.12.2017	01.01.-31.12.2016
Loan Interest Expenses (-)	11.247.739	24.460.238
Exchange Differences Expenses (-)	13.808.200	247.877.097
Unearned Interest Expense (-)	9.587	366
Total	25.065.526	272.337.701
Financial income/expense,net	(2.218.437)	25.062.690

28. INCOME TAXES

Current Assets Related with Current Tax	31.12.2017	31.12.2016
Prepaid Taxes and Funds	1.973.952	2.731.792
Non-Current Assets Related with Current Tax	31.12.2017	31.12.2016
Prepaid Taxes and Funds	854.000	6.052.379
Income Tax Liabilities	31.12.2017	31.12.2016
Current Tax Liabilities	4.782.492	5.252.656
Less:Prepaid Taxes and Funds	(1.973.952)	(2.731.792)
Income Tax Liabilities	2.808.540	2.520.864
Tax Provision	31.12.2017	31.12.2016
Current Period Corporate Tax Provision (-)	(4.645.131)	(4.588.071)
Provision for Deferred Tax Expenses / (Income)	6.377.610	2.214.217
Income Tax Liabilities	1.732.479	(2.373.854)
Other Comprehensive Not to be Reclassified to Profit or Loss	27.248	26.558
	1.759.727	(2.347.296)

Corporate Tax

The Group is subject to corporate tax valid in Turkey. Institutions have a 20% tax rate. The rate of corporation tax for the years 2018, 2019 and 2020 within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 5 December 2017 from 20% to 22%. Under the said law, deferred tax assets and liabilities are recognized in the consolidated financial statements as of 31 December 2017 at a rate of 22% for the portion of temporary differences that will have tax effect in the years 2018, 2019 and 2020, and for temporary differences at 2021 and for tax- 20 ratio. Provision is made in the accompanying financial statements for the estimated tax liabilities related to the Group's results for the current period. Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. For this reason, the tax liabilities reflected in the financial statements in this console are calculated separately for all companies included in the scope of consolidation. As at 31 December 2017 and 31 December 2016, the Group has respectively TL 76.414.897 and TL 50.856.658 unused tax losses to be offset against future profits. Unused tax losses could be usable within the dates stated below.

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28. INCOME TAXES (continued)

Corporate Tax (continued)

	<u>31.12.2017</u>	<u>31.12.2016</u>
Will be expired in 2017	-	129.546
Will be expired in 2018	48.358.878	48.358.878
Will be expired in 2020	18.566.216	463.910
Will be expired in 2021	1.904.324	1.904.324
Will be expired in 2022	7.455.933	-
Total	<u>76.285.351</u>	<u>50.856.658</u>

As below used tax loss:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Will be expired in 2020	7.915.506	7.915.506
Will be expired in 2021	103.338.124	4.170.686
Total	<u>111.253.630</u>	<u>12.086.192</u>

As at 2017, effective corporate tax rate is 20%. (2016: %20).

As of 31 December 2017, provisional tax is payable at the rate of 20% (2016: 20%) on the income generated for the three-month periods according to tax legislation and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. With the amendment made for the years 2018, 2019 and 2020, this rate is set at 22%.

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayed is exempt from corporation tax. In addition, the participation in the assets of the institutions for at least two full years

75% of the profits arising from the sale of founders' shares, redeemed shares and preferential rights of real estate (immovables) in the same period as their shares are exempt from corporate tax as of December 31, 2017. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2018.

There is no clear and definitive agreement on tax assessment procedures in Turkey. Companies prepare their tax declarations between 1-25 April of the year following the close of accounting period of the related year. The Tax Office will make these statements and the underlying accounting records within 5 years.

In Qatar, the tax rate is 10%. The losses can be carried forward for a maximum of 3 years to be deducted from the taxable profit to be incurred in the following years. In the United Arab Emirates, no tax is applied.

Current income tax liability movement table is as below:

	<u>31.12.2017</u>	<u>31.12.2016</u>
01 January	5.252.656	14.924.880
The Current Period Tax Expense	4.782.492	5.252.656
Taxes Paid	<u>(5.252.656)</u>	<u>(14.924.880)</u>
Current Profit Tax Liability	<u>4.782.492</u>	<u>5.252.656</u>

Income Tax Withholding

In addition to corporate taxes, in case of allocating get a dividend, and also on any dividends that dividends of corporate income to the statement that the resident corporations by including and excluding those distributed to Branches of foreign companies in Turkey, income tax withholding should be calculated. Income withholding tax was applied as 10% in all companies between April 24, 2003 and July 22, 2006.

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28. INCOME TAXES (continued)

Income Tax Withholding (continued)

	<u>31.12.2017</u>	<u>31.12.2016</u>
Profit Before Tax	68.035.329	73.722.517
The effective tax rate (% 20)	(13.607.066)	(14.744.503)
Foreign Branches and Subsidiary Impact on Tax Rate	13.038.742	12.462.667
Non-deductible expenses	(494.772)	(1.000.656)
Unused tax losses of the current period	969.699	365.613
Impact of Loss from Equity Method	(459.498)	(116.316)
Impact of Changable on Tax Rates	2.489.107	-
Conversion difference	(203.734)	659.341
Tax income / expense in current period	1.732.479	(2.373.854)

Deferred Tax

The Group recognizes deferred tax assets and deferred tax liabilities for temporary timing differences arising from the differences between the tax basis financial statements and the consolidated financial statements prepared in accordance with TFRS. Such differences usually arise from the fact that certain income and expense items are included in different periods in the financial statements as well as in the Consolidated Financial Statements

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28. INCOME TAXES (continued)

Deferred Tax (Continued)

	<u>Cumulative Timing</u> <u>Difference</u>		<u>Deferred Tax Asset/</u> <u>(Liability)</u>	
	<u>31.12.2017</u>	<u>31.12.2016</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
<u>Deferred Tax Assets</u>				
Provision for Doubtful Receivables	13.811.610	6.458.580	1.559.387	831.393
The Difference Between Book Value and Tax Assessment of Tangible and Intangible Fixed Assets	5.888.526	5.276.667	521.619	479.102
Provision of Severance Pay	8.624.500	6.771.638	835.224	694.387
Provision of Unused Annual Leave	3.411.021	3.314.716	318.038	344.617
Unearned Finance Income	262.721	58.978	49.319	11.795
Adjustments Regarding Using Percentage Complete Method on Projects	45.582.350	380.538.515	10.028.117	70.309.384
Provision for Inventory Impairment	371.625	371.625	81.758	74.325
Unused Prior Year's Losses	111.253.630	12.086.192	24.475.800	2.417.239
Lawsuit Provision Expense	3.401.156	1.033.051	748.254	206.610
Withdraw From Receivables	2.954.334	2.670.147	649.953	534.029
Other Adjustment	5.908.021	4.550.351	589.446	454.965
Total	201.469.494	423.130.460	39.856.915	76.357.846
<u>Deferred Tax Liabilities</u>				
Tangible and Intangible Fixed Assets and Investments Re-measurement Of Objectives and Reasonable Value Adjustment	(2.283.450)	(1.994.404)	(398.331)	(331.205)
Unearned Finance Expense	(348.652)	(182.718)	(34.816)	(16.885)
Adjustments Regarding Using Percentage Complete Method on Projects	(44.820.280)	(260.245.593)	(8.902.720)	(52.049.118)
Other Adjustment	(1.945.491)	(1.945.491)	(427.604)	(389.097)
Total	(49.397.873)	(264.368.206)	(9.763.471)	(52.786.305)
Deferred Tax Asset/ (Liability), net	152.071.621	158.762.254	30.093.444	23.571.541
	<u>01.01.2017-</u> <u>31.12.2017</u>	<u>01.01.2017-</u> <u>31.12.2017</u>		
Beginning of Period	23.571.541	20.425.134		
Debt / (Receivable) Record to Current Period Income Statement	6.377.610	2.214.217		
Impact of Foreign Currency Exchange Differences	117.045	905.632		
The Amounts deducted from Losses of Remeasurement Gains Of Defined Benefit Plans	27.248	26.558		
End of Period	30.093.444	23.571.541		

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29. EARNINGS PER SHARE

<u>Earnings Per Share</u>	<u>01.01.-31.12.2017</u>	<u>01.01.-31.12.2016</u>
Net Profit\Loss of the Parent Company	70.036.425	59.839.001
Weighted Average Number of Shares	110.000.000	110.000.000
Earning Per Share Profit\Loss from Ongoing Activities	0,64	0,54

30. 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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30. RELATED PARTY DISCLOSURES (continued)

	31.12.2017			
	Receivables		Payables	
	Short Term		Short Term	
	Trade	Other	Trade	Other
Balances with Related Parties				
Anelisis Mühendislik Sanayi ve Ticaret A.Ş.	-	-	423.244	-
In liquidation Doğa Çevre Teknolojileri A.Ş.	399.622	-	-	-
Anelnet Teknik Hizmetler Ltd. Şti. (*)	-	264.330	483.585	-
Köptük Turizm ve Yatçılık Ltd. Şti.	204.766	586.916	-	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş. (*)	91.346	5.909.249	-	-
EKB(Energina Compania) (**)	-	2.634.146	-	-
Anel Holding A.Ş.	-	611.306	500.350	586.682
Anel Yapı Gayrimenkul A.Ş. (*)	10.570	1.156.085	960	-
Unearned interest income	(135)	-	(36.058)	-
Total	706.169	11.162.032	1.372.081	586.682

(*) Non-commercial transactions with related parties (not related to the payment program) interest is accrued under the provisions of Year the average interest rate is 16,66%.

(**) Anel Electric Project contracting and Trading Co. A.Ş. is covered by the debt contract which is concluded between the EKB.

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30. RELATED PARTY DISCLOSURES (continued)

	31.12.2016			
	Receivables		Payables	
	Trade	Short Term	Trade	Short Term
Balances with Related Parties				
Anel'is Mühendislik Sanayi ve Ticaret A.Ş. (*)	-	6.508	-	2.158.754
In liquidation Doğa Çevre Teknolojileri A.Ş.	328.326	-	-	-
Anelhet 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 Compamia)	-	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	-	-
Doğa Geri Dönüşüm San. Tic. Ltd. Şti.	8.688	-	-	-
Anel Kingdom of Suudi Arabia	-	1.136.143	-	-
Çelikel Vakfi	-	-	-	-
E Sistem Elektronik A.Ş.	18.434	99.782	401	-
Anel Yapı Gayrimenkul A.Ş.	-	363.677	617.975	2.723.685
Unearned Interest Income / Expense (-)	-	-	(22.410)	-
Total	571.654	23.684.411	2.856.787	5.769.462

(*) Interest is accrued under the provisions of V.U.K. regarding non-commercial transactions with related parties (not linked to the payment program). The average interest rate is 16,31% as of the second quarter.

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30. RELATED PARTY DISCLOSURES(continued)

Operations between related parties for the period 01.01.- 31.12.2017 and 01.01.- 31.12.2016 are as follows;

Related Party Transactions	31.12.2017									
	<u>Stock Purchases</u>	<u>Merchand is Sales</u>	<u>Interest Income</u>	<u>Interest Expense</u>	<u>Service Sales</u>	<u>Service Purchase</u>	<u>Income from Purchase Of Tangible Assets</u>	<u>Fixed assets purchase</u>	<u>Exchange Difference Expense</u>	<u>Exchange Difference Income</u>
Anelisis Mühendislik Sanayi ve Ticaret A.Ş.	3,196,684	-	7.100	18,680	1.109	14,808	-	-	55,875	-
Anelnet Teknik Hizmetler Ltd. Şti	163	-	47,610	146,042	84,781	353,243	-	1,930	9,859	1,993
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	-	16,591	3,763,135	-	124,067	422	-	6,030	-	1,031,274
Köpük Turizm ve Yatçılık Ltd. Şti.	-	-	69,272	-	-	-	-	-	-	-
EKB(Energinia Compania	-	-	183,793	-	-	-	-	-	-	-
Anel Holding A.Ş.	-	-	144,218	-	24,431	14,880,473	228	1,800	-	-
Anel Telekomünikasyon Elk. Sist. San. ve Tic. A.Ş.	-	-	-	67,281	15,345	366,688	-	-	-	-
Anel Yapı Gayrimenkul A.Ş.	-	1,915	66,759	287,721	-	71,116	-	-	430,919	-
Anel Kingdom of Suudi Arabia	-	-	11,912	887	-	-	-	-	-	-
E Sistem Elektronik A.Ş.	-	-	5,327	-	20,208	-	-	-	-	-
Total	3,196,847	18,506	4,299,126	520,611	269,941	15,686,750	228	9,760	496,653	1,033,267

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30. RELATED PARTY DISCLOSURES(continued)

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
Anelisis 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	-	2.261	-	-
Çelikel Vakfı	-	-	-	-	-	-	-	-	-	-	-
Köplük Turizm ve Yatçılık Ltd. Şti.	-	-	24.368	-	-	-	-	-	-	-	-
EKB(Energina Company)	-	-	150.206	-	-	-	-	-	-	-	-
Kıry Enerji Üretim ve Ticaret Ltd. Şti.	-	-	-	-	-	-	-	-	-	-	-
Anel Holding A.Ş.	-	-	378.824	-	-	31.499	11.291.164	-	-	-	-
Anel Telekomünikasyon Elık. 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	12.806.645	740.396	48.260	388.021	12.553.046	63.748.990	508.437	97.858	9.862

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30. RELATED PARTY DISCLOSURES (continued)

Related party transactions between 01.01.- 31.12.2017 and 01.01.- 31.12.2016 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 vice general manager. Benefits supplied to key management personnel as of 01.01.- 31.12.2017 and 01.01.-31.12.2016 as are as follows;

Benefits Provided by Top-Level Management	01.01-31.12.2017	01.01-31.12.2016
Employee Short Term Benefits	7.302.882	4.872.815
Total	7.302.882	4.872.815

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31. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

a)Equity Risk Method

While the group is trying to ensure the continuity of its activities in capital Management, it aims to increase its profitability by using the balance of debt and equity in the most efficient way. The group's capital structure is the debts containing the footnote 8 credits, the cash and cash equivalents described in footnote 5, and the paid capital, capital correction differences, premiums on shares/discounts, revaluation measurement gains and Losses, foreign currency cycle differences, defined benefit plans gain re-measurement/ is comprised of resource pens including the past year profit/(losses), with restricted reserves, separated from profits.

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 depts as of 31 December 2017 and 31 December 2016 are as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Total Debt	48.554.374	166.331.584
Less: Cash and Cash Equivalents	(56.097.860)	(31.689.004)
Net Debt	(7.543.486)	134.642.580
Total Equity	391.304.384	322.255.691
Liability/Equity Rate	(0,019)	0,418

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

31.12.2017						
	Receivables				Cash and Cash Equivalents	Financial Investment
	Trade Receivables		Other Receivables			
	Related Parties	3 th Parties	Related Parties	3 th Parties		
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E) (1)	706,169	277,451,679	11,162,032	12,994,899	55,807,850	158,546,300
-Total receivables that have been secured with collateras other credit enhancements etc.	-	95,933,653	-	-	-	-
A. Financial assets that are neither past due nor impaired the net book value (2)	501,394	171,347,595	11,162,032	12,994,899	55,807,850	158,546,300
B. The amount of financial assets that are past due as at the end of the reporting period but not impaired	204,775	10,170,431	-	-	-	-
C. The amount of financial assets that are impaired. (3)	-	-	-	-	-	-
-Past due (Gross book value)	-	3,832,786	-	933,856	-	-
-The amount of impairment (-)	-	(3,832,786)	-	(933,856)	-	-
-Net value guaranteed with coleteral etc.	-	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
- Net Value guaranteed with coleteral etc.	-	-	-	-	-	-
D. Off financial statement credit risk amount	-	-	-	-	-	-

*) The cash deposits of the projects are covered by the contract of each project.

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

31.12.2016

Current Period	Receivables			Cash and Cash Equivalents		Financial Investment
	Trade Receivables	Other Receivables		Banks Deposits	Ongoing construction, contracting or service	
	Related Parties	3 th Parties	Related Parties	3 th Parties		
The maximum amount of exposure to credit risk at the end of the reporting (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.	-	144.994.014	-	-	-	-
A. Financial assets that are neither past due nor impaired the net book value (2)	562.580	231.244.172	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	9.074	10.145.060	-	-	-	-
C. The amount of financial assets that are impaired. (3)	-	-	-	-	-	-
- Past due (Gross book value)	-	5.534.865	-	923.744	-	-
- The amount of impairment (-)	-	(5.534.865)	-	(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	-	-	-	-	-	-

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

b) Financial risk factors (continued)

b.2) Liquidity Risk Management

The main responsibility for liquidity risk management belongs to the Board of directors. The Board of Directors has established a suitable liquidity risk management for short, medium and long-term funding and liquidity requirements of group management. The group manages the risk of liquidity and the continued monitoring of actual cash flows on a regular basis and ensuring the continuation of adequate funds and borrowing reserves through the mapping of the financial assets and liabilities' maturity.

The following table shows the maturity distribution of the group's non-derivative financial obligations. Non-derivative financial obligations are prepared based on the earliest dates required to be paid and not discounted. The interest to be paid over these obligations is included in the table below.

The tables on liquidity risk are listed below:

Current Period

Terms According to Agreements		According to Contract Total					
	Book Value	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	269.819.703	280.814.847	180.301.038	70.066.726	17.080.514	13.366.569	-
Bank Loans	48.554.374	59.078.854	23.852.266	5.500.263	16.359.756	13.366.569	-
Trade Payables	215.440.133	215.910.797	151.344.334	64.566.463	-	-	-
Other Payables	5.825.196	5.825.196	5.104.438	-	720.758	-	-

Prior Period

Terms According to Agreements		According to Contract Total					
	Book Value	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	427.630.330	367.197.972	27.425.954	17.311.804	15.694.600	-
Bank Loans	166.331.584	179.126.788	142.659.485	7.950.208	12.822.495	15.694.600	-
Trade Payables	236.899.649	237.072.184	214.818.783	19.475.746	2.777.655	-	-
Other Payables	11.431.358	11.431.358	9.719.704	-	1.711.654	-	-

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

b) Financial risk factors (continued)

b.3) Market Risk Management

Market risk is the risk of fluctuations in market prices due to the fact that a financial instrument is in good value or in future cash flows negatively affecting a business. These are the risk of foreign currency risk, interest rate risk and price change of financial instruments or commodity.

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							
31.12.2017							
	TL Equivalent	US Dollars	Euro	GBP	AED	CHF	BGN
1. Trade Receivables	30.124.921	7.597.502	325.081	-	-	-	-
2. Monetary Financial Assets	19.424.169	4.143.156	833.141	6.801	-	-	-
3. Other	13.084.424	1.741.547	1.442.915	-	-	-	-
4. Current Assets (1+2+3)	62.633.514	13.482.205	2.601.137	6.801	-	-	-
5. Total Assets (4)	62.633.514	13.482.205	2.601.137	6.801	-	-	-
6. Trade Payables	63.512.846	11.936.821	2.690.029	474.772	3.826.403	-	-
7. Financial Liabilities	8.357.927	-	1.447.251	-	-	-	794.000
8 Other Non Monetary Liabilities	21.860.433	3.862.704	1.602.500	-	-	14.167	-
9. Short Term Liabilities (6+7+8)	93.731.206	15.799.525	5.739.780	474.772	3.826.403	14.167	794.000
10. Financial Liabilities	16.988.920	-	-	-	-	-	7.400.000
11. Long Term Liabilities (10)	16.988.920	-	-	-	-	-	7.400.000
12. Total Liabilities (9+11)	110.720.126	15.799.525	5.739.780	474.772	3.826.403	14.167	8.194.000
13. Net Foreign Currency Assets / (Liabilities) (5-13)	(48.086.612)	(2.317.320)	(3.138.643)	(467.971)	(3.826.403)	(14.167)	(8.194.000)
14. Monetary Items Net Foreign Currency Assets / Liability Position	(5.922.678)	4.143.156	(614.110)	6.801	(3.826.403)	(14.167)	(8.194.000)

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

b) Finansal Risk Faktörleri (devamı)

b.3.1) Kur Riski Yönetimi

CURRENCY POSITION TABLE						
31.12.2016						
	TL Equivalent	US Dollars	Euro	GBP	AED	BGN
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. Total Assets (4)	110.980.404	24.474.037	6.696.928	1.491	-	-
6. Trade Payables	65.661.198	11.387.789	6.680.750	32.908	686.887	-
7. Financial Liabilities	2.321.254	-	155.450	-	-	925.000
8. Other Non Monetary Liabilities	71.934.409	17.425.341	2.860.225	-	-	-
9. Short Term Liabilities (6+7+8)	139.916.861	28.813.130	9.696.425	32.908	686.887	925.000
10. Financial Liabilities	21.099.666	-	1.429.292	-	-	8.376.000
11. Long Term Liabilities	21.099.666	-	1.429.292	-	-	8.376.000
12. Total Liabilities (9+11)	161.016.527	28.813.130	11.125.717	32.908	686.887	9.301.000
13. Net Foreign Currency Assets / (Liabilities) (5-13)	(50.036.123)	(4.339.093)	(4.428.789)	(31.417)	(686.887)	(9.301.000)
15. Monetary Items Net Foreign Currency Assets / Liability Position	(22.817.452)	57.392	(1.478.082)	1.342	(686.887)	(9.301.000)

The Group is exposed to foreign exchange risk arising primarily with respect to transactions denominated in US Dollars, Euro, GBP, AED and BGN.

The following table shows the group's US dollars, Euro, British pound, UAE dirham, Swiss franc, and Bulgarian lev rates to increase the 10% and decrease sensitivity. The ratio of 10% to senior executives is the rate used to report the risk of setup within the company, and the rate of management. It represents the possible change in exchange rates.

Sensitivity analysis covers only monetary items in the open foreign currency at the end of the year and shows the effects of the 10% exchange rate at the end of the year. Positive value refers to the increase in profit/dice and other equity pens.

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31. 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				
31.12.2017				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciates	Foreign currency appreciation	Foreign currency depreciates
	10% change in US Dollars against TL:			
1- U S Dollar net assets / liabilities	(874.070)	874.070	-	-
2- U S Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	(874.070)	874.070	-	-
	10% change in Euro against TL:			
4- Euro net assets / liabilities	(1.417.254)	1.417.254	-	-
5- Euro Hedged (-)	-	-	-	-
6- Euro Net Effect (4+5)	(1.417.254)	1.417.254	-	-
	10% change in GBP against TL:			
7- GBP net assets / liabilities	(237.743)	237.743	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	(237.743)	237.743	-	-
	10% change in BAE Dirhem against TL:			
10- AED net assets / liabilities	(392.954)	392.954	-	-
11- AED Hedged(-)	-	-	-	-
12- AED Net Effect(10+11)	(392.954)	392.954	-	-
	10% change in CHF against TL:			
10- CHF net assets / liabilities	(5.461)	5.461	-	-
11- CHF Hedged(-)	-	-	-	-
12- CHF Net Effect(10+11)	(5.461)	5.461	-	-
	10% change in BGN against TL:			
13- BGN net assets / liabilities	(1.881.179)	1.881.179	-	-
14- BGN Hedged(-)	-	-	-	-
15- BGN Net Effect(10+11)	(1.881.179)	1.881.179	-	-
TOTAL(3+6+9+12)	(4.808.661)	4.808.661	-	-

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

b) Financial Risk Factors(continued)

b.3.1) Currency Risk Management

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 US Dollars 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 Euro against TL:			
4- Euro net assets / liabilities	(1.643.036)	1.643.036	-	-
5- Euro Hedged (-)	-	-	-	-
6- Euro 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 BAE Dirhem against TL:			
10- AED net assets / liabilities	(65.825)	65.825	-	-
11- AED Hedged(-)	-	-	-	-
12- AED Net Effect(10+11)	(65.825)	65.825	-	-
	10% change in BGN against TL:			
13- BGN net assets / liabilities	(1.754.169)	1.754.169	-	-
14- BGN Hedged(-)	-	-	-	-
15- BGN Net Effect(10+11)	(1.754.169)	1.754.169	-	-
TOTAL(3+6+9+12)	(5.003.611)	5.003.611	-	-

Group does not hedge foreign exchange liabilities arising from the operations through the use of derivative financial instruments.

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31. 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

Changes in market interest rates lead to the fact that financial instruments are worth a fair value or fluctuations in future cash flows, the group's need to cope with the risk of interest rate. Risk prevention strategies are assessed regularly to comply with the interest rate expectation and the defined risk. Thus, the creation of the optimal risk prevention strategy, the review of the position of the balance sheet and the interest expenditures to be kept under the control of different interest rates is aimed.

All of the financial obligations of the Group consist of fixed interest loans. Therefore, there is no interest rate risk calculation for interest changes. (31 December 2016: Not available.)

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32. 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 2017	Financial Assets Carried at Fair Value	Credits and Receivables (Cash and Cash Equivalents)	Available for sale Financial Assets	Other Financial Valued at Amortized Cost Value	Book Value	Note
Financial Assets						
Cash and Cash Equivalents	-	56.097.860	-	-	56.097.860	5
Trade Receivables	-	278.157.848	-	-	278.157.848	8,30
Financial Liabilities						
Financial Liabilities	-	-	-	48.554.374	48.554.374	7
Trade Payables	-	-	-	215.440.133	215.440.133	8,30
Other Financial Liabilities	-	-	-	4.782.492	4.782.492	28
31 Aralık 2016						
Financial Assets						
Cash and Cash Equivalents	-	31.689.004	-	-	31.689.004	5
Trade Receivables	-	386.954.900	-	-	386.954.900	8,30
Financial Investments	-	-	46.296	-	46.296	6
Financial Liabilities						
Financial Liabilities	-	-	-	166.331.584	166.331.584	7
Trade Payables	-	-	-	236.899.649	236.899.649	8,30
Other Financial Liabilities	-	-	-	5.252.656	5.252.656	28

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32. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES)
(continued)

Financial Instrument fair values determine as follows;

- First Level: Financial assets and liabilities are valued at the market prices traded on the active market for the same assets and liabilities..
- Second Level: Financial assets and liabilities may be found on the market as a direct or indirect price other than the market price of the relevant asset or liability at the first level is valued from the entries used.
- Third Level: Financial assets and liabilities are valued from inputs that are not based on an observable data in the market used to find the value of the asset or obligation to be true.

The fair value hierarchy of financial assets and level of classification is as follows:

<u>Financial Assets</u>	<u>31.12.2017</u>	<u>The level of the fair value</u> <u>at the reporting date</u>		
		First Level (TL)	Second Level (TL)	Third Level (TL)
Real Estate for Investment	2.470.000	-	-	2.470.000
Total	2.470.000	-	-	2.470.000

<u>Financial Assets</u>	<u>31.12.2016</u>	<u>The level of the fair value</u> <u>at the reporting date</u>		
		First Level (TL)	Second Level (TL)	Third Level (TL)
Available for sale Financial Assets				
- Stocks	46.296	-	-	46.296
Real Estate for Investment	2.280.000			2.280.000
Total	2.326.296	-	-	2.326.296

33. EVENTS AFTER THE REPORTING PERIOD

31.12.2017

None

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