2018
ANEL ELEKTRİK
ANNUAL REPORT

Anel

AnelGroup

CONTENTS


BUSTAN STREET

Dear Business Partners,

We have completed the year 2018 which was a lively year all over the world, with busy agendas. We continued our balanced growth with the projects we have completed and added to our portfolio.

After receiving our first project in Europe, by expanding the geography we served in 2017, we have strengthened our presence in Europe in 2018 and we started to work for our first project in the Netherlands.

We established branch of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. in the Netherlands for the installation, engineering, procurement, testing and commissioning of electrical and mechanical systems of buildings, airports, railways, harbours and industrial facilities, or to participate in companies or business partners doing these activities.

Thereafter, we undertook electrical and mechanical works of the new pier construction within the scope of extension of Schiphol Airport in Amsterdam with the joint venture ABT MEP V.O.F which we established with Ballast Nedam Bouw and TAV Tepe Akfen Investment Construction and Operation Inc.

We continued to work in 2018 with the employer-instructed business increases in the projects of Rayyan Road Doha Qatar, Qatar Rail Red Line South Underground, Qatar Rail Red Line South Elevated and at Grade and Abu Dhabi International Airport Midfield Terminal Building.

At the same time, we have continued our work for the projects of Dubai - I Terminal Building, The University College London Hospital Proton Beam Therapy Center Phase 4 and Barbaros Reserve Bodrum Residences. We have completed our Now Bomonti Office project in Şişli, İstanbul.

With the importance we attach to corporate sustainability and our efforts in this direction, we have been included in BIST Sustainability Index during November 2018 - October 2019 period as a result of evaluations.

In 2019, we plan to complete our ongoing projects successfully and continue our growth in the markets we are in a strong position, while increasing the geography and employer diversity in our portfolio in line with our strategy.

My Warmest and Most Sincere Regards,

Rıdvan Çelikel
Chairman of the Board

ANEL ELEKTRİK AT A GLANCE

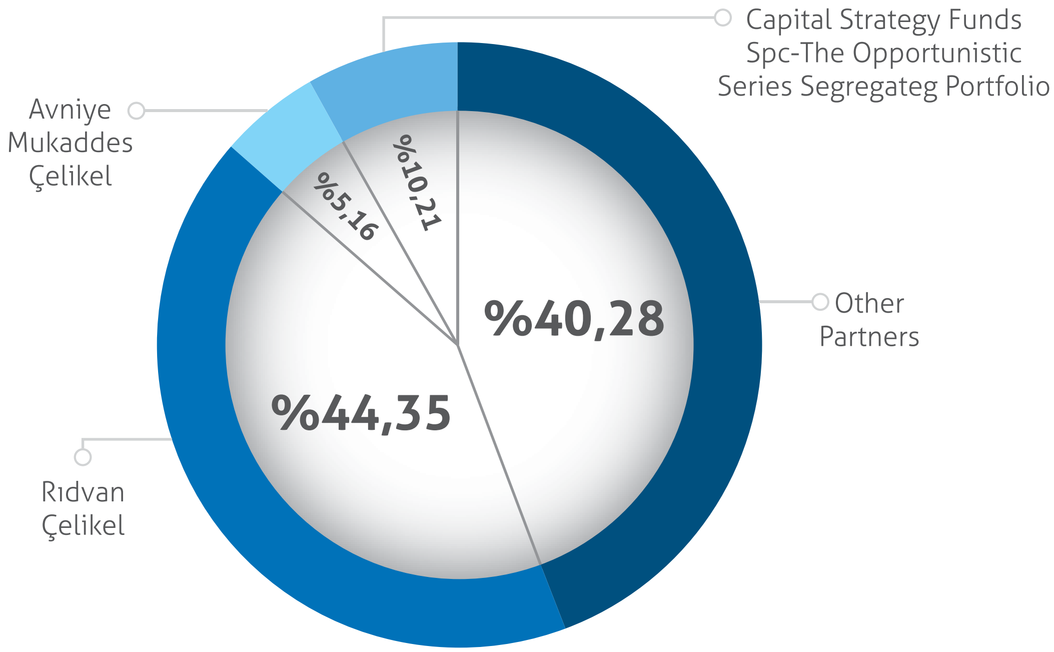
Anel Group was found in 1986, with the establishment of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. In addition to its core business of electromechanical contracting, Anel Group provides solutions in the area of MEP operation & maintenance, renewable energy, recycling, ship electric & electronic systems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

Today with 9 subsidiaries, 3 affiliates and 4 overseas branches, Anel Elektrik which undertakes domestic and international projects, is the biggest company of Anel Group, which is one of Turkey's leading engineering and technology organizations. Following its IPO on June 16th, 2010, Anel Elektrik began traded on Borsa Istanbul under the ticker "ANELE". With a capital of TL 110,000,000, Anel Elektrik's share rate in actual circulation is 38.31% as the date of 11.03.2019.

SHAREHOLDER STRUCTURE

Shareholder's Name Surname	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 Segregateg Portfolio	11,230,862	10.21
Other	44,311,326.43	40.28
Total	110,000,000	100

Prepared according to the information on Public Disclosure Platform dated 11.03.2019.



The Company is in the registered capital system and its registered capital is TL 200,000,000.

SUBSIDIARIES AND AFFILIATES

Commercial Name	Area of Operation	Shareholder Ratio (%)	Shareholder Type
ANEL TELEKOMÜNİKASYON ELEKTRONİK SİSTEMLERİ SAN ve TİC. A.Ş.	Telecommunications and Electronics	24.81	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 Repair	49	Subsidiary
ANEL ENGINEERING & CONTRACTING LTD.	Electromechanical Systems	100	Subsidiary

OUR OBJECTIVE

In 36 sessions, we came together with our 552 colleagues in '' Today for Tomorrow" workshops. We focused on some important questions, received opinions and arranged our objective in the workshops.

Creating change in the world by doing our job in the best way possible, continuously improving upon our engineering techniques, respecting the environment we work in and supporting the works that provide local and social benefit.

ACTIVITIES

Over 30 years of experience

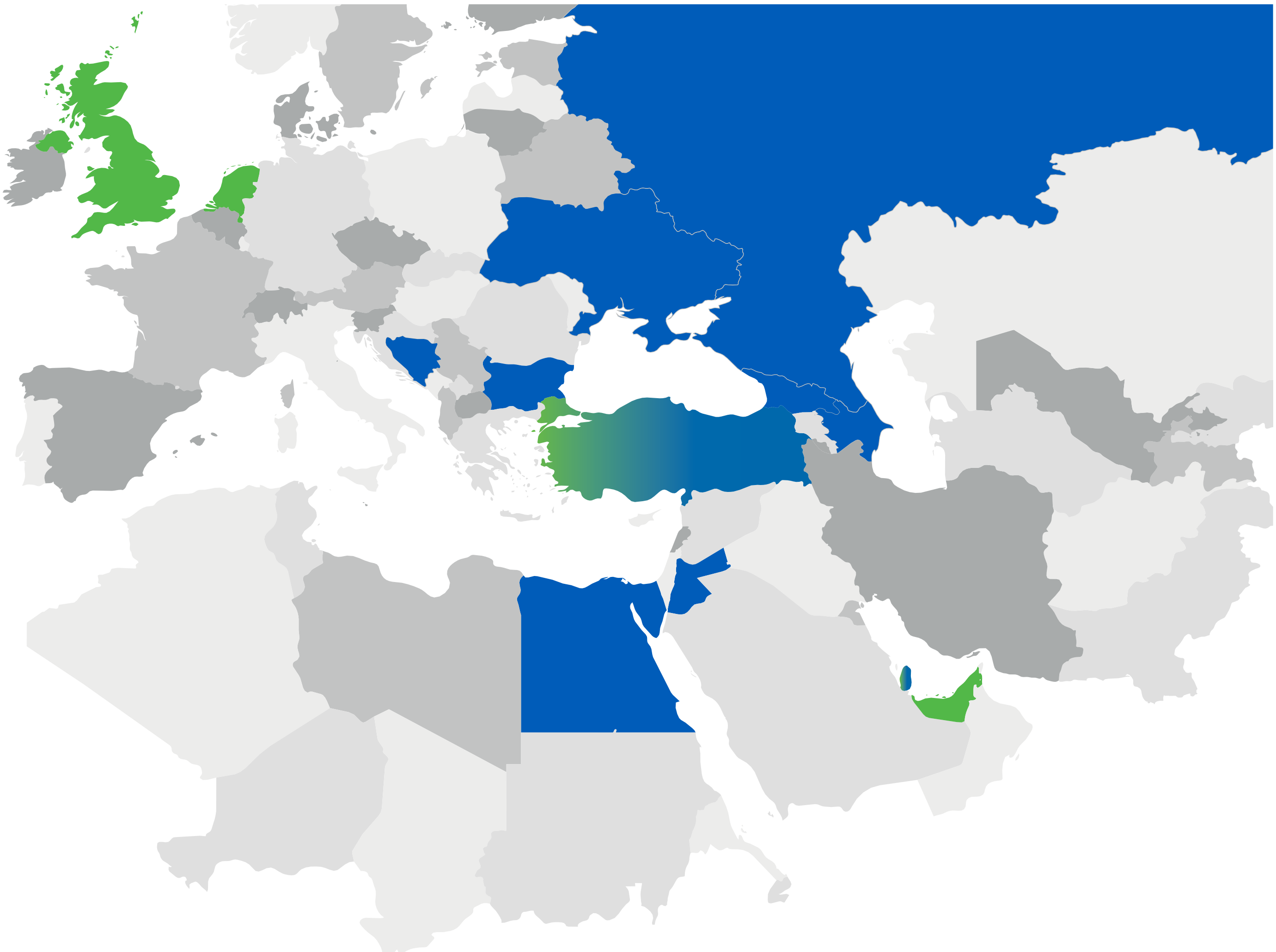
Anel Elektrik, with its experience of over 30 years, has been giving services in the field of electrical and mechanical contracting in Turkey and all over the world, in diverse project types such as airports, stadiums, rail systems, data centers, hospitals, hotels, business centers, shopping malls. To date, more than 200 projects have been realized on bigger than 13 million square meters of areas.

Activity in 14 countries across 3 continents

Anel Elektrik is a Turkish company with the ability to provide electrical and mechanical contracting services simultaneously and participate to international tenders all by itself. Anel Elektrik, which has operated in 14 countries across 3 continents until today, continues its operations in Turkey, the Netherlands, England, Qatar, Abu Dhabi and Dubai as of now.

More than 200 completed projects of diverse types on an area bigger than 13 million m^2

OPERATION MAP



Ongoing Projects

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

Completed projects

- Turkey
- Azerbaijan
- Bulgaria
- Georgia
- Egypt
- Russia
- Ukraine
- Jordan
- Qatar
- Bosnia and Herzegovina

HIGHLIGHTS

1986

Foundation of Anel Elektrik

Darlık Dam:
The First Project

1991

Hürriyet Head Office Building:
Transition to Business Centers with Technological Infrastructure

1999

Istanbul Atatürk International Airport:
Turkey's First International Airport Project

Marriott Tverskaya Hotel:
The First International Project

2003

Foundation of AnelTech

2004

Egypt Cairo Airport Terminal 3:
The First International Airport Project

2006

MİLGEM Project

2007

Hamad International Airport

2010

Anel Elektrik's Public Offering

Nicosia Solar Power Plant:
The First Solar Power Plant in Cyprus

2011

Dimitrovgrad-Troyanovo-Chirpan Solar Power Plants:
The First Turkish Solar Power Project Which Was Installed and Invested in Europe

Marmaray BC1:
The World's Deepest Submerged Tube Project

2012

BP Head Office:
The First Project in Baku

2013

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

Baku Olympic Stadium:
The First Stadium Project

2015

DP World Yarımca Container Terminal:
The First Port Project

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

2016

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

2017

The University College London Hospital Proton Beam Therapy Center Phase 4:
The First Project in the UK

2018

Amsterdam Schiphol Airport Pier A Airside:
The First Project in the Netherlands

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
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. 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 Digiturk, 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.

COMMITTEES

In 2018, activities of existing Audit, Early Detection of Risk, Corporate Governance, Remuneration Committees and Candidate Nomination Committee, which is under the supervision of the Corporate Governance Committee, were continued.

As the structure of our Company's current Board of Directors, the chairmanship of all the committees are carried out by the 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	Name Surname	Position
Chairman	Prof.Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member
Member	Semra Çağlar (*)	Manager

(*) Semra Çağlar resigned from her position on 18.12.2018.

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

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

MANAGERS

Name Surname	Title	Experience
Adnan Ek	Financial Affairs Group Manager	31 Years
Cem Özşen	Financial Affairs and Finance Director	29 Years
Mustafa Parapan	Asian and European Regions Contracting Projects Deputy General Manager	24 Years
Nesrin Bayraktar	Human Resources and Corporate Communications Director	18 Years
Semra Çağlar (*)	Corporate Governance Committee Member	13 Years
Tolga Tutum	Middle East and Africa Regions Contracting Projects Deputy General Manager	22 Years
Zafer Genç (*)	Project Coordinator	31 Years

(*) Semra Çağlar resigned from her position on 18.12.2018 and Zafer Genç resigned on 08.03.2018.

“

Employee Information

*The number of employees on 31.12.2018 is **3.079**. Collective agreement application is not available in Anel Elektrik; our employees are provided with all rights and benefits within the framework of Labor Law*

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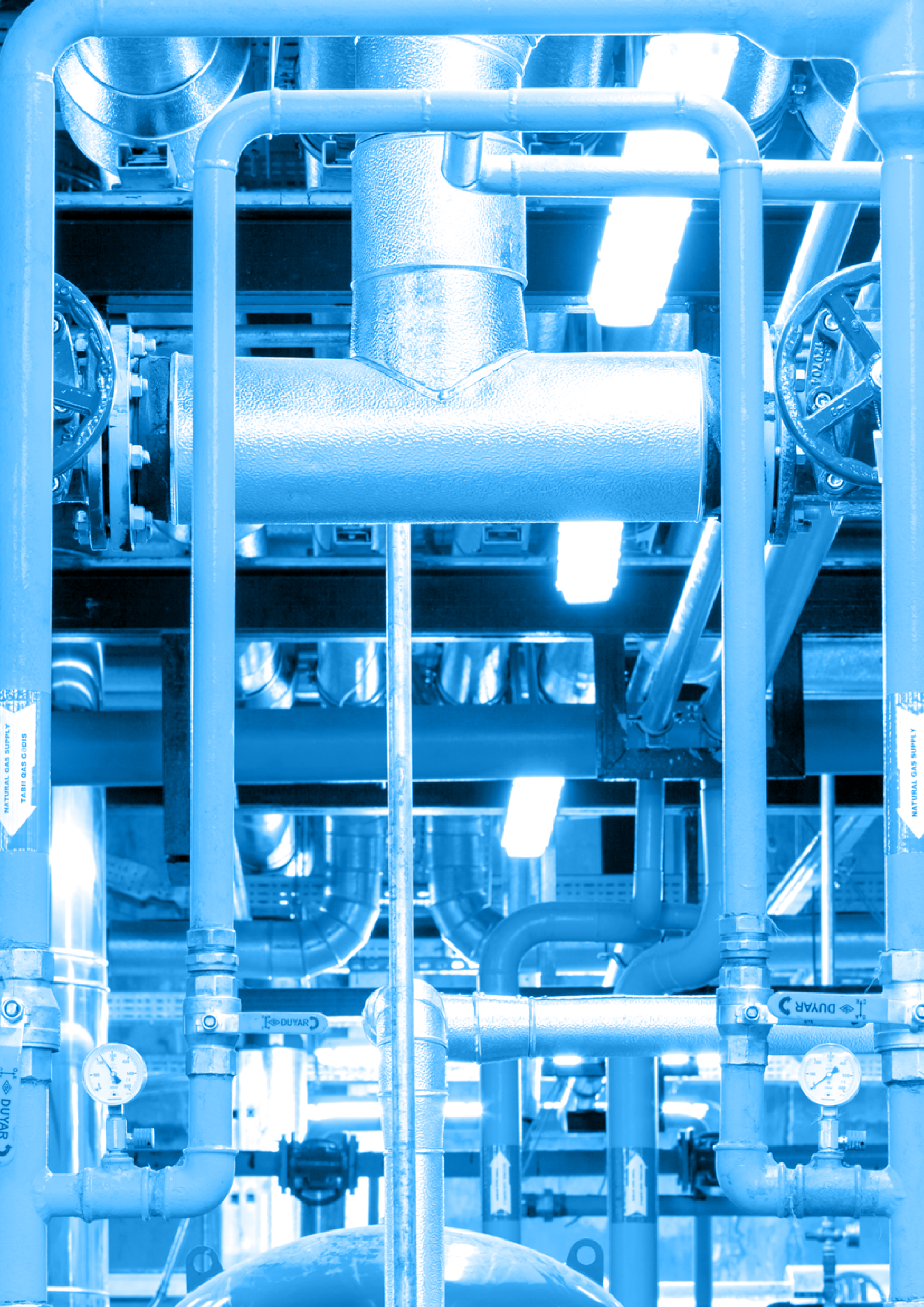
DOMESTIC PROJECTS

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

Project Type	: Hotel
Scope of Work	: Electrical and Mechanical
Total Area	: 11,000 m^2
Project Launch - Completion	: 2017-2018
Main Contractor	: Sera Yapı Endüstri ve Tic. A.Ş.
Employer	: Peska Turizm Yatırım A.Ş.

Now Bomonti Office (İstanbul, Turkey)

Project Type	: Commercial
Scope of Work	: Electrical
Total Area	: 41,600 m^2
Project Launch - Completion	: 2016-2018
Employer	: NOW Gayrimenkul A.Ş.


NATURAL GAS SUPPLY
DUYAR
DUYAR
DUYAR
NATURAL GAS SUPPLY

ABROAD PROJECTS

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

Project Type	: Health Facility
Scope of Work	: Electrical and Mechanical
Total Area	: 33,270 m^2
Project Launch-Completion	: 2018-2020
Main Contractor	: BOUYGUES UK
Employer	: University College London Hospitals NHS Foundation Trust

Amsterdam Schiphol Airport Pier A Airside (Amsterdam, The Netherlands)

Project Type	: Transportation
Scope of Work	: Electrical and Mechanical
Total Area	: 55,000 m^2
Project Launch-Completion	: 2018 - ongoing
Main Contractor	: Ballast Nedam-TAV Joint Venture (BN-TAV JV)
MEP Contractor	: Anel-Ballast Nedam-TAV JV (ABT MEP VOF)
Employer	: Schiphol Nederland BV

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

Project Type	: Commercial
Scope of Work	: Electrical and Mechanical
Total Area	: 10,000 m^2
Project Launch-Completion	: 2016-2019
Main Contractor	: Hyundai Engineering and Construction Co. Ltd.
Employer	: MERAAS Development

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

Project Type	: Transportation
Scope of Work	: Electrical
Total Area	: 730,000 m^2
Project Launch-Completion	: 2012-2019
Main Contractor	: TCA JV (TAV/CCC/Arabtec Joint Venture)
Employer	: ADAC

Qatar Rail Green Line Stabling Yard (Doha, Qatar)

Project Type	: Transportation
Scope of Work	: Electrical and Mechanical
Total Area	: 180,000 m^2
Project Launch-Completion	: 2017-2019
Contractor	: Fujita Corporation
Main Contractor	: MMHKT JV (Mitsubishi Heavy Ind. Ltd.-Mitsubishi Corporation-Hitachi-Kinkisharyo-Thales)
Employer	: Qatar Rail Company

Qatar Rail Red Line South Underground - Metro (Doha, Qatar)

Project Type	: Transportation
Scope of Work	: Electrical and Mechanical
Total Line Length and Area	: 34.5 km and 5 stations (146,545 m^2)
Project Launch-Completion	: 2015-2019
Main Contractor	: QDVC-GS E&C-Al Darwish Eng. JV
Employer	: Qatar Rail Company

Al Rayyan Road Construction (Doha,Qatar)

Project Type	: Transportation
Scope of Work	: Mechanical
Total Length	: 10.7 km
Project Launch-Completion	: 2014-2019
Main Contractor	: Doğuş Onur JV
Employer	: Public Works Authority - Ashghal

Qatar Rail Red Line South Elevated and At Grade - Metro (Doha, Qatar)

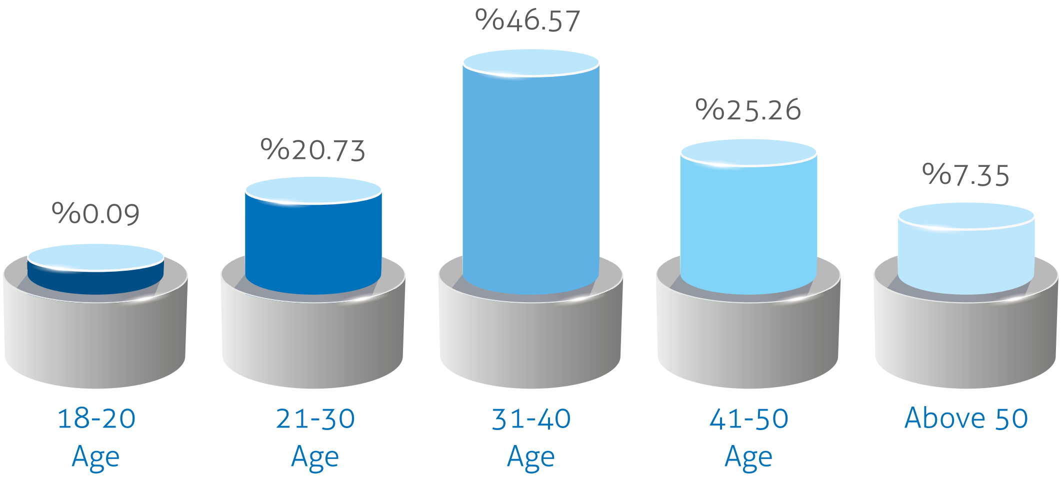
Project Type	: Transportation
Scope of Work	: Electrical and Mechanical
Total Area	: 40,346 m^2
Project Launch-Completion	: 2016-2018
Main Contractor	: FCC-Yüksel - Archirodon Petroserv JV
Employer	: Qatar Rail Company


RIDGID

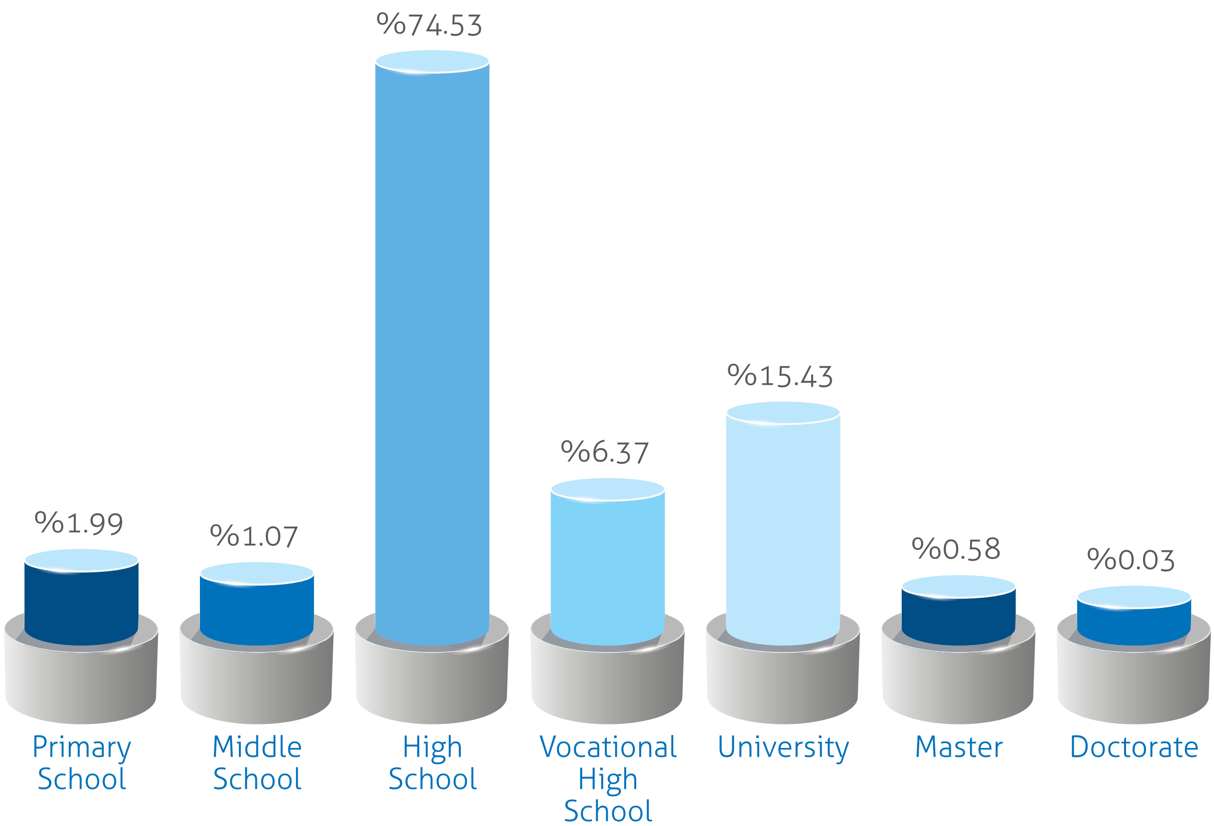
OUR TEAM

We strive to create positive value in all areas where we operate by establishing sustainable relationships with our reliable and high quality service approach. We owe our success to being a big team that continuously develops, follows innovations and creates value in society through volunteering activities as well as projects.

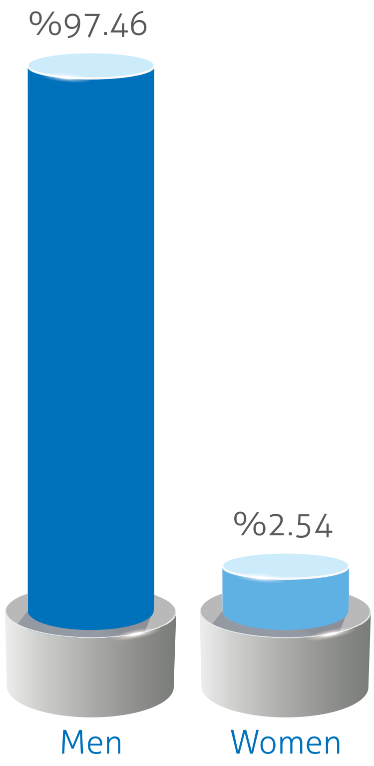
Age Distribution



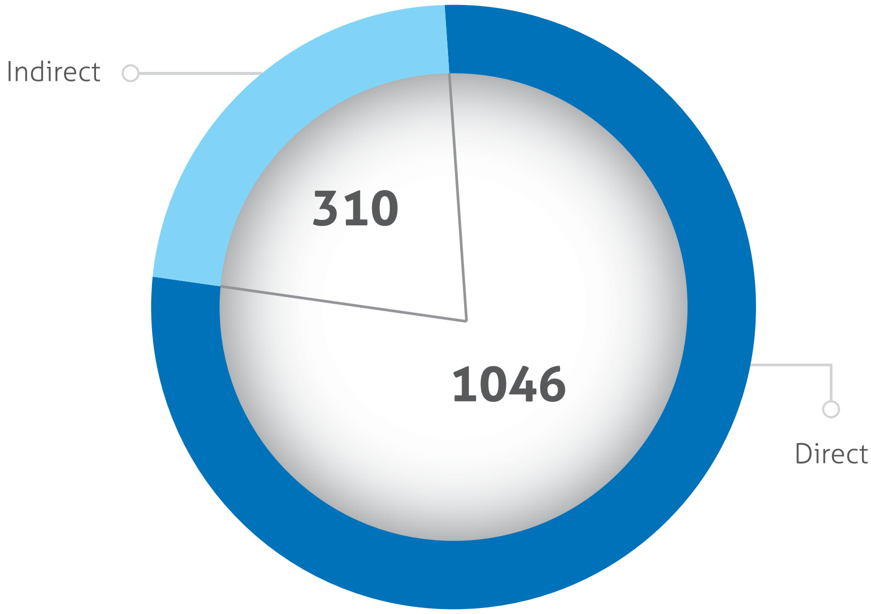
Education



Gender Distribution



This year we received more than 20,000 applications. As we have provided 99.40% return to all candidates and our return duration is approximately 1 week, we have been awarded with the "Respect for Human Award" at the Human Resources Summit held by Kariyer.net this year as in previous years.



This year we have employed a total of

1356

people.

758 of our colleagues with high performance continued to work in other projects at the end of their previous projects.

We celebrated our togetherness

While welcoming the new year, we held ceremonies in Abu Dhabi, Qatar and Turkey, and gave seniority awards to 52 of our colleagues, who completed their 10th, 20th and 30th years in the Company.

2018 OVERVIEW

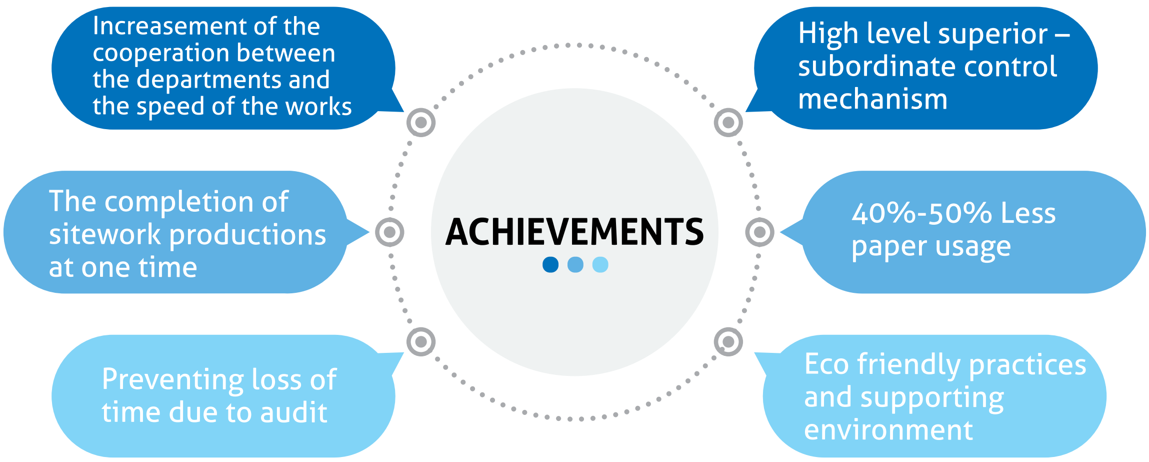
We Improve Our Processes

In order to improve our engineering and business processes, we determined our Digitalization Roadmap up to 2020 according to the data we obtained through our internal Digitalization Survey.

We launched our website *www.anelgroup.com* with the new look, content and new features, making it much more user-friendly and practical. In addition, we launched our new career page; 'Life In Anel' where we can reflect our working culture and receive job applications from the candidates. Based on the new extension of our website, we activated anelgroup.com e-mails and started to update the e-mail addresses of our colleagues.

We Launched BIM 360 Pilot Project

Our BIM Committee has planned the BIM 360 pilot project to implement the planned applications and to utilize BIM in our company in the future. The project started in March 2018 and 65% of the pilot project targets were achieved successfully during the year.



We Established Supplier Evaluation System

We are now able to perform the supplier evaluation process quickly and easily in a digital environment with the new system we have established.

We evaluate our suppliers through the criteria of negotiation, cost, quality, logistics and technology. According to the results of the evaluation, we determine the areas of the suppliers that are open to development and demand improvement from the companies.

Our SAP ERP Activities

We worked on our SAP system, which enables us to conduct the information security effectiveness, authorization matrixes, logging infrastructure, traceability and many more details at international standards since 2011:

e-Archive: Within the scope of e-archive integration project, we ensured that the invoices, which are excluded from the e-invoice system, are processed to the systems of Chair of Revenues quickly and safely in certain periods.

SAP BO Human Resources Reports: We ensured that the planned and actual values of Indirect Labor are monitored through SAP BO (Business Objects) Management Reports.

Software and Applications We Commissioned and Developed

01 Process Management System Integration Works

02 Business Development System, Pre-Approval Form Module

03 Corporate CV Application Staff Termination and Intern Module

04 Revit File Import / Export Module

05 Subcontractor Evaluation Surveys Infrastructure Renewal

06 Server Backup Mobile Tracking Application

07 PowerBI Infrastructured IT Notification Report

08 SAP Project Inventories Report

09 Service Evaluation Forms

We Strengthened Our Infrastructure

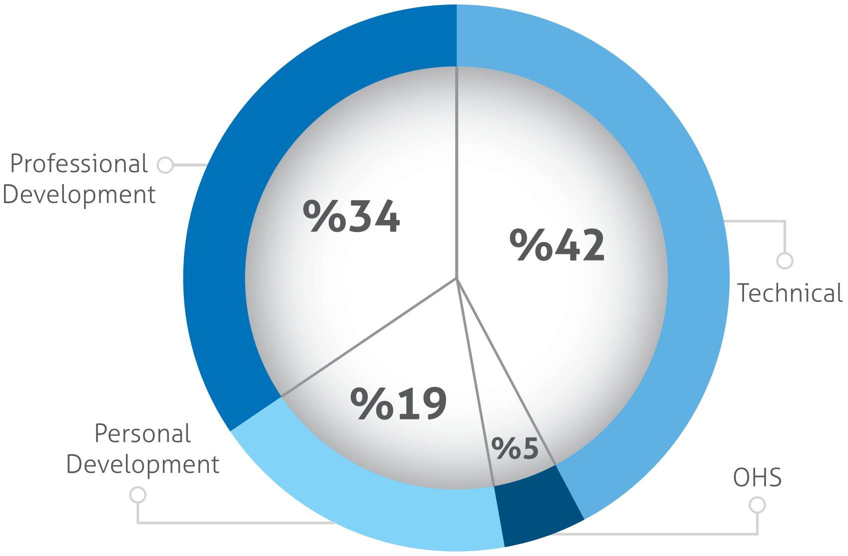
- We provided information security and backup system by moving the project files, that are considered as archieves, from the physical environment to the cloud environment.
- We made direct connections from Qatar head office and London office to the central office through the fiber infrastructure.
- We enabled Microsoft System Center applications to provide centralized management and reporting of server and end-user devices.
- We organized the backup infrastructure of our projects in Turkey, Qatar, Abu Dhabi and London and imported to Veeam technology infrastructure.
- We renewed our server backup and database backup policies.
- We completed the physical server improvement works with 10 server exchanges and backup infrastructure changes and updates.
- We moved AnelMarin office's system room infrastructure to the new office and organized the audio, server and data infrastructure.

Development and Progress

Based on the feedback from our colleagues, we updated our competencies and questions in the 360 Behavioral Competency Assessment system with our Performance Committee. In order to achieve more objective and clear results when evaluating, we also added expected behavior indicators in all competencies to the system. Our new behavioral competencies consist of 4 main and 10 sub-competences.

We share the trainings prepared by our internal experts as both online and classroom trainings. Besides technical trainings, we continue to increase personal and professional development trainings in our e-learning platform AnelAkademi.

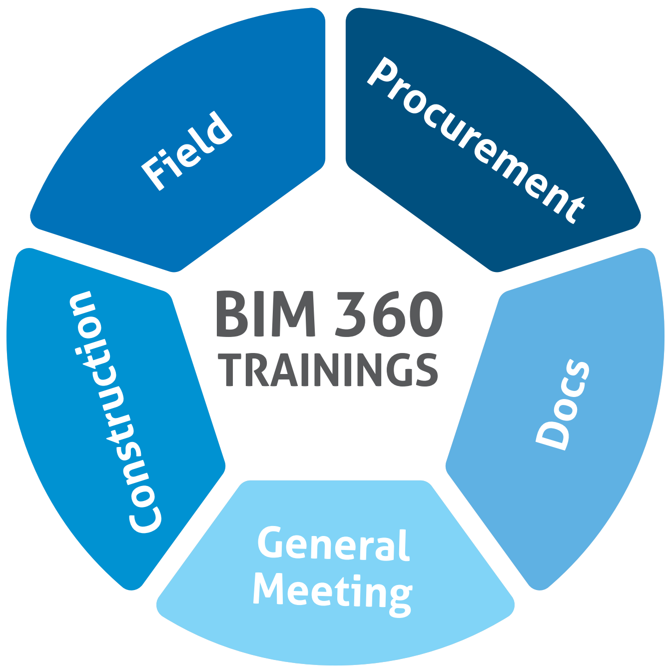
Distribution of Trainings



Hours of Training per person:
7.91

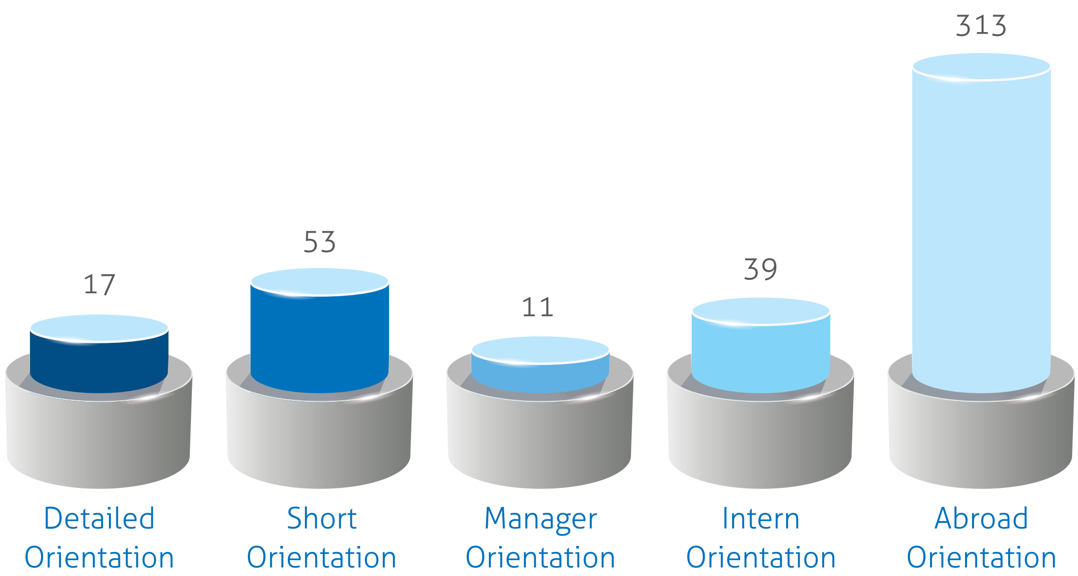
Total training hours:
7,002

Number of training participants:
885



We conducted our orientation process in the form of general orientation, trainee orientation focusing on the dynamics of the business world and management orientation planned according to the field of work.

Number of Participants of Orientation Trainings

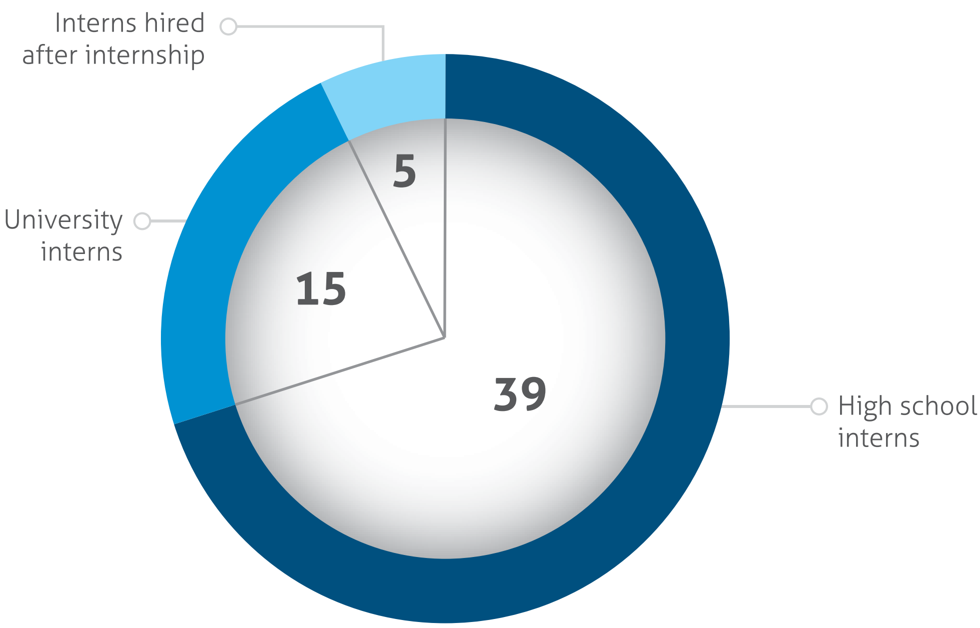


We organized 11 trainings with a total of 122 participants, which were organized jointly with our suppliers, focusing on technical and personal development.

Intern and New Graduate Program

We started to implement Intern and New Graduate Program in order to support the development of young people, for taking responsibility today and in the future, creating innovative solutions together, contributing positively to society and creating value on the basis of respect for people and nature. We have developed the Program, which is specially designed for new graduates and high school & university interns in two different ways, under the supervision of Çelikel Education Foundation.

Interns



"Zero Accident" Ideal

We aim to create a safer and healthier business environment for all our employees, customers and suppliers with an understanding that prioritizes respect for human and nature; to reach "Zero Accident " ideal.

In order to achieve this goal, we have been awarded with Silver Award in the evaluation of the Best Occupational Health and Safety practices organized by the British organization RoSPA (Royal Society for Prevention of Accidents), which aims safety and to prevent accidents in project applications worldwide. The RoSPA Silver Award demonstrates that we have achieved a high level of performance by adopting good management systems that provide continuous improvement and work towards the level of excellence.

We said "Occupational Health and Safety Comes First" to
313,694
colleagues

For the year 2018, we provided occupational health and safety training program for buildings where we give operation and maintenance services and our construction sites in Turkey. We gave 16-hour safety trainings and certified our participant colleagues. We organized our trainings in the form of internal classroom trainings, distance education and outsourced trainings. While performing external trainings on various occupational safety issues, internal safety trainings were provided by Occupational Safety Specialists and Occupational Physicians.

In addition to the trainings, we made efforts to raise awareness by sharing informative contents on occupational safety and health issues with our colleagues every month through Yammer; one of our internal communication platforms.

7,259
On-the-job (toolbox trainings)

1,898
Outsourced Trainings

314
Internal Classroom Trainings

Training Subject	Number of Participants
Basic Occupational Safety Training	308
Basic Occupational Health Training	45
Risk Analysis Training	168
Hygiene and Ergonomics Training	195
Occupational Safety Training for Electrical Work	204
Occupational Diseases Training	193
Occupational Safety Training for Works at Height	190
Basic First Aid Training	195
Emergency Team Training	69
Labeling - Locking Training (LOTO)	25
Certified First Helper	25
Tool-box Training	312,077

We conducted risk assessments for all office, operation and maintenance teams and construction sites, and organized risk assessments to ensure that existing risk assessments were organized. We made internal audits to check whether the occupational health and safety practices specified in the procedures were carried out in the buildings where we provide operation maintenance services and construction sites. OHS and environmental site inspection reports were arranged on a weekly basis by our Occupational Safety Specialists.

We evaluated the subcontractors' work safety practices in all construction sites through our Anel'IN portal.

We implemented our Ordinary Occupational Safety Committee Meetings in Anel Business Center on a monthly basis and implemented our decisions.

In October, we carried out an emergency drill in Anel Business Center with the participation of 1,100 people from all tenants and 120 Anel employees. Anel employees were safely gathered in emergency gathering areas by evacuating the building in 4 minutes. In order to increase our respect and sensitivity to the environment, we also carried out our environmental exercises. Our operation maintenance teams also participated in the exercises organized by the employer.

According to the hazard classes, we carried out the work safety and occupational physician appointments via OHS-Clerk according to the number of employees of all office, operation maintenance and construction sites and followed them up to date. We ensured that all subcontractors have also implemented this application. We continued to work with 94 Occupational Safety Engineers, Occupational Safety Specialists and 24 Workplace Physicians.

Total Working Hours (person hours) **15,456,569.25**	Number of Occupational Accidents **1**	Number of Missing Days **2**
Fatal Accident **0**	Accident Severity Rate **0.0001**	Accident Frequency Rate **0.0647**

WE ARE RESPONSIBLE FOR NATURE

While we produce value, we work to protect natural resources, to minimize the possible negative effects to the environment, to protect natural resources and to act in line with our Environmental Policy in accordance with all applicable laws and regulations.

Electricity & Energy Saving

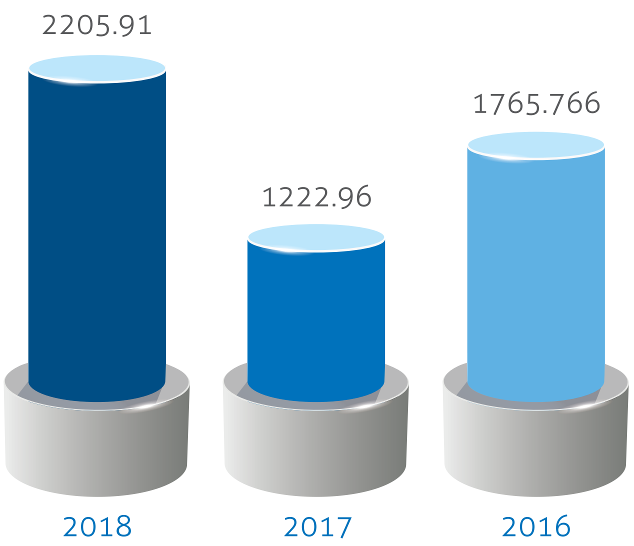
At Anel Business Center, we save energy by turning off the lights automatically at noon to reduce electricity consumption.

We Calculate Our Carbon Footprint

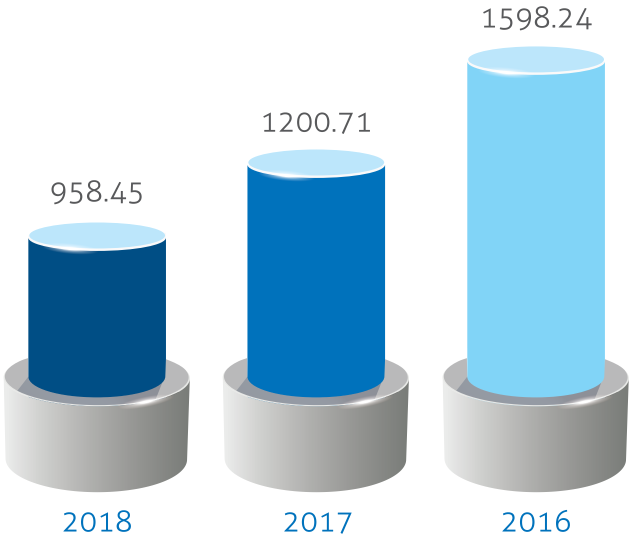
We calculate the amount of carbon emissions based on flight values, natural resource consumption and fuel consumption.

We follow the carbon emission value as an important indicator in the strategic plan by comparing it to the annual turnover. In order to balance the carbon we have calculated, we have created commemorative forests in Balıkesir and Çanakkale in recent years by cooperating with TEMA. This year, 6,121 saplings were planted in Gaziantep to create a "Hope Forest".

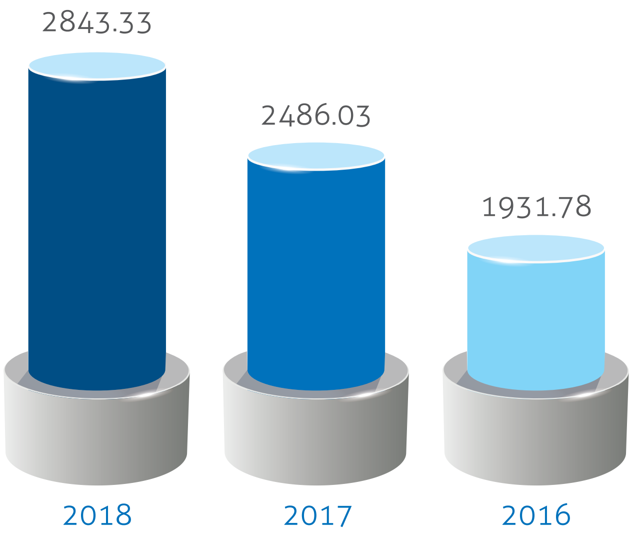
Carbon Emissions Resulting From Flights (ton / year)



Carbon Emission Resulting from Natural Resource Consumption (Electricity, Natural Gas) (ton / year)



Carbon Emission Resulting from Fuel Consumption (Diesel, Gasoline) (ton / year)



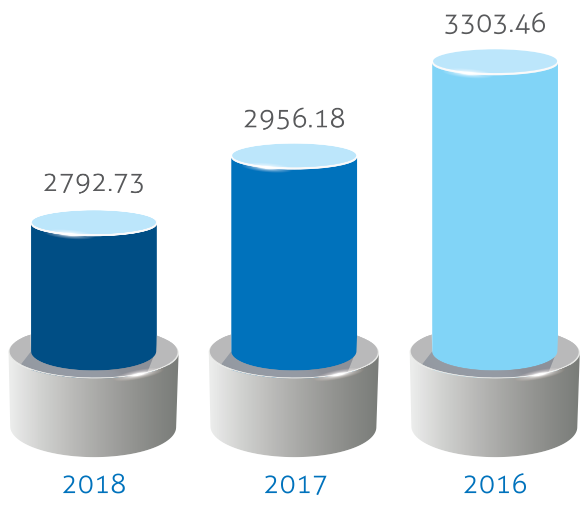
We are Included in The BIST Sustainability Index

We became one of the 50 companies that entered the BIST Sustainability Index that evaluates best performing companies in terms of corporate sustainability.

BIST Sustainability Index aims to guide companies in the process of policy formulation regarding risks in environmental, social and corporate governance, and to communicate information on sustainability policies of the companies to responsible investors. The index evaluates the companies in terms of environment, climate change, biodiversity, human rights, board structure, anti-bribery, supply chain, occupational health and safety criteria.

Despite the ever-increasing energy demand, global warming, environmental pollution and sustainability problems created by conventional energy sources lead alternative energy explorations to renewable energy sources. Our country has a great potential in terms of all renewable energy sources, especially the solar energy. By assessing this potential, we reduce our electricity consumption by transforming solar energy into electrical energy as an environmentally friendly, reliable and sustainable resource. We provide 1/3 of the energy needs of our central building and indoor lighting with solar panels on the roof and terrace of our building. We also ensure energy efficiency by automatically turning off the lights at noon and outside working hours.

Carbon Emission Prevented by Solar Power Panels * (ton / year)



** Calculations were based on the production of solar panels installed in Bulgaria and Anel Business Center.*

We have recycled ***61,008 kg*** *of Wastes*

The primary objective is to prevent the generation of waste at its source, to produce less waste and to recycle them.

In 2018, we disposed of our wastes by working with licensed recycling companies.

Mixed Packaging Wastes (glass, paper, plastic, metal, wood)	30716 kg
Hazardous Wastes (contaminated wastes, toners, paint boxes...etc.)	4113 kg
Electronical Wastes (electronical waste and cables)	4231 kg
Medical Wastes	36 kg
Battery	97 kg
Mixed Metals	21815 kg
Waste Oils	145310 lt

While conducting our activities for our environment, we made our colleagues conscious through our trainings on Environmental Awareness, Natural Resource Consumption and Recycling (3R) through our AnelAkademi e-learning platform.

We have expanded our internal auditor team with ISO 14001: 2015 Environmental Management Systems and Internal Auditor Trainings.

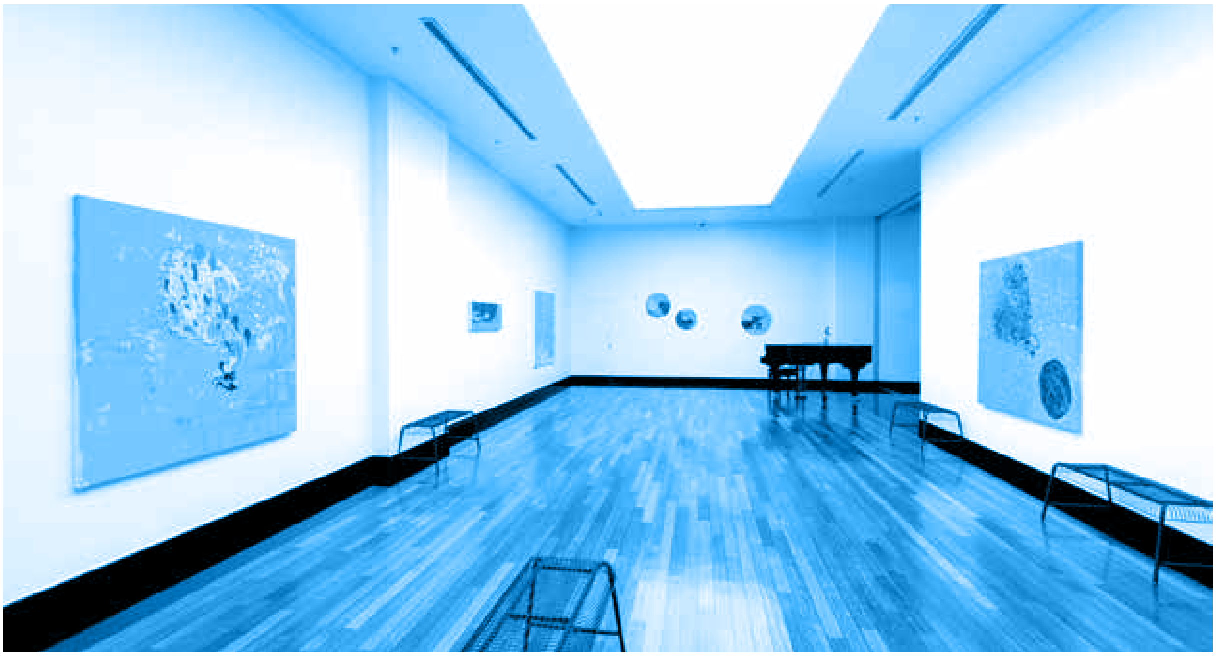
WE SUPPORT ART AND YOUNG ARTISTS

With Galeri 5, at the entrance of Anel Business Center, we have been organizing exhibitions in different art branches and contributing to the development of art, as well as offering young artists the opportunity to show their talents.

In 2018, we continued our live music performances with young artists at Anel Business Center, which we started in the past years. Concerts are a source of income for young artists, but also offer them the opportunity to show their talents.

Exhibitions this year

- Sketch
- Now and Here
- Silently



VOLUNTEERING IN ANEL

Founded by Rıdvan Çelikel in 2007, Çelikel Education Foundation aims to contribute to the human rights based development of our country, to become a country full of people with international successes, self-confidence and also consciousness of their limits. To this end, it develops and implements programs aimed at increasing the quality of education in order to contribute to the education of creative, responsible people who are self-aware and can be evaluated on the basis of their value knowledge.

As previous years, our colleagues continued to support the programs of Çelikel Education Foundation in 2018 as well. In 2018, 15.63% of the volunteers of Çelikel Education Foundation were Anel employees.

We worked for the youth for
932 Hours

681 hours
Mentorship Program

151 hours
Assessing Authority

100 hours
Organization Committee

Our colleagues attended to Vodafone 40th Istanbul Marathon to raise awareness for autism and to provide education scholarships to children with autism who study at Tohum Autism Foundation. Our running team provided one-year-education support to one autistic child with donations.

FINANCIAL INFORMATION

As a result of the operations carried out in 2018, the revenue was TL 1,354,477,385, while the net profit was TL 16,952,080.

Summary Income Statement	31.12.2018	31.12.2017
Sales	1,354,477,385	1,015,757,257
Gross Profit	5,462,109	106,241,557
Operating Profit / Loss	2,557,408	72,261,473
Net Profit / Loss	16,952,080	70,036,425

Summary Balance Sheet	31.12.2018	31.12.2017
Current Assets	932,249,504	800,896,409
Non-current Assets	180,496,692	134,068,573
Total Asset	1,112,746,196	934,964,982
Short Term Liabilities	581,506,332	503,505,566
Long Term Liabilities	54,869,882	40,155,032
Total Liabilities	636,376,214	543,660,598
Equity Capital	476,369,982	391,304,384
Total Assests	1,112,746,196	934,964,982

DEVELOPMENTS AFTER THE TERM

- Aynur Zorer, who has Capital Markets Activities Level 3 License, started working as of 09.01.2019 as the Manager of Investor Relations Department. Aynur Zorer is also a member of the Corporate Governance Committee as of 09.01.2019.

- The offer given by our company regarding the construction of the Salı Pazarı Port - Salı Pazarı and Package Post Office Electrical and Mechanical Works within the scope of the Galataport Project in Beyoğlu District of İstanbul Province, was accepted by GALATAPORT İSTANBUL LİMAN İŞLETMECİLİĞİ VE YATIRIMLARI A.Ş., and this was announced to our company with a letter of intent and shared with the public and investors with a statement dated 10.01.2019. The negotiations on the articles of association governing the execution of the said business by our company have been completed and signed on 15.02.2019 between the parties.

  The sum of the works to be performed within the scope of the contract is divided into three sections according to the nature of the works and is determined as TL 90,984,212.99, USD 12,628,677.11 and Euro 9,009,080.79.

  The project is planned to be completed by the end of the second quarter of 2020.

- The procedure for the case opened by Acredo Technology BV against our Company, which was filed on 19.10.2017, continues and the next hearing date is determined as 04.04.2019.

- A case was opened for damages arising from the contract by the investors of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom), one of the participations of our company, against our company and members of the Board of Directors in the 4th Commercial Court of First Instance of Istanbul with the file No. 2019/15 E.

- According to the share purchase notification published in Public Disclosure Platform dated March 5, 2019; 250,000 transactions were purchased from the price range of 1.8774 on 1 March 2019 by LGIP Funds - Opportunistic Series and the shares increased from 9.98% to 10.21%.

OTHER INFORMATION

Company Name	:	Anel Elektrik Proje Taahhüt ve Ticaret A.Ş.
Address	:	Saray Mah. Site Yolu Caddesi Anel Business Center No : 5 / 4 Ümraniye / İSTANBUL
Trade Registry Office	:	İstanbul
Trade Registry Number	:	222590
Date of Registry	:	12.03.1986
Website	:	www.anelgroup.com

Remuneration Policy

The remuneration of the members of the Board of Directors and Senior Managers in our Company is made according to the "Remuneration Principles of Members of the Board of Directors and Senior Managers" approved by the Board of Directors on 12.04.2012 and the purpose of these principles is to apply the remuneration practices within the scope and structure of the Company's activities with the relevant legislation; long-term goals and strategies, ethical values; to ensure that they are planned and executed in order to be compatible with the internal balances. The relevant principles are provided on the company website.

Voting Rights

The General Assembly Meetings and the quorum at this meeting are subject to the provisions of the Turkish Commercial Code. Our Company's shares are divided into Group A and Group B shares. Group A shares have privileges. At the General Assembly Meetings, a share of group A has two (2) and Group share B 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 was no change in the Company's articles of association in 2018.

Additional Information

In the period 01.01.2018 –31.12.2018,

- Research and development expenditure was not realized.
- The Company did not acquire its own shares.
- No special audits were conducted in our Company except for the independent audits conducted in accordance with the provisions of the legislation.

- 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.
- As a result of the examination by the Capital Markets Board regarding transfer of shares, providing management control of our subsidiary; Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom), to Acredo Technology BV (Acredo), administrative fines have been imposed on the company due to practices contrary to the provisions of the Communiqué on Material Events II-15.1 and Special Conditions. (Bulletin of Capital Markets Board dated 20.09.2018, numbered 2018-40).
- Donation and aid amounting to TL 733,010 has been made.
- No incentives were used.
- No capital increase was made.
- No Extraordinary General Assembly was convened in the relevant period.
- Our subsidiary Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş., decided to apply to the Capital Markets Board in accordance with the provisions of the Communiqué on the Procurement Notification numbered (II-26.1) in order to collect a part of our Group B shares that are not in our company portfolio through voluntary call.

RISK MANAGEMENT

Early Detection of Risk Committee

The Early Detection of Risk Committee, which reports to the Board of Directors, provides recommendations for monitoring the risks and developing the policies necessary for the execution of the risk management processes.

Early Detection of Risk Committee has been formed to,

- Establish effective internal control systems to define, evaluate, monitor and manage the risk factors that may affect the achievement of the targets,
- Integrate risk management and internal control systems to the corporate structure and monitor its effectiveness,
- Measure and report the risk factors and use 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 on Borsa Istanbul since 16.06.2010. The issued capital of the Company is TL 110,000,000 and each share certificate includes 110,000,000 shares with a nominal value of TL 1. Our company, traded on Borsa İstanbul A.Ş under the code ANELE, has a market value of TL 178,200,000 as of 31.12.2018.

Share Code	2018 Closing Price (TL)	2018 Highest Price (TL)	2018 Lowest Price (TL)
ANELE	1.62	1.64	1.56

Anel Elektrik news and financial data are available on the Company's website or you can get information from the Investor Relations Department through the contact information given below.

Phone : +90 (216) 636 20 00

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

Fax : +90 (212) 636 25 00

Website : www.anelgroup.com

This report, contains important developments during and after the period. All information and reports related to Anel Elektrik can be found on www.anelgroup.com in Investor Relations section.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş

2018 Corporate Governance Principles Compliance Report

1. Declaration of Corporate Governance Principles Compliance

Our company aims to ensure that corporate governance is dominated by all aspects in the management of the company, thereby creating value for company shareholders, employees, stakeholders, environment and society.

Based on this understanding, we aim to provide maximum benefit to both our Company and our stakeholders regarding our relations with shareholders in accordance with our principles of transparency, reliability, accountability and honesty.

Our company's management is within the principles of Corporate Governance No. (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.), which is published by the Capital Markets Board.

In the activity period between 01.01.2018 - 31.12.2018 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.

PART I – SHAREHOLDERS

2. Unit for Relations with Shareholders

Our Company has Investor Relations Department that has been operating since the day we went public. The department works under the management of Cem Özşen; The Director of Financial Affairs and Finance, and the Corporate Governance Committee, reports the information regarding the activities in terms of duties in the Corporate Governance Communiqué to the Committee at the Corporate Governance Committee meetings during the year. The relevant information is also communicated to the Board of Directors with the minutes of committee decisions. Information about the Investor Relations Department is given below.

Aynur Zorer
Investor Relations Manager
She holds CMB Level 3 License.

Zeynep Yıldırım
Accounting Officer - Investor Relations Department Member
She does not have any license certificate.

Phone : +90 216 636 22 30
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. Exercise of Shareholders' Rights to Obtain Information

In order to enable shareholders to have easy access to information about our Company, the information required for the website in the Corporate Governance Principles has been made available to the shareholders on the Company's website under the heading of investor relations. It is the responsibility of the Investor Relations Department to update and monitor the information on the Internet.

In the framework of the principle of equality without any discrimination, the verbal and written questions directed to the Investor Relations Department are responded as soon as possible, provided that it's not a confidential business information or an information that has not been disclosed to the public yet.

Regarding the regulation of the request for the appointment of a special auditor, which is included in the Corporate Governance Principles, there is no regulation in the articles of association of the company and the provisions of the applicable legislation are applied. No special auditors were appointed during the year.

4. Information on the General Assembly

Ordinary General Assembly Meeting realized in 2018 at the company's headquarters on 26.09.2018, with the participation of a total 110,000,000 shares corresponding to the company's capital amounting to TL 110,000,000, 22,188,841 to Group A by proxy and 2,272,935 pieces equivalent to 56,819,032 Group B capital, 57,707,776 pieces by proxy and 19,027,162 pieces electronically, total 79,007,873 with 71,82% quorum. In addition, there was no General Assembly meeting during the year. Ordinary General Assembly Meeting announcements were made on 04.09.2018 in Turkey Trade Registry Gazette before the date of the General Assembly, on 30.08.2018 in the Ortadoğu and Hürses Newspapers that are being published throughout Turkey, the Public Disclosure Platform on 28.08.2018, on the Central Registry Agency Electronic General Meeting System and on our company's website. There was no participation to our meeting from the press.

Attention was paid to make the General Assembly announcements through early and various channels in order to facilitate the participation of shareholders and not to cause inequality among the shareholders. Before the General Assembly, the disclosure document containing detailed explanations on the items on the agenda, the sample of power of attorney, the proposal of dividend distribution are publicly disclosed through the Public Disclosure

Platform, as well as the information document containing detailed explanations on the items on the agenda, the example of power of attorney, the proposal for profit distribution, annual activity reports, financial statements and reports were made available to the shareholders at the Company's headquarters, the E-General Assembly system of the Central Registry Agency and on our company's website.

All of the shares representing the issued capital of our Company are bearer shares and all of these shares are dematerialized. In this context, meeting invitation was announced, in the Turkey Trade Registry Gazette in accordance with the provisions of the law and the Articles of Association and on time, so as to contain the proxy form and the agenda.

While preparing the agenda of the General Assembly, attention is given to the fact that each proposal is given under a separate title and the agenda topics are expressed in a way that does not lead to different interpretations. In the agenda, utmost attention has been paid not to include phrases such as "other", "various" and the information to be given before the General Assembly Meeting is given by referring to the related agenda items.

The Chairman of the Meeting makes preparations in advance regarding the conduct of the General Assembly in accordance with the Turkish Commercial Code, the Law and the relevant legislation and obtains the necessary information.

In the General Assembly Meeting, the issues on the agenda were conveyed in an objective and detailed manner by means of a clear and understandable method and shareholders were given the opportunity to express their opinions and ask questions under equal conditions. The questions raised at the meeting were answered by the managers of our company who attended the meeting. On the other hand, no agenda suggestions were given by the shareholders.

Shareholders do not have any requests in writing to the Investor Relations Department regarding the placing of items on the agenda. If there is a demand before the announcement of the General Assembly, it is evaluated.

The Paragraph 4 of Article 29 of the Capital Markets Law states that it is mandatory that the issues to be discussed by the General Assembly of the public corporations are required to be discussed on the agenda of the General Assembly, without taking the principle of adherence to the agenda into consideration. In accordance with the Capital Markets Board's bulletin numbered 2018-40, The members of the Board of Directors, who are responsible for the actions that require administrative fines to be imposed to the company, was put to vote for not recourse to these administrative fines. 291,450 rejection votes were accepted by the majority of votes with 21,008,647 admission votes. Members of the Board of Directors and the Majority Shareholders did not vote in accordance with the CMB directive.

22,188,841 shares of 110,000,000 shares corresponding to the company's total capital of TL 110,000,000 are registered.

All 87,811,159 shares are bearer shares. The General Assembly Meetings and the quorum in these meetings are subject to the provisions of the Turkish Commercial Code. Our Company's shares are divided into Group A and Group B shares. Group A shares have privileges.

The A Group shareholders or their proxies present at the Ordinary and Extraordinary General Assembly Meetings have 2 (two) votes for one share, the other shareholders or their proxies have 1 (one) vote for a share.

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.The members of the Board of Directors, the other persons concerned, the authorities and auditors responsible for the preparation of the financial statements were required to be present at the General Assembly Meeting in order to give the necessary information and to answer the questions about the matters on the agenda.

Information about the amount of donations and aids provided to the public by the Company during the year was given as a separate agenda item at the General Assembly.

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

There hasn't been any change in the articles of association in 2018.

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 2017 fiscal year, TL 9,515,304.71 loss has been incurred as a result of our operations in the financial statements for the period 01.01.2017 - 31.12.2017 prepared in accordance with the Tax Procedure Law of the Board of Directors.The profit amounting to gross TL 14,007,285, which is calculated as 20% on the profit of TL 70,036,425 in our consolidated financial statements in 2017, 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.

PART 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 its Content

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.anelgroup.com. 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 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. Participation of Stakeholders 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 Rules & Social Responsibility

Ethical rules have been formed for the Company and its employees by the Board of Directors of our Company and information on ethical practices has been announced to the public on our company's website.

The principles set forth in the Ethical Business Principles of our Company constitute the foundation of our company's corporate culture.

Due to the value it attaches to sustainability, Anel signed the United Nations (UN) Global Compact Agreement in 2013. Anel carries out the ten principles of the Global Compact Agreement in its strategies and practices and carries out its activities with continuous improvement.

Founded in 2007, Çelikel Education Foundation aims to contribute to the development of our country based on human rights, to become a country with the highest level of international success, as well as people with self-confidence but conscious of limits. To this end, it develops and implements programs aimed at increasing the quality of education in order to contribute to the education of creative, responsible people who are self-aware and can be evaluated on the basis of their value knowledge. As in previous years, Anel Elektrik continued to support the programs carried out by Çelikel Education Foundation in 2018 as well. Information on social responsibility activities is available on the Company website and in the annual report.

SECTION IV - BOARD OF DIRECTORS

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

The Board of Directors manages and represents the company by taking into consideration the long-term interests of the company with its rational and cautious risk management approach by keeping the risk, growth and return balance of the company at the optimum level with the strategic decisions it takes.

Board of Directors; defines the strategic objectives of the company, determines the workforce and financial resources of the company, and controls the performance of the management. The Board of Directors carries out its activities in a transparent, accountable, fair and responsible manner.

The Company's business and management is carried out by the Board of Directors, which consists of 7 members, elected by the General Assembly. Three members of the Board of Directors are members of the Board of Executive and the remaining 4 members are non-executive members. While there are 28.57% of female members in the Board of Directors, which is above the target level stated in the Corporate Governance Principles, there are two independent members of the Board of Directors in accordance with Article 6 of the Corporate Governance Communiqué.

Each of the independent members has written declarations of independence.

Name-Surname	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. 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 Digiturk, 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.

As stipulated in our Articles of Association, members other than the independent members of the Board of Directors are elected by the General Assembly among Group A shareholders or the candidates they nominate.

Except for the independent members of the Board of Directors, other members of the Board of Directors are also members of the Board of Directors of other Anel Group companies.

It has been decided that the members of the Board of Directors will not be subject to the prohibitions and restrictions set forth in Articles 395 and 396 of the Turkish Commercial Code No.6102 in our Company's annual Ordinary General Assembly in order to be able to take part in other group companies affiliated with our company. Within this framework, the members of the Board of Directors are not subject to any restrictions regarding their duties outside the company in the period decided by the General Assembly.

Board of Directors	Other Positions
Rıdvan Çelikel	Chairman of the Board of Anel Group Companies and Member of Management Board
Avniye Mukaddes Çelikel	Vice Chairman of the Board of Anel Group Companies and Member of Management Board
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

As stated in our Company's articles of association, the Board convenes as the Company affairs require. Calls to meetings are made via telephone and e-mail. The meeting agenda is determined in consultation with the Chairman of the Board upon the request of the Board Member.

The frequency of meeting of the Board of Directors of our Company and the meeting and decision quorum are determined in the Company's Articles of Association.

The agenda of the meeting and the documents related to the agenda are prepared by the secretariat of the Board and are sent to the members in the form of a file by allowing the members to examine and evaluate the issue.

In 2018, the Board held 24 meetings and the participation rate was 99%. Since the decisions were taken unanimously in all of the meetings, there is no counter opinion to the decision record. However, if such a situation arises, all necessary matters related to these views will be recorded in minutes.

The Board plays a pioneering role in ensuring effective communication between the company and shareholders, eliminating and settling disputes that may arise, and cooperates with the Corporate Governance Committee and the Investor Relations Department.

The Board reviews the effectiveness of risk management and internal control systems at least once a year. Information is provided about the operation and effectiveness of the internal audit system in the annual report.

The authorities of the authorized signatories have been clearly separated and this distinction is written in the circular of signatures. No one in the company is equipped with unlimited decision-making authority. The Board convenes with the attendance of at least one more than half of the members of the Board.The Board convenes within the framework of the Turkish Commercial Code and the articles of association and makes decisions with the majority of the participants.

Members of the Board take care to attend the meetings held during the activity period of and to present opinions. If there is a member who cannot attend the meeting but sends his / her opinions in writing, his / her opinions are notified to other members. The decisions of the Board and the decisions of all related parties are taken with the approval of the majority of the independent members in accordance with the Corporate Governance Principles.

In the meetings held during the period, there weren't any members who voted against the Board's resolutions.

Board members do not have voting rights and / or veto powers in case of equality. Each of the members of the Board, including the Chairman of the Board, has one vote and no member has weighted vote.

The Chairman of the Board of our Company is Anel Holding A.Ş. and is represented by Rıdvan Çelikel. Rıdvan Çelikel takes place personally as the chief of the execution.

Members of the Board and executives of our Company are guaranteed by an an insurance with an amount of 25 million dollars in cases where damages may occur because of their mistakes and omissions.

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

In 2018, the activities of the Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee, Corporate Governance Committee, Nomination Committee and Remuneration Committee were continued. The activities and working principles of the committees are publicly disclosed on the Company's website.

The Audit Committee convenes six times a year, the Corporate Governance Committee twice a year and the Early Detection of Risk Committee six times a year. The minutes of the Committee meetings are submitted to our Company's Board of Directors.

All kinds of resources and support for the committees to perform their duties are provided by the Board. The committees may invite the persons they deem necessary to their meetings and receive their opinions.

The committees benefit from independent expert opinions on the issues they deem necessary in relation to their activities. The cost of the consultancy services required by the committees is paid by the company. However, in this case, information about the consultant person / organization and whether this person / organization has any relationship with the company is included in the annual report.

In the current structure of the committees, a member of the Board is included in more than one committee. The distribution of our committees by members is as follows;

Corporate Governance Committee	Name Surname	Status
Chairman	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member
Member	Semra Çağlar (*)	Manager

(*) Semra Çağlar resigned from her position on 18.12.2018.

Audit Committee	Name Surname	Status
Chairman	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member

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

Information on the procedures followed by the committees established by the Board in the course of their activities is provided 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

In 2018, Prof. Dr. Ahmet Münir Ekonomi, Independent Member of the Board of Directors was appointed as Chairman of the Corporate Governance Committee, Ahmet Fatih Ediboğlu, the Independent Member of the Board of Directors as member of the Corporate Governance Committee and Semra Çağlar, Investor Relations Manager as member of the Corporate Governance Committee. Semra Çağlar resigned from her position on 18.12.2018.

The Committee determines whether the Corporate Governance Principles are applied in the Company, if it is not applied, detects conflicts of interest arising from not following these principles and advises the Board to improve corporate governance practices and supervises the works of the Investor Relations Department..

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,
    d) Ensuring that all employee operations comply with Company policies, procedures and principles, Ethical Code of Conduct, standards and relevant legal regulations and law,
    e) Ensuring efficiency in obtaining and using all resources of the company,
    f) Developing quality and development effort in the internal control processes constantly,

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

h) 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 adopts the consciousness of adding value to our future, the society we live in, the institutions and organizations we work with. The objectives and critical performance indicators that are in line with the Company's purpose of existence are determined within the scope of the annual strategy plans. These targets and critical performance indicators are approved by the Board at budget meetings held at the end of the previous year. At its ordinary meetings, the Board reviews the operating results by comparing them with the previous year's performance and target indicators.

- At the PDP announcement od our company on 10.12.2018 it has been decided;

  At the meeting of the Board of our company, it has been decided to apply to the Capital Markets Board in accordance with the provisions of the Communiqué on the Procurement Notification numbered (II-26.1), for our subsidiary; Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş., to collect a part of our Group B shares that are not in our company portfolio through voluntary call,

  To make appraisal report of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş, which is included in the content of the application to be made to the Capital Markets Board, based on the audited financial statements dated 31.12.2018,

  TL 12 million of funding for the voluntary share purchase offer and the amount in question from our company resources,

  Signing an intermediary agreement with an intermediary institution,

  To make the Company's management authorized and responsible for the execution of all works and transactions related to the decisions taken.

- The application made to the Capital Markets Board on 30.04.2018 with the request to be approved together with the other documents in Annex 1 of the Communiqué numbered 23.2 was not approved by the Capital Markets Board for the merger of our company through "transfer" to the Anel Elektrik Proje Taahhüt ve Tic. A.Ş. as a whole with our company's all assets and liabilities.

The Board decision of the Capital Markets Board dated 20.09.2018 and No. 40 is as follows:

"The demand to approve of the transfer of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom) to Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (Anel Elektrik), together with the assets and liabilities of the Company and to issue the shares representing the capital to be increased by the Anel Elektrik and approval of the change of the articles of association has been evaluated as negative at this stage by our board."

21. Financial Rights

The remuneration of the members of the Board and senior executives in our company is made according to the "Remuneration Principles of Board Members and Senior Executives" approved by the Board in 2012. The purpose of these principles is; to ensure that the practices related to the remuneration are planned and executed in order to comply with the relevant legislation and the scope and structure of the company's activities, long-term goals and strategies, ethical values and internal balances. The relevant guidelines are provided on the company website.

In accordance with the Corporate Governance Principles, in addition to the members of the Board, the remuneration and all other benefits provided to senior executives of the Company are also disclosed to the public through the annual report.

Profit share, share options or payment plans based on the performance of the company are not used in the remuneration of the Independent Board Members. All members of the Board are entitled to a monthly attendance fee within the period determined by the General Assembly. These fees do not affect the independence of the Independent Members of the Board and are not determined based on the performance of the Company.

Payments made to senior executives of the Company consist of monthly fees. Fees to be paid to senior executives are determined by considering the title and the nature of the work performed, merit, experience, performance and the financial situation of the Company.

In 2018, a total of TL 584,006 of salary and attendance fee was paid to the members of the Board, while the remuneration and all other benefits provided to the senior executives who have a voice in the management during the same period amounted to TL 8,247,565.

We do not lend money to any Board member and managers, nor make any loans under the name of a personal loan through a third person or provide guarantees such as surety in favor of our Company.

RESPONSIBILITY DECLARATION

DECISION OF THE BOARD OF DIRECTORS TO ACCEPT THE FINANCIAL REPORT AND ANNUAL REPORT

DATE OF RESOLUTION : 11.03.2019
No. OF RESOLUTION : 11

STATEMENT OF RESPONSIBILITY ACCORDING TO THE ARTICLE 9 OF THE SECOND SECTION II OF THE CAPITAL MARKETS BOARD II-14.1 COMMUNIQUE.

Consolidated financial statements and annual report prepared by our company pursuant to the "Communiqué on Principles Regarding Financial Reporting in the Capital Market" regarding the term 1 January 2018 - 31 December 2018, in line with CMB legislation regulations together with the footnotes prepared according to Turkey Accounting Standards / Turkey Financial Reporting Standards ("IAS / IFRS") and in accordance with the formats determined by the CMB;

a) have been examined by us,

b) Within the framework of the information in the field of duty and responsibility in the enterprise, the financial statement and the activity report do not contain any deficiencies which may result in misleading information on important matters as of the date of disclosure,

c) The financial statements prepared in accordance with the applicable financial reporting standards, together- with the ones included in the scope of consolidation- in the scope of the information reflect the assets and liabilities of the business in a true and honest manner, -if any, together with the ones included in the scope of consolidation-, they reflect the situation of the enterprise honestly, together with the significant risks and uncertainties they face,

We hereby declare that we are responsible for the disclosure.

Sincerely,

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

M. Kerem ÇELİKEL
Board Member

Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi ve Its Subsidiaries

Convenience Translation to English of
Consolidated Financial Statements
As at and For the Year Ended
31 December 2018
With Independent Auditors Report
(Originally Issued in Turkish)

11 March 2019

This report includes 4 pages of Independent Auditors' Report and 92 pages of financial statements together with their explanatory notes.

KPMG

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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 2018, 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 2018, 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 cusomers

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

The key audit matter	The audit procedures we applied in this area is as following
The significant portion of Group's revenues consist of construction contracts. Companies operating in contracting industry. Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi and the consolidated subsidiaries of the Groupoperating in the construction sector, conduct mainly engineering, procurement and construction projects ("EPC") in Turkey and abroad. The measurement and timing of the revenue arising from construction contracts in the period in which they are incurred calculated and recognized by using the input method under the IFRS 15 Revenue from Contracts with Customer. The input method recognizes the revenue in the financial statements by comparing the costs incurred by the Group for the fulfillment of performance obligations in a construction project to the expected total costs for the fulfillment of the performance of the obligation to the financial statements. The measurement of contract revenue and estimation of the contract costs have been affected by a variety of uncertainties that depend on the outcome of future events and the management's estimates and judgements need to be revised as events occurred. Revenue recognition on construction contracts was considered to be a key audit matter, due to the significance of the estimates and the level of judgement applied by management.	- 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 obtained the supporting documents. - We recomputed contract revenues by using the percentage of completion method. - We assessed the management's ability to deliver contracts within budgeted margins by analysing the historical accuracy of forecasting margins and the relationship of cost versus billing status on contracts. - We tested revenue and contract accounting journal entries focusing on unusual or irregular items. - We assesed the adequacy of the dicslosures of revenue described in notes to consolidated financial statements under IFRS.

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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 processs.

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.

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- 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.

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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 11 March 2019.

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 2018, 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
11 March 2019
İstanbul, Türkiye

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited	
	Notes	Current Period 31.12.2018	Prior Period 31.12.2017
ASSETS			
Current Assets		**932.249.504**	**800.896.409**
Cash and Cash Equivalents	5	47.420.822	56.097.860
Trade Receivables		363.551.650	278.157.848
- Trade Receivables from Related Parties	8,30	68.352	706.169
- Trade Receivables from Third Parties	8	363.483.298	277.451.679
Other Receivables		24.437.750	24.150.684
- Other Receivables from Related Parties	9,30	3.513.522	11.162.032
- Other Receivables from Third Parties	9	20.924.228	12.988.652
Receivables from Ongoing Construction, Commitments and Service Agreements	12	293.781.541	158.546.300
Inventories	10	155.880.427	235.365.902
Prepaid Expenses	11	36.538.954	37.305.373
Current Tax Related Assets	28	2.280.559	1.973.952
Other Current Assets	20	8.357.801	9.298.490
Non-Current Assets		**180.496.692**	**134.068.573**
Other Receivables		6.247	6.247
- Other Receivables from Third Parties	9	6.247	6.247
Investments Accounted with Equity Method	13	83.611.043	56.419.151
Investment Property	14	10.828.435	2.470.000
Tangible Fixed Assets	15	52.938.897	41.565.008
Intangible Fixed Assets	16	230.076	238.295
Prepaid Expenses	11	972.158	2.422.428
Deferred Tax Assets	28	31.363.200	30.093.444
Non-Current Assets Related with Current Period Tax	28	546.636	854.000
TOTAL ASSETS		**1.112.746.196**	**934.964.982**

	Notes	Audited Current Period 31.12.2018	Prior Period 31.12.2017
LIABILITIES			
Short-Term Liabilities		**581.506.332**	**503.505.566**
Short-Term Borrowings	7	69.789.023	23.208.716
Short Term Portion of Long Term Financial Liabilities	7	3.576.435	2.558.678
Trade Payables		230.386.743	215.440.133
- Trade Payables to Related Parties	8,30	2.860.963	1.372.081
- Trade Payables to Third Parties	8	227.525.780	214.068.052
Employee Benefits	19	7.161.561	1.284.316
Other Payables		7.053.373	5.104.438
- Other Payables to Related Parties	9,30	812.844	586.682
- Other Payables to Third Parties	9	6.240.529	4.517.756
Payables from Ongoing Construction, Commitments and Service Agreements	12	19.244.417	44.530.946
Deferred Income	11	223.870.970	194.770.826
Income Tax Payable	28	3.718.861	4.782.492
Short-Term Provisions		16.704.949	11.825.021
- Short-Term Provisions for Employee Benefits	19	12.479.388	8.423.865
- Other Short-Term Provisions	18	4.225.561	3.401.156
Long Term Liabillities		**54.869.882**	**40.155.032**
Long-Term Borrowings	7	27.200.384	22.786.980
Other Payables		102.966	720.758
-Other Payables to Third Parties	9	102.966	720.758
Long-Term Provisions		27.566.532	16.647.294
-Long-Term Provisions for Employee Benefits	19	27.566.532	16.647.294
TOTALLIABILITIES		**636.376.214**	**543.660.598**
EQUITY		**476.369.982**	**391.304.384**
Equity Belongs to Parent Company		**478.575.118**	**393.746.238**
Paid-in Capital	21	110.000.000	110.000.000
Premiums/Discounts related with Shares	21	1.384.433	1.384.433
The Merge Effectof Business Combinations Under Common Control	21	(48.314.150)	(48.314.150)
Revaluation and Measurement Gain / (Loss)		(1.524.368)	(1.311.860)
-Increase / (Decrease) from Revaluation of Tangible Assets	21	(348.487)	(348.487)
- Defined Benefit Plans Remeasurement Gains / Losses	21	(1.175.881)	(963.373)
Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss)		174.018.792	90.181.741
- Foreign Currency Conversion Difference	21	174.018.792	90.181.741
-Legal Reserves	21	12.833.158	11.982.429
Retained Earnings/(Losses)	21	213.225.173	159.787.220
Net Profit /(Loss) for the Period	29	16.952.080	70.036.425
Non-controlling Shares	**21**	**(2.205.136)**	**(2.441.854)**
TOTAL LIABILITIES AND EQUITY		**1.112.746.196**	**934.964.982**

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited Current Period 01.01.- 31.12.2018	Prior Period 01.01.- 31.12.2017
PROFIT OR LOSS			
Revenue	22	1.354.477.385	1.015.757.257
Cost of Sales (-)	22	(1.349.015.276)	(909.515.700)
GROSS PROFIT/LOSS		**5.462.109**	**106.241.557**
General Administrative Expense (-)	23	(38.501.398)	(30.631.915)
Other Operating Income	25	100.678.375	17.661.812
Other Operating Expense (-)	25	(65.081.678)	(21.009.981)
OPERATING PROFIT/LOSS		**2.557.408**	**72.261.473**
Impairment (losses) / gains in accordance with TFRS 9, net		(38.855)	-
Income From Investing Activities	26	2.521.364	320.224
Expense From Investing Activities (-)	26	(14.315)	(30.440)
Shares from Income / (Loss) of Investments Valuated with Equity Method	13	26.961.037	(2.297.491)
OPERATING PROFIT/LOSS BEFORE FINANCING INCOME AND EXPENSES		**31.986.639**	**70.253.766**
Financing Income	27	9.231.060	22.847.089
Financing Expenses (-)	27	(20.825.840)	(25.065.526)
PROFIT/LOSS BEFORE TAX FROM ONGOING ACTIVITIES		**20.391.859**	**68.035.329**
-Tax Income/ (Expense) For Period	28	(3.471.514)	(4.645.131)
-Deferred Tax Income/ (Expense)	28	268.529	6.377.610
PERIOD PROFIT / (LOSS) FROM ONGOING ACTIVITIES		**17.188.874**	**69.767.808**
PROFIT/ (LOSS) FOR THE PERIOD		**17.188.874**	**69.767.808**
Distribution of the Profit / (Loss) for the Year			
Non-controlling Shares	21	236.794	(268.617)
Parent Company Shares	29	**16.952.080**	**70.036.425**
-Earnings Per Share			
-Earnings Per Share	29	0,15	0,64
- Earnings Per Share from Ongoing Activities	29	0,15	0,64

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited	
	Notes	**Current Period**	**Prior Period**
		01.01.-31.12.2018	01.01.-31.12.2017
PROFIT/ (LOSS) FOR THE PERIOD		**17.188.874**	**69.767.808**
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss :		(212.508)	(105.890)
Defined Benefit Plans Remeasurement Gains / (Losses)	19	(265.635)	(133.138)
Taxes Related to Other Comprehensive Income (expenses) Items not to be Reclassified to Profit		53.127	27.248
Deferred Tax Income (Expenses)		53.127	27.248
Items to be Reclassified to Profit or Loss:		83.837.051	11.354.575
Gain / (Loss) from Foreign Currency Conversion Differences		83.837.051	11.354.575
OTHER COMPREHENSIVE INCOME/ EXPENSES		**83.624.543**	**11.248.685**
TOTAL COMPREHENSIVE INCOME		**100.813.417**	**81.016.493**
Appropriation of Total Comprehensive Income:			
Non-Controlling Interests		236.794	(268.617)
Parent Company Share		100.576.623	81.285.110

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

	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 ve Reclassified to Profit (Loss)		Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss)	Restricted Reserves Allocated from Profits			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		Retained Earnings/(Losses)	Net Profit /(Loss) for the Period			
PRIOR PERIOD													
Balances as of January 01, 2017 (beginning of 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**
Transfers		-	-	-	-	-	-	1.593.032	58.245.969	(59.839.001)	-	-	-
Total Comprehensive Income/ Expenses		-	-	-	-	(105.890)	11.354.575	-	-	70.036.425	81.285.110	(268.617)	**81.016.493**
Profit Share		-	-	-	-	-	-	-	(11.967.800)	-	(11.967.800)	-	**(11.967.800)**
Balance as of December 31, 2017 (end of period)	**21**	**110.000.000**	**1.384.433**	**(48.314.150)**	**(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**
CURRENT PERIOD													
Balances as of January 01, 2017 (beginning of period)		**110.000.000**	**1.384.433**	**(48.314.150)**	**(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**
Adjustment on initial application of TFRS 9			-	-	-	-	-	-	**(1.740.458)**		**(1.740.458)**	**(76)**	**(1.740.534)**
Balances as of January 01, 2018 (beginning of period)	**21**	**110.000.000**	**1.384.433**	**(48.314.150)**	**(348.487)**	**(963.373)**	**90.181.741**	**11.982.429**	**158.046.762**	**70.036.425**	**392.005.780**	**(2.441.930)**	**389.563.850**
Transfers		-	-	-	-	-	-	850.729	69.185.696	(70.036.425)	-	-	-
Total Comprehensive Income/ Expenses		-	-	-	-	(212.508)	83.837.051	-	-	16.952.080	100.576.623	236.794	**100.813.417**
Profit Share		-	-	-	-	-	-	-	(14.007.285)	-	(14.007.285)	-	**(14.007.285)**
Balance as of December 31, 2018 (end of period)	**21**	**110.000.000**	**1.384.433**	**(48.314.150)**	**(348.487)**	**(1.175.881)**	**174.018.792**	**12.833.158**	**213.225.173**	**16.952.080**	**478.575.118**	**(2.205.136)**	**476.369.982**

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO STATEMENT OF CASH FLOW AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited Current Period 01.01.-31.12.2018	Audited Prior Period 01.01.-31.12.2017
A. CASH FLOWS FROM BUSINESS OPERATIONS		**(22.336.220)**	**152.300.307**
Profit/(Loss) for the period		17.188.874	69.767.808
Profit/(Loss) from Ongoing Activities		17.188.874	69.767.808
Adjustments to reconcile net profit to cash provided by operating activities		**1.936.946**	**18.267.975**
Depreciation and Amortisation Expenses	15,16	8.257.313	7.240.742
Adjustments for Provisions		8.228.656	8.539.320
Adjustments for Provisions / (Reversals) of Employee Benefits	19	7.365.396	6.348.026
Adjustments for Provisions / (Reversals) of Lawsuits or Fine	18	824.405	2.191.294
Adjustments for Provisions / (Reversals) of General		38.855	-
Financial income / expense net	27	11.594.780	2.218.437
Interest income adjustments	27	(9.231.060)	(22.847.089)
Interest expense adjustments	27	20.825.840	25.065.526
Adjustments for Fair Value Increase / (Decrease) of Investment Property	14	(2.400.000)	(190.000)
Undivided Profit of Investment Valuated with Equity Method		(26.961.037)	2.204.661
Undivided Profit of Investment Valuated with Equity Method	13	(26.961.037)	2.204.661
Tax (Income) / (expenses)	28	3.202.985	(1.732.479)
-Adjustments for (Gains) / Losses from Disposal of fixed assetts		14.249	(12.706)
-Adjustments for (Gains) / Losses from Disposal of Tangible fixed assetts		14.249	(12.706)
Changes in Net Working Capital		**(34.768.804)**	**70.916.327**
-Increases / (Decreases) in Trade Receivables from Related Parties	8,30	637.817	(134.515)
-Increases / (Decreases) in Trade Receivables from Third Parties	8	(86.031.619)	108.931.567
-Increases / (Decreases) in Other Receivables from Related Parties	9,30	7.648.510	12.522.379
-Increases / (Decreases) in Other Receivables from Third Parties	9	(7.935.577)	4.058.678
Increases / (Decreases) in Receivables from Ongoing Construction, Commitment, and Service Agreements	12	(135.235.241)	(19.048.441)
Increases / (Decreases) in Inventories	10	79.485.475	(8.442.383)
Increases / (Decreases) in Prepaid Expenses	11	2.216.689	8.386.807
-Increases / (Decreases) in Trade Paybles to Related Parties	8,30	1.488.882	(1.462.296)
-Increases / (Decreases) in Trade Payables to Third Parties	8	13.457.728	(19.997.220)
Increases / (Decreases) in Employee Benefits	19	5.877.245	(13.071.829)
Increases / (Decreases) in Payables from Ongoing Construction, Commitment, and Service Agreements	12	(25.286.529)	(16.185.555)
-Increases / (Decreases) in Other Payables to Related Parties	9,30	226.162	(5.182.780)
-Increases / (Decreases) in Other Payables to Third Parties	9	1.104.981	(423.382)
-Increases / (Decreases) in Deferred Income	11	29.100.144	22.208.955
-Increases / (Decreases) in Other Assets		941.446	2.246.867
-Increases / (Decreases) in Other Liabilities		77.535.083	(3.490.525)
Cash Flows from Operating Activities		**(15.642.984)**	**158.952.110**
Payments in the coverage of benefits provided to employees	19	(1.604.135)	(1.399.146)
Tax Returns (Payments)	28	(5.089.101)	(5.252.656)
B. CASH FLOW FROM INVESTING ACTIVITIES		**(10.497.157)**	**(5.271.399)**
Cash Outflows from Purchase of Subsidiary Share		472.464	-
-Cash Inflows from Tangible Asset Sales	15	472.464	56.819
-Cash Inflows from Intangible Asset Sales		(10.969.621)	-
-Cash Outflows from Tangible Asset Purchases	15	(4.826.876)	(5.244.232)
- Cash Outflows from Investment Property Purchases	14	(5.958.435)	
-Cash Outflowsflows from Intangible Asset Purchases	16	(184.310)	(83.986)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**23.837.405**	**(122.673.405)**
Cash Inflows from Loans	7	155.020.654	169.829.959
Cash Outflows on Credit Repayments	7	(110.701.850)	(273.414.710)
Dividend profit share	21	(14.007.285)	(11.967.800)
Paid interest	27	(13.133.176)	(11.247.739)
Received interest	27	6.659.062	4.126.885
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)		**(8.995.972)**	**24.355.504**
D. FOREIGN CURRENCY CONVERSION DIFFERENCES IMPACT ON CASH AND CASH EQUIVALENTS		**318.934**	**53.352**
NET (DECREASE)/INCREASE IN CASH ANS CASH EQUIVALENTS (A+B+C+D)		**(8.677.038)**	**24.408.856**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**56.097.860**	**31.689.004**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	**47.420.822**	**56.097.860**

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

CONTENTS

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. ORGANIZATION AND ACTIVITIES

The Company was first established in 1986 by the title of "Anel Elektrik Proje Taahhut Ve Ticaret Limited Sirketi". The Company's commercial type has been changed to"Anel Elektrik Proje Taahhut Ve Ticaret Anonim Sirketi" (The 'Company-Anel Elektrik') in 26 December 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, Capsian 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 at 6 March 2019, % 38,31 of shares are traded in Istanbul Stock exchange, INC. (BIST) according to Central Registry Agency (CRA) records as at 6 March. (31 December 2018 :%48,63) (Note :21)

As of 31 December 2018, 3.079 personnel have been employed within the Group. (31.12.2017: 3.731 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;

Name of company	Field of compnay	Activity type	Foundation of country	Foundation of year
Anel Enerji Elektrik Üretim San. Ve Tic. A.Ş.	Solar energy projects	Service	Turkey	2009
Anel Marin 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	Libya	2010
Anel Engineering- Technological Company Ltd. Rusya	Project Commitment	Service	Russia	2009
Dag-08 Ood	Solar energy projects	Service	Bulgaria	2008
Golden Sun Ood	Solar energy projects	Service	Bulgaria	2008
Anel Emirates General Contracting LLC	Project Commitment	Service	United Arab 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

(*) Anelmep Mechanic Ltd. Sti. was liquidated on 5 March 2018.
The Company does not have any subsidiaries that are traded in any stock exchange.
From now on, Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. and its subsidiaries which are mentioned above.

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS

A. Basic Standards of Presentation

Basic of presentation of the consolidated financial statements

Statement of compliance with Turkish Financial Reporting Statement ("TFRS")

The accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards Accounting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") together with the provisions of accordance with to Capital Market Board of Turkey ("CMB")'s "Principles of Financial Reporting in Capital Market" dated 13 June 2013 and published in the Official Gazette numbered 28676 Series II. No.14.1. TFRS consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS interpretations and TFRS interpretations.

Preparation of financial statements

The accompanying financial statements are presented in accordance with the TAS Taxonomy issued by POA and announcement regarding with formats of financial statements and notes issued by CMB.

The financial statements were approved by the Board of Directors on 11 March 2019. The General Assembly have the right to amend the financial statements. The relevant regulatory bodies may request changes in the financial statements of the Company.

Basis of measurement

Consolidated financial statements are prepared on the historical cost basis except for the revaluation of financial instruments, investment properties and buildings. The methods used to measure the fair values are discussed further in Note 2.4 (u).

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 thosewere used in exchangeing consolidating overseas activities are as follows:

		31December 2018		31 December 2017	
Name of the Company	Currency	End of the Period	Average of the Period	End of the Period	Average of the Period
Katar Branch	Qatari Riyal (QAR)	1,4453	1,3224	1,0362	1,0021
Azerbaycan Branch	New Manat	3,0946	2,8314	2,2186	2,1201
Anel Engineering-Technological Company Ltd.Rusya	Russian Ruble	0,0758	0,0693	0,0654	0,0633
Dag-08 Ood, Golden Sun Ood, Anel BG Ltd.	Bulgarian Lev	3,0649	2,8790	2,2958	2,0928
Anel Emirates	United Arab Emirates Dirham	1,4325	1,3106	1,0270	0,9931
Anel Mep	Qatar Riyal (QAR)	1,4453	1,3224	1,0362	1,0021

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 parent company. 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 subsidiaries and joint ventures ("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 currency translation for equity items of branch-like enterprises and independent foreign enterprises in foreign countries that are involved in the consolidation are recognize under the "Foreign Currency Conversion Difference" account under the Equity account group.

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

A. Basic Standards of Presentation (continued)

Consolidation Principles

The consolidated financial statements include the financial statements of the Company and its subsidiaries until loss of the control. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries

Consolidated financial statements as of 31 December 2018; It contains the financial statements of the Company's subsidiaries that have control over their financial and activity policies. As of December 31, 2018 direct and indirect participation rate of subsidiaries subject to consolidation are as follows:

				Parent Company's Share (%)	
Subsidiaries	Estahblishment and place of organization	Core Business	Currency	31.12.2018	31.12.2017
Anel Enerji Elek. Üretim San. Ve Tic. A.Ş.	Turkey	Enegy	Turkish Lira	71,73	71,73
Anel Marin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş.	Turkey	Marine 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	Enegy	Bulgarian Lev	100,00	100,00
Golden Sun Ood	Bulgaria	Enegy	Bulgarian Lev	100,00	100,00
Anel BG Ltd	Bulgaria	Enegy	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	Qatar Riyal	100,00	100,00
Anelmep Mekanik Ltd. Şti.(*)	Turkey	Project Commitment	Turkish Lira	-	100,00
Anel Engineering & Contracting Ltd.	England	Project Commitment	USD Dolar	100,00	100,00

(*) Anelmep Mechanics Ltd. Sti. was liquidated on 5 March 2018.

In the event that the parent company 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 eliminated. Consolidated financial statements are prepared by adopting consistent accounting policies for similar transactions and calculations. The financial statements of subsidiaries are prepared for the same accounting period as the parent company. 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 subsidiaries purchased or disposed of within the year, disposal from the date of purchase Consolidated profits or losses and other comprehensive income statements.

The Company 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.

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

A. Basic Standards of Presentation (continued)

Consolidation Principles (continued)

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 shares.

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 mangage related operations (past votings on general assamblies.)

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 preperation of consolidated financial statements.Profits and Losses arises from transactions between parent and subsidiaries subject to consolidation offsets as far as parent's share on subsidiary.

Regulatory principles of the consolidated balance sheet and consolidated income statement

Full Consolidation Method:

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

- The consolidated balance sheet of the Company's paid in capital paid-in capital paid-in capital of subsidiaries are not included in the consolidated balance sheet.
- Consolidated subsidiaries paid / issued capital items included in the set of all equity, the parent company and its subsidiaries and the consolidated balance sheet is reduced to the amounts attributable to non-controlling interests in shareholders' equity account group and the "Minority Interests" group name is shown.
- 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.

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

A. Basic Standards of Presentation (continued)

- 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.

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 2018, the details of the group's subsidiaries are as follows.

The title of the participant	Establishment and place of activity	Main activity	Effective Share rate in capital (%) 31.12.2018	31.12.2017
Anel Telekomünikasyon Elekt. Sist. San. Ve Tic.A.Ş.	Turkey	Telecommunications	24,81	24,68
Energina Kompania Bonev	Bulgaria	Energy	50,00	50
Anel Yapı Gayrimenkul A.Ş.	Turkey	Real Estate Leasing	47,50	47,5

Summary of significant accounting policies

Standards issued but not yet effective and not early adopted as of 31 December 2018

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

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

A. Basic Standards of Presentation (continued)

Summary of significant accounting policies *(Continued)*

Standards and interpretations issued but not yet effective *(Continued)*

TFRS 16 Leases

On 16 April 2018, POA issued the new leasing standard which will replace TAS 17 Leases, TFRS Interpretation 4 Determining Whether an Arrangement Contains a Lease, TAS Interpretation 15 Operating Leases – Incentives, and TAS Interpretation 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.

TFRS Interpretation 23 –Uncertainty Over Income Tax Treatments

On 24 May 2018, POA issued TFRS Interpretation 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. TAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. TFRS Interpretation 23 provides requirements that add to the requirements in TAS 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 TFRS Interpretation 23.

Amendments to TFRS 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.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)
A. Basic Standards of Presentation (continued)

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 does not expect that application of these amendments to TAS 28 will have significant impact on its consolidated financial statements

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

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

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.

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.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)
A. Basic Standards of Presentation (continued)

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement -

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). 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 IAS 19.

The revised Conceptual Framework

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

B. Summary of Significant Accounting Policies

Accounting policy changes arising from the initial application of a new accounting standard ("TAS / TFRS"), if any, are reflected in the transition provisions, either retroactively or prospectively. Changes that are not included in any transition measure are applied retrospectively to significant changes in the accounting policy or to the identified accounting errors and the prior period financial statements are being revised.

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2017.

TFRS 9 Financial Instruments

The Group has initially adopted TFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. TFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The following table summarizes the impact, net of tax, of transition to TFRS 9 on retained earnings at 1 January 2018:

	Impact of adopting TFRS 9 on opening balance
Retained Earnings	159.787.220
Recognition of expected credit losses under TFRS 9	(1.978.988)
Related tax	238.454
Impact at 1 January 2018	**158.046.686**

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)
D. Summary of Significant Accounting Policies (continued)

TFRS 9 Financial Instruments(continued)

i. Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. TFRS 9 eliminates the previous TAS 39 categories of held to maturity, loans and receivables and available for sale. Under TFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The adoption of TFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities. The effect of adopting TFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements. According to TFRS 9, how the Group classifies and measures financial assets issued and accounts for related gains and losses is disclosed in below.

ii. Impairment of financial assets

TFRS 9 replaces the 'incurred loss' model in TAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost and contract assets, but not to investments in equity instruments. The details of the new model under TFRS 9 is disclosed in below.

Impact of the new impairment model

As at 1 January 2018, the effect of impairment allowance under TFRS 9 is as follows:

Loss allowance as at 31 December 2017 under TAS 39	**(4.766.642)**
Additional impairment recognized at 1 January 2018 on:	
- Cash and cash equivalents	(672)
- Trade receivables	(1.978.394)
Loss allowance as at 1 January 2018 under TFRS 9	**(6.745.708)**

iii. Hedge accounting

When initially applying TFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of TAS 39 instead of the requirements in TFRS 9. The Group has not elected to adopt the new general hedge accounting model in TFRS 9. Accounting policies applied in preparation of consolidated financial statements as at 31 December 2018 have not changed.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)
D. Summary of Significant Accounting Policies (continued)

TFRS 9 Financial Instruments(continued)

iv. Transition

Changes in accounting policies resulting from the adoption of TFRS 9 (2014) have been applied retrospectively, except as described below.

- Comparative periods have not been restated for prior periods. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of TFRS 9 are recognized in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of TFRS 9 and therefore is not comparable to the information presented for 2018 under TFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
-The contractual terms of the financial asset lead to cash flows that include interest payments arising only from principal and principal balance at specific dates.

v. Classification of financial assets and liabilities on the date of initial application

The following table shows the original measurement categories under TAS 39 and the new measurement categories under TFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018:

	Notes	Original classification under TAS 39	New classification under TFRS 9	Original carrying amount under TAS 39	New carrying amount under TFRS 9
Financial assets					
Cash and Cash Equivalents	5	Loans and receivables	Amortized cost	56.097.860	56.097.188
Trade Receivables (Including Related Parties)	8,30	Loans and receivables	Amortized cost	278.157.848	276.179.456
Other Receivables (Including Related Parties)	9	Loans and receivables	Amortized cost	24.156.931	22.054.849
Other Asset		Loans and receivables	Amortized cost	317.313.588	317.552.042
Financial Liabilities					
Bank Loans	7	Other Financial Liabilites	Other Financial Liabilites	48.554.374	48.554.374
Trade Payables (Including Related Parties)	8,30	Other Financial Liabilites	Other Financial Liabilites	215.440.133	215.440.133
Other Payables (Including Related Parties)	9,30	Other Financial Liabilites	Other Financial Liabilites	5.825.196	5.825.196
Provision	19,18	Other Financial Liabilites	Other Financial Liabilites	28.472.315	28.472.315
Non Controlling Interests	21	Other Financial Liabilites	Other Financial Liabilites	(2.441.854)	(2.441.778)

The Group's accounting policies on the classification of financial instruments under TFRS 9 are set out in below.
The application of these policies resulted in the reclassifications set out in the table above and explained below.
- Trade and other receivables with cash and cash equivalents that were classified as loans and receivables under TAS 39 are classified at amortized cost under TFRS 9. An increase of TL 1.979.064 thousand in the allowance for impairment was recognized in opening retained earnings at 1 January 2018 on transition to TFRS 9.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)
D. Summary of Significant Accounting Policies (continued)

Financial Instruments

Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI – equity investment, or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that are not measured at amortized cost or at fair value through profit or loss are measured at fair value through profit or loss.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

How the additional payments to the group managers are determined (whether compensation is based on the fair value of the assets managed or the contractual cash flows collected) and financial assets at fair value through profit or loss are measured at fair value through profit or loss.

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2 Basis of presentation of financial statements *(continued)*

2.4 Significant accounting policies *(continued)*

(i) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets – Business model assessment: Policy applicable from 1 January 2018 (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales. Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. Trade receivables and other receivables meet solely payments of principal and interest test since principal is the present value of the expected cash flows. Those receivables are managed in line with the held to collect business model.

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2 Basis of presentation of financial statements *(continued)*

2.4 Significant accounting policies *(continued)*

(i) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	Financial assets at FVTPL are comprised of derivatives. These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognized in profit or loss.
Financial assets at amortized cost	Financial assets at amortized cost are comprised of cash and cash equivalents, trade receivables, other receivables and other assets. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Equity investments at FVOCI	Equity investments at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets – Policy applicable before 1 January 2018

Non-derivative financial assets

The Group initially recognized loans and receivables and deposits on the date that they were originated. All other financial assets were recognized initially on the trade date at which the Group became a party to the contractual provisions of the instrument. Non-derivative financial assets were comprised of loans and receivables and cash and cash equivalents and financial investments.

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables were comprised of cash and cash equivalents, and trade and other receivables, receivables from related parties and financial investments. Receivables from customers in relation to a component of revenue were recognized as trade receivables in financial statements. Receivables that were not classified as trade receivables and were not financial investments were recognized as other receivables.

Cash and cash equivalents

Cash and cash equivalents were comprised of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and were used by the Group in the management of its short-term commitments. Cash and cash equivalents were comprised of cash, cash at banks and other cash and cash equivalents.

2. Basis of presentation of financial statements *(continued)*

2.4 Significant accounting policies *(continued)*

(i) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets – Policy applicable from 1 January 2018

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Non-derivative financial liabilities

The Group initially recognized debt securities issued and subordinated liabilities on the date that they were originated. All other financial liabilities were recognized initially on the trade date, which was the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classified non-derivative financial liabilities into the other financial liabilities category except for bills, bonds and notes issued. Such financial liabilities were recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities were measured at amortized cost using the effective interest method. Other financial liabilities were comprised of loans, trade and other payables, payables to related parties and other payables. Trade payables were payables to third parties in relation to their capacity as suppliers. Other payables stemming from transactions with parties that were not suppliers or customers which were not classified as trade payables and were not a result of financing operations were recognized as other payables.

The instrument was equity instrument if, the following were met:
a) The instrument included no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that were potentially unfavorable to the Group.

b) If the instrument would or might be settled in the Group's own equity instruments, it was a non-derivative that included no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that would be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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2. Basis of presentation of financial statements *(continued)*

2.4 Significant accounting policies *(continued)*

(i) Financial instruments *(continued)*

iii. Derecognition

Derecognition – Policy applicable from 1 January 2018

Financial assets

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Derecognition – Policy applicable before 1 January 2018

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. The Group derecognized a financial liability when its contractual obligations were discharged, cancelled or expired.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2. Basis of presentation of financial statements *(continued)*

2.4 Significant accounting policies *(continued)*

(i) Financial instruments *(continued)*

(v) Impairment

Policy applicable from 1 January 2018

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:
- financial assets measured at amortized cost;

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.
The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.
For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years.
Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.
Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables are estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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2. Basis of presentation of financial statements *(continued)*

2.4 Significant accounting policies *(continued)*

(i) Financial instruments *(continued)*

(v) Impairment *(continued)*

Presentation of impairment in the statement of financial position (continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The amendment does not have any significant effect on the financial assets and financial liabilities of the Group and is not listed in the consolidated financial statements.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

C. Changes in Accounting Estimates and Errors

The preparation of the consolidated financial statements requires the determination of assets and liabilities reported as of the reporting date, the disclosure of contingent assets and liabilities and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the best available information about current events and transactions, actual results may differ from the assumptions.

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 2017 dated consolidated financial statements.

D. Significant accounting policies

IFRS 15 Revenue from Contracts with Customers

General model for revenue recognition

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

2. Basis of presentation of financial statements *(continued)*

D. Significant accounting policies *(Continued)*

IFRS 15 Revenue from Contracts with Customers *(Continued)*

General model for revenue recognition *(Continued)*

Step 2: Identifying the performance obligations

The Company defines 'performance obligation' as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as:

(a) a performance obligation either a good or service that is distinct;

(b) or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Company assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Company considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Company revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Company's performance throughout the period, the Company concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Company identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognition of revenue

The Company recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or

-The customer controls the asset as the entity creates or enhances it, or

- Company's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

2 Basis of presentation of financial statements

D. Significant accounting policies *(Continued)*

IFRS 15 Revenue from Contracts with Customers *(Continued)*
Step 5: Recognition of revenue *(Continued)*

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Company uses a method that measures the work performed reliably. The Company uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Company recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Company recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract modifications

The Company recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's various goods and services are set out below:

<u>Policy applicable before 1 January 2018</u>

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.

2 Basis of presentation of financial statements

D. Significant accounting policies *(Continued)*

Policy applicable before 1 January 2018 *(Continued)*

Service Presentation:

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

Rent Incomes

Rent income from real estates is recognized on a straight-line basis over the term of the relevant lease.

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.

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.

2 Basis of presentation of financial statements

D. 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).

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.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)
D. Summary of Significant Accounting Policies (continued)

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.

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 leesee

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.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)
D. Summary of Significant Accounting Policies (continued)

Leases (continued)

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.

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

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)
D. Summary of Significant Accounting Policies (continued)

Related Parties (continued)

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

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

ii) the party is an associate of the Group;

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

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

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

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

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

Related party transactions between related parties, resources, services or obligations, regardless of whether a price is charged transfer (Note 30).

Financial instruments

Policy applicable from 1 January 2018

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) – equity investment, or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

D. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

D. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

v. Impairment

Policy applicable from 1 January 2018

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:
- financial assets measured at amortized cost;
- contract assets (as defined in TFRS 15).

Under TFRS 9, loss allowances are measured on either of the following bases:

- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument; and
- 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:
- bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information.

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

D. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

v. Impairment (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

ECLs are discounted at the effective interest rate of the financial asset.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years.

Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables are estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.
Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

D. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Policy applicable before 1 January 2018

Finacial assets

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affected profit or loss. Furthermore, for cash flow hedges that were terminated before 2017, forward points were recognized immediately in profit or loss.

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. The Group does not have investments held to maturity.

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.

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.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

D. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Available-for-sale financial assets(continued)

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

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 are shown by decreasing the low value over the discounted cost using the effective interest method.

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.

Cash and cash equivalents

Cash and cash equivalents were comprised of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and were used by the Group in the management of its short-term commitments.

<u>Financial liabilities</u>

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.

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

D. Summary of Significant Accounting Policies (continued)

Financial liabilities (continued)

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).

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.

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.

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

D. Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions (continued)

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

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

- Which relate to assets under construction for future productive use, and an adjustment to interest costs on foreign currency borrowings are regarded as foreign exchange differences are included in the cost of those assets,

- Foreign currency risks (see accounting policies are described below in order to hedge against) Exchange differences on transactions entered into in order to hedge.

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).

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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

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).

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).

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

D. Summary of Significant Accounting Policies (continued)

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.

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.

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

D. Summary of Significant Accounting Policies (continued)

Taxation and Deferred Income Taxes (continued)

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

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.

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

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) 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.

c) 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 2018, the group has registered deferred tax assets because it finds adequate indicators that the foreseeable future is a taxable wife.

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

E. Significant Accounting Estimates (continued)

d) Severance pay liability for actuarial assumptions (discount rates, future salary increases and employee seperation rates)
e) 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.
f) 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.
g) 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.
h) 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)

31.12.2018	Project Commitment	Ship Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	1.337.049.392	10.448.920	6.979.073	-	1.354.477.385
Intra Group Revenue	-	-	-	-	-
Total Net Revenue	1.337.049.392	10.448.920	6.979.073	-	1.354.477.385
Cost of Sales (-)	(1.336.731.374)	(8.118.436)	(4.165.466)	-	(1.349.015.276)
Gross Profit / Loss	318.018	2.330.484	2.813.607	-	5.462.109
General and Administrative Expenses (-)	(36.509.468)	(1.097.003)	(1.375.923)	480.996	(38.501.398)
Other Operating Income	98.564.202	1.722.470	841.376	(449.673)	100.678.375
Other Operating Expenses	(63.037.122)	(1.502.458)	(542.098)	-	(65.081.678)
Operating Profit	(664.370)	1.453.493	1.736.962	31.323	2.557.408
Impairment (losses) / gains in accordance with TFRS 9, net	(38.875)	20	-	-	(38.855)
Income from Investment Operations	2.520.935	363	66	-	2.521.364
Expense from Investment Operations (-)	(14.208)	(107)	-	-	(14.315)
Equity Method Investments Profit / (Loss) 's Shares	26.961.037	-	-	-	26.961.037
Operating Profit / (Loss) before Finance Income and Expense	28.764.519	1.453.769	1.737.028	31.323	31.986.639
Financing Income	7.168.289	1.445.372	4.177.720	(3.560.321)	9.231.060
Financing Expenses (-)	(19.715.305)	(242.825)	(4.428.026)	3.560.316	(20.825.840)
OPERATING PROFIT / (LOSS) BEFORE TAX	16.217.503	2.656.316	1.486.722	31.318	20.391.859
Operating Tax Income / (Loss)					
-Period Tax Income / (Loss)	(2.660.511)	(811.003)	-	-	(3.471.514)
-Deferred Tax Income/(Expense)	84.444	205.279	(21.194)	-	268.529
PROFIT / (LOSS)	13.641.436	2.050.592	1.465.528	31.318	17.188.874
Investment Expenses					
Tangible Fixed Assets	4.793.237	33.639	-		4.826.876
Intangible Fixed Assets	184.310	-	-	-	184.310
Depreciation Expenses	6.184.016	15.681	1.794.563	14.952	8.009.212
Amortisation Expenses	247.841	49	211	-	248.101
Other Information					
- Total Assets	1.500.903.800	10.967.308	44.664.722	(443.789.634)	1.112.746.196
- Total Liabilities	940.070.408	3.097.377	43.784.171	(350.575.742)	636.376.214

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4.SEGMENT REPORTING (continued)

31.12.2017	Project Commitment	Ship Electrical and Electronics	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 / Loss	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 / (Loss)	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)
Amortisation Expenses	(468.067)	(1.234)	(900)	-	(470.201)
<u>Other Information</u>					
- 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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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

D. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Available-for-sale financial assets(continued)

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

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 are shown by decreasing the low value over the discounted cost using the effective interest method.

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.

Cash and cash equivalents

Cash and cash equivalents were comprised of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and were used by the Group in the management of its short-term commitments.

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.

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (continued)

D. Summary of Significant Accounting Policies (continued)

Financial liabilities (continued)

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).

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.

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.

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

D. Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions (continued)

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

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

- Which relate to assets under construction for future productive use, and an adjustment to interest costs on foreign currency borrowings are regarded as foreign exchange differences are included in the cost of those assets,

- Foreign currency risks (see accounting policies are described below in order to hedge against) Exchange differences on transactions entered into in order to hedge.

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).

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

D. Summary of Significant Accounting Policies (continued)

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).

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).

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

D. Summary of Significant Accounting Policies (continued)

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.

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.

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

D. Summary of Significant Accounting Policies (continued)

Taxation and Deferred Income Taxes (continued)

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

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.

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

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) 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.

c) 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 2018, the group has registered deferred tax assets because it finds adequate indicators that the foreseeable future is a taxable wife.

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

E. Significant Accounting Estimates (continued)

d) Severance pay liability for actuarial assumptions (discount rates, future salary increases and employee seperation rates)
e) 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.
f) 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.
g) 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.
h) 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)

31.12.2018	Project Commitment	Ship Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	1.337.049.392	10.448.920	6.979.073	-	1.354.477.385
Intra Group Revenue	-	-	-	-	-
Total Net Revenue	1.337.049.392	10.448.920	6.979.073	-	1.354.477.385
Cost of Sales (-)	(1.336.731.374)	(8.118.436)	(4.165.466)	-	(1.349.015.276)
Gross Profit / Loss	318.018	2.330.484	2.813.607	-	5.462.109
General and Administrative Expenses (-)	(36.509.468)	(1.097.003)	(1.375.923)	480.996	(38.501.398)
Other Operating Income	98.564.202	1.722.470	841.376	(449.673)	100.678.375
Other Operating Expenses	(63.037.122)	(1.502.458)	(542.098)	-	(65.081.678)
Operating Profit	(664.370)	1.453.493	1.736.962	31.323	2.557.408
Impairment (losses) / gains in accordance with TFRS 9, net	(38.875)	20	-	-	(38.855)
Income from Investment Operations	2.520.935	363	66	-	2.521.364
Expense from Investment Operations (-)	(14.208)	(107)	-	-	(14.315)
Equity Method Investments Profit / (Loss) 's Shares	26.961.037	-	-	-	26.961.037
Operating Profit / (Loss) before Finance Income and Expense	28.764.519	1.453.769	1.737.028	31.323	31.986.639
Financing Income	7.168.289	1.445.372	4.177.720	(3.560.321)	9.231.060
Financing Expenses (-)	(19.715.305)	(242.825)	(4.428.026)	3.560.316	(20.825.840)
OPERATING PROFIT / (LOSS) BEFORE TAX	16.217.503	2.656.316	1.486.722	31.318	20.391.859
Operating Tax Income / (Loss)					
-Period Tax Income / (Loss)	(2.660.511)	(811.003)	-	-	(3.471.514)
-Deferred Tax Income/(Expense)	84.444	205.279	(21.194)	-	268.529
PROFIT / (LOSS)	13.641.436	2.050.592	1.465.528	31.318	17.188.874
Investment Expenses					
Tangible Fixed Assets	4.793.237	33.639	-		4.826.876
Intangible Fixed Assets	184.310	-	-	-	184.310
Depreciation Expenses	6.184.016	15.681	1.794.563	14.952	8.009.212
Amortisation Expenses	247.841	49	211	-	248.101
Other Information					
- Total Assets	1.500.903.800	10.967.308	44.664.722	(443.789.634)	1.112.746.196
- Total Liabilities	940.070.408	3.097.377	43.784.171	(350.575.742)	636.376.214

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4.SEGMENT REPORTING (continued)

31.12.2017	Project Commitment	Ship Electrical and Electronics	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 / Loss	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 / (Loss)	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
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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)
Amortisation Expenses	(468.067)	(1.234)	(900)	-	(470.201)
<u>Other Information</u>					
- 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)

Geographical Segments

01.01.- 31.12.2018	Turkey	Qatar	England	Holland	Russia	Bulgaria	Azerbaijan	United Arab Emirates	Elimination	Total
Revenue	55.450.806	809.702.259	56.117.822	5.769.173	-	6.972.938	-	420.464.387	-	1.354.477.385
Assets Related Ongoing Construction Contracts	6.443.979	50.127.902	10.120.267	6.305.531	-	-	-	220.783.862	-	293.781.541
Assets according to Segment	415.025.340	622.206.122	45.759.156	6.847.153	111.505	43.680.958	3.802.197	443.518.943	(468.205.178)	1.112.746.196
Investment Expenses	952.257	2.486.354	232.321	-	-	-	-	1.340.254	-	5.011.186

01.01.- 31.12.2017	Turkey	Qatar	England	Russia	Bulgaria	Azerbaijan	United Arab Emirates	Elimination	Total
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	-	5.328.218

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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.-31.12.2018 and 01.01.-31.12.2017 are as below:

			01.01. - 31.12.2018
Operating Segment	**Activity**	**Amount in Gross Revenue**	**Share in Gross Revenue**
Project Commitment	Project Commitment	407.826.713	31%
Project Commitment	Project Commitment	425.820.839	32%
Project Commitment	Project Commitment	252.329.013	19%

			01.01. - 31.12.2018
Operating Segment	**Activity**	**Amount in Gross Revenue**	**Share in Gross Revenue**
Ship Electrical and Electronics	Service Sales	6.855.278	80%
Ship Electrical and Electronics	Service Sales	3.593.642	18%

			01.01. - 31.12.2017
Operating Segment	**Activity**	**Amount in Gross Revenue**	**Share in Gross Revenue**
Project Commitment	Project Commitment	283.516.023	28%
Project Commitment	Project Commitment	186.511.699	18%

			01.01. - 31.12.2017
Operating Segment	**Activity**	**Amount in Gross Revenue**	**Share in Gross Revenue**
Ship Electrical and Electronics	Service Sales	5.894.221	66%
Ship Electrical and Electronics	Service Sales	2.383.629	27%

5. CASH AND CASH EQUIVALENTS

	31.12.2018	**31.12.2017**
Cash	557.825	290.010
Banks	46.862.997	55.807.850
- Demand Deposits	46.862.997	35.465.855
- Time Deposit Maturity less than 3 Months	-	20.341.995
Total	47.420.822	56.097.860

Details of bank deposits are as follows ;

Currency	**Interest Rate (%)**	**31.12.2018**	**Interest Rate (%)**	**31.12.2017**
TL	-	-	13,00	2.002.137
US Dollars	-	-	0,80	15.088.591
Euro	-	-	0,40	3.251.267
Total Time Deposit		-		20.341.995

	31.12.2018	31.12.2017
Opening balance	20.341.995	-
Addition	-	20.341.995
Disposal(-)	(20.341.995)	-
Adjustment on initial application of TFRS 9	(672)	-
Reversal for the period under TFRS 9	672	-
Closing balance	-	20.341.995

There is no blockage on cash and cash equivalents as of the reporting date (31 December 2017: None)

6. FINANCIAL INVESTMENTS

Short Term Financial Investment

None (31.12.2017: None).

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7. FINANCIAL BORROWINGS

	31.12.2018	31.12.2017
a) Bank Loans	100.348.209	48.391.730
b) Credit Card Debts	217.633	162.644
Total	100.565.842	48.554.374

a)Bank Loans:

31.12.2018

Currency	Weighted Average Interest Rate (%)	Short Term	Short-Term Portion of Long Term Loans	Long Term	Total
TL	29,00- 35,00	57.766.736	-	-	57.766.736
EURO	4,50- 4,75	5.831.179	3.576.435	27.200.384	36.607.998
GBP	-	192.266	-	-	192.266
Qatar Riyal	-	5.781.209	-	-	5.781.209
Total		69.571.390	3.576.435	27.200.384	100.348.209

31.12.2017

Currency	Weighted Average Interest Rate (%)	Short Term	Short-Term Portion of Long Term Loans	Long Term	Total
TL	15,2-17,5	23.046.072	-	-	23.046.072
EURO	5,85 - 6,8	-	2.558.678	22.786.980	25.345.658
Total		23.046.072	2.558.678	22.786.980	48.391.730

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7. FINANCIAL BORROWINGS (continued)

a) Bank Loans (continued):

	31.12.2018	31.12.2017
Payable within one year	73.147.825	25.604.750
Payable within 2 - 3 years	3.455.404	2.331.680
Payable within 3 - 4 years	3.649.874	2.584.949
Payable within 4 - 5 years	3.847.422	2.749.802
Payable within 5 years and longer term	16.247.684	15.120.549
Total	100.348.209	48.391.730

As of 31 December 2018, there are mortgages amounting to TL 22.916.258 on the bank loans. (31 December 2017: TL 18.811.785)

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

Short Term Trade Receivables	31.12.2018	31.12.2017
Customers	271.763.019	181.789.996
Notes Receivables and Postdated Checks	6.817.804	3.727.089
Less: Unrealized Finance Income	(1.707.904)	(271.970)
Income Accruals	51	-
Adjustment on initial application of TFRS 9	(2.259.347)	-
Doubtful Trade Receivables (*)	4.670.774	3.832.786
Less:Dobtful Trade Receivables Provisions	(4.670.774)	(3.832.786)
Collaterals held by Employers (**)	88.869.675	92.206.564
Sub Total	363.483.298	277.451.679
Recaivables from Related Parties (Note 30)	68.352	706.169
Total	363.551.650	278.157.848

As of 31.12.2018, the weighted avarage of interest rate % 23,82, %2,52 and %0,36 used to calculate unearned finance income for short-term trade receivables in terms of TL, US Dollars and Euro and avarage maturity of receivables is 2 months. (2017: TL: %13,39, US Dollars : % 0,77 , Euro :%0,37, 2 month).

As of 31 December 2018, trade receivables' amounting TL 4.670.774 (2017: 3.832.786 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:

	31.12.2018	31.12.2017
Beginning of the period	3.832.786	5.534.835
Provisions within the period	19.955	41.096
Less: Collected within the current period	(88.504)	(2.064.530)
Foregin currency exchange differences	906.537	321.385
End of the period	4.670.774	3.832.786

(**) 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:

Short Term Trade Payables	31.12.2018	31.12.2017
Suppliers	174.612.112	162.279.539
Notes Payable and Postdated Checks	29.572.522	27.519.927
Less: Unrealized Finance Expense	(755.988)	(434.606)
Expense Accruals	691	-
Financial Guarantees Given to the Subcontractor (*)	24.096.443	24.703.192
Sub Total	227.525.780	214.068.052
Trade Payables to Related Parties (Note 30)	2.860.963	1.372.081
Total	230.386.743	215.440.133

As of 31.12.2018, the weighted avarage of interest rates % 24,58, % 2,21 and % 0,35 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. (31.12.2017: TL :% 13,39, US Dollars :%0,92, Euro:0,34% 3 months).

(*) Before the completion of the work defined in the construction contracts or until completion, in some cases the commercial debts held by the employer within a longer period of time and not yet outstanding are classified as "subcontractor return share debts".

Long Term Trade Payables:

None (31.12.2017: None).

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

Short Term Other Receivables	31.12.2018	31.12.2017
Deposits and Guarantees Given	19.265.862	7.536.060
Due From Personel	3.981	2.988
Doubtful Other Receivables	921.627	933.856
Less: Provision of Doubtful Other Receivables (*)	(921.627)	(933.856)
Other Receivables	456.049	382.998
Tax and Social Security Receivables	1.198.336	5.066.606
Sub Total	20.924.228	12.988.652
Other receivables from related parties (Note 30)	3.513.522	11.162.032
Total	24.437.750	24.150.684

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

	31.12.2018	31.12.2017
Beginning of the period	933.856	923.744
Provisions within the period	-	12.385
Less: Collected within the Period	(12.229)	(2.273)
End of the period	921.627	933.856

Long-Term Other Receivables	31.12.2018	31.12.2017
Deposits and Guarantees Given	6.247	6.247
Total	6.247	6.247

Shorts-Term Other Payables	31.12.2018	31.12.2017
Deposits and Guarantees Received	-	15.217
Taxes and Charges	5.301.658	3.875.281
Other Payables	207.711	9.465
Restructed Debts of Public Sector	731.160	617.793
Sub Total	6.240.529	4.517.756
Other Payables to Related Parties (Note 30)	812.844	586.682
Total	7.053.373	5.104.438

Long-Term Other Payables	31.12.2018	31.12.2017
Restructed Debts of Public Sector	102.966	720.758
Total	102.966	720.758

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10. INVENTORIES

	31.12.2018	31.12.2017
Raw Materials and Equipments	156.252.052	235.709.532
Goods	-	16.875
Trade Goods	-	11.120
Provision for Inventories (-)	(371.625)	(371.625)
Total	155.880.427	235.365.902

Provision for Inventories Movement	31.12.2018	31.12.2017
Opening Balance	371.625	371.625
Additional During the Period (-)	-	-
Closing Balance	371.625	371.625

Inventory Impairment Breakdown	01.01.-31.12.2018	01.01.-31.12.2017
Raw Materials and Equipments	371.625	371.625
Total	371.625	371.625

The Group has no inventory pledged as collateral for loans used. (31.12.2017: None)

11. PREPAID EXPENSES AND DEFERRED REVENUES

Short-Term Prepaid Expenses	31.12.2018	31.12.2017
Advances Given for Inventories	18.025.028	9.665.903
Other Advances Given	9.959.423	19.469.653
Prepaid Expenses for the Fallowing Months	8.554.503	8.169.817
Total	36.538.954	37.305.373

Long-Term Prepaid Expenses	31.12.2018	31.12.2017
Expense for the Fallowing Years	972.158	2.422.428
Total	972.158	2.422.428

Short-Term Deferred Income	31.12.2018	31.12.2017
Advances Received	223.518.539	193.423.555
Short-term Deferred Income	352.431	1.347.271
Total	223.870.970	194.770.826

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12. CONSTRUCTION CONTRACTS

	31.12.2018	31.12.2017
Assets regarding Construction Contracts In Progress	293.781.541	158.546.300
Total	293.781.541	158.546.300

Assets related to construction projects in progress are as follows:

	31.12.2018	31.12.2017
- Assets regarding Domestic Construction Contracts	4.695.999	3.961.251
- Unearned Assets regarding Domestic Construction Contracts (*)	1.747.980	1.452.445
- Unearned Assets regarding Overseas Construction Contracts (*)	287.337.562	153.132.604
Assets regarding Construction Contracts In Progress	293.781.541	158.546.300

	31.12.2018	31.12.2017
Liabilities Regarding Construction Contracts In Progress	19.244.417	44.530.946
Total	19.244.417	44.530.946

(*) 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.

Liabilities related to construction projects in progress are as follows:

	31.12.2018	31.12.2017
- Over-invoiced Portion regarding Domestic Construction Contracts	1.075.275	561.346
- Over-invoiced Portion regarding Overseas Construction Contracts	18.169.142	43.969.600
	19.244.417	44.530.946

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

As of 31 December 2018, short-and long-term advances has been received regarding the ongoing construction contracts is amounting to TL 223.518.539 (31 December 2017: TL 193.423.555) .

13. INVESTMENTS ACCOUNTED UNDER EQUITY METHOD

Details of subsidiaries and joint ventures according to equity method evaluation as of December 31, 2018 and December 31, 2017 are as follows:

	Participation Rate (%)	31.12.2018	Participation Rate (%)	31.12.2017
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	24,81	15.693.371	24,68	10.561.028
Energina Kompania Bonev	50,00	945.522	50,00	577.394
Anel Yapı Gayrimenkul A.Ş.	47,50	66.972.150	47,50	45.280.729
Total		83.611.043		56.419.151

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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:

	Participation Rate (%)	31.12.2018	Participation Rate (%)	31.12.2017
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	24,81	15.693.371	24,68	10.561.028
Goodwill		16.466.160		16.466.160
Impairment on Goodwill (-)		(16.466.160)		(16.466.160)
Total		15.693.371		10.561.028

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

31.12.2018	Assets Total	Payables Total	Equity of Parent	Revenue	Profit / (Loss)
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	67.630.678	4.376.459	63.254.220	41.823	20.462.373
Energina Kompania Bonev	14.981.231	13.090.188	1.891.043	2.504.730	328.206
Anel Yapı Gayrimenkul A.Ş.	293.745.488	152.751.487	140.994.001	21.884.876	45.666.153

31.12.2017	Assets Total	Payables Total	Equity of Parent	Revenue	Profit / (Loss)
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)

The details of the shares taken from the profit of the associates and joint ventures are as follows:

	Affiliates rate (%)	31.12.2018	Affiliates rate (%)	31.12.2017
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	24,81	5.105.511	24,68	(501.025)
Energina Kompania Bonev	50,00	164.103	50	103.592
Anel Yapı Gayrimenkul A.Ş.	47,50	21.691.423	47,5	(1.900.058)
		26.961.037		(2.297.491)

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14. INVESTMENT PROPERTY

The Fair Value	01.01.2018 Opening Balance	Additions	Disposals	Transfers	Appreciation	31.12.2018 Closing Balance
Lands and Buildings	2.470.000	5.958.435	-	-	2.400.000	10.828.435
Investment Proporties	2.470.000	5.958.435	-	-	2.400.000	10.828.435

The Fair Value	01.01.2017 Opening Balance	Additions	Disposals	Transfers	Appreciation	31.12.2017 Closing Balance
Lands and Buildings	2.280.000				190.000	2.470.000
Investment Proporties	2.280.000				190.000	2.470.000

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

	31.12.2018		31.12.2017	
	Expertize Report Date	The Fair Value	Expertize Report Date	The Fair Value
Name of real estate				
Tarla (Araban/Gaziantep)	29.01.2018	4.870.000	29.01.2018	2.470.000
Muğla Milas Residence (*)	-	5.958.435	-	-

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 2,400,000 in revenue from investment properties in Gaziantep during the period (2017: TL 190.000). Rent income is recognized in income from investment activities.

According to the appraisal report dated January 3, 2019 organized by the valuation company, the value of the real estate was valued at TL 4.870.000. (December 31, 2017: TL 2.470.000) The value of the property is determined by the Market Approach method. (31 December 2017: Market approach)

(*) As of December 28, 2018, the abode of the Group's other investment property Muğla Milas was included in the Company's assets. The real estate purchase price has been determined by taking into account the valuation report dated 05.09.2018 and numbered 2018B234 prepared by TSKB.

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15. TANGIBLE ASSETS

31.12.2018

Cost	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold İmprovements	Other Fixed Assets	Total
Opening Balance	1.390.594	258.349	51.657.532	3.018.308	20.360.125	405.007	229.207	77.319.122
Foreign Currency Conversation Adjustments	84.601	101.985	19.788.424	1.123.008	6.915.018	-	27.436	28.040.472
Purchases	-	-	3.029.063	295.000	1.502.813	-	-	4.826.876
Disposals	-	-	-	-	(748.130)	-	-	(748.130)
Closing Balance	**1.475.195**	**360.334**	**74.475.019**	**4.436.316**	**28.029.826**	**405.007**	**256.643**	**109.438.340**

Accumulated depreciation	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold İmprovements	Other Fixed Assets	Total
Opening Balance	-	(130.911)	(19.149.315)	(1.069.888)	(14.853.582)	(374.658)	(175.760)	(35.754.114)
Foreign Currency Conversation Adjustments	-	(212.894)	(7.351.056)	(448.967)	(4.956.170)	(4.187)	(24.262)	(12.997.536)
Charge for the period	-	(16.529)	(4.400.982)	(712.778)	(2.867.842)	(5.321)	(5.758)	(8.009.210)
Disposal	-	-	-	-	261.417	-	-	261.417
Closing Balance	**-**	**(360.334)**	**(30.901.353)**	**(2.231.633)**	**(22.416.177)**	**(384.166)**	**(205.780)**	**(56.499.443)**
Tangible assets, net	1.475.195	-	43.573.666	2.204.683	5.613.649	20.841	50.863	52.938.897

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15. TANGIBLE ASSETS (continued)

								31.12.2017
Cost	Lands	Lands Improvements	PlantsMachinery and Equipments	Vehicles	Fixtures	Leasehold İmprovements	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
Foreign Currency Conversation Adjustments	45.078	17.308	7.401.637	182.260	1.130.156	870	11.885	8.789.194
Purchases	-	-	3.813.625	124.348	1.279.654	26.605	-	5.244.232
Disposal	-	-	(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 İmprovements	Other Fixed Assets	Total
Opening Balance	-	(110.040)	(13.490.065)	(479.792)	(12.112.909)	(373.345)	(156.906)	(26.723.056)
Foreign Currency Conversation Adjustments	-	(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)
Disposal	-	-	4.182	-	214.371	-		218.553
Closing Balance		**(130.911)**	**(19.149.315)**	**(1.069.888)**	**(14.853.582)**	**(374.658)**	**(175.760)**	**(35.754.113)**
Tangible fixed assets	1.390.594	127.438	32.508.217	1.948.420	5.506.542	30.349	53.447	41.565.008

Total depreciation expense for the current period is TL 8.009.210 (December 31, 2017: TL 6.770.541). This amount is TL 7.790.700 (31 December 2017: TL 6.595.401) which is part of the cost of goods sold (Note 22) and TL 218.510 (31 December 2017: TL 175.140) are included in general administrative expenses (Note 23) marketing expenses have not been paid (31 December 2017:None).

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15. TANGIBLE ASSETS (continued)

Useful lives of tangible fixed assets are as follows:

	Useful Life	
Lands Improvements	3-14	Year
Buildings	50	Year
Plants, Machinery and Equipments	3-14	Year
Vehicles	5	Year
Fixtures	3-14	Year
Other Fixed Assets	5	Year
Leasehold İmprovements	5	Year

16. INTANGIBLE ASSETS

		31.12.2018
Cost	**Right**	**Total**
Opening Balance	5.346.736	5.346.736
Translation Difference	758.016	758.016
Additions	184.310	184.310
Closing Balance	**6.289.062**	**6.289.062**
Accumulated Amortization and Impairment		
Opening Balance	(5.108.440)	(5.108.440)
Translation Difference	(702.445)	(702.445)
Charge for the period	(248.101)	(248.101)
Closing Balance	**(6.058.986)**	**(6.058.986)**
Intangible Assets, net	230.076	230.076

		31.12.2017
Cost	**Right**	**Total**
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)**
Intangible Assets,net	238.295	238.295

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16. INTANGIBLE FIXED ASSETS (continued)

The sum of the current period redemption is TL 248.101. (31 December 2017: TL 470.201). The amount of this amount TL 218.268 (31 December 2017:TL 371.938) is included in the cost of the sold goods (note 22), part of the TL 29.833 (31 December TL 98.263) amount included in the general administrative expenses (note 23).

Economic lives of intangible assets are as follows:

	Useful Lives
Rights	3-14 Yıl

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,Holland, Abu Dhabi, England, and Turkey branches and subsidiaries are related to the storage building, vehicles and office equipment.

Payments accounted for as expenses	31.12.2018	31.12.2017
Minumum lease payments	18.347.772	15.897.347
Total	18.347.772	15.897.347

	31.12.2018	31.12.2017
in a one year	12.043.724	15.712.751
in a two years	1.724.704	142.508
in a three years	111.188	33.671
in a four years	-	8.418
in a five years	-	-
Total	13.879.616	15.897.348

18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	31.12.2018	31.12.2017
Litigation provisions	4.225.561	3.401.156
Total	4.225.561	3.401.156

	31.12.2018	31.12.2017
Begining of period	3.401.156	1.209.862
Provision in period	1.767.068	2.195.766
Negative: canceled in period	(942.663)	(4.472)
End of period	4.225.561	3.401.156

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

18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent Liabilities

As of December 31, 2018, there are 50 lawsuits against the Group amounting to TL 6.225.932 and USD 513.556 (TL equivalent 2.701.767). (31.12.2017: 48 lawsuits TL 3.783.818 and USD 323.693 / equivalent TL 1.220.941) . Group has been made provision amounting TL 4.225.561 (31.12.2017: TL 3.401.156) regarding to this lawsuits.

Collaterals-Pledge-Mortgages-Bails

As of 31 December 2018 and 31 December 2017, 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;

				31.12.2018
	US Dollars	EURO	TL	TL Equivalent
Letters of Guarantees Received	-	36.990	267.500	490.476
Guarenteed Bill Received	722.400	489.306	2.383.515	9.133.526
Guaranteed Cheques Received	-	12.400	1.834.617	1.909.365
Total	722.400	538.696	4.485.632	11.533.367

				31.12.2017
	US Dollars	EURO	TL	TL Equivalent
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

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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)								
31.12.2018	**US Dollars**	**Euro**	**TL**	**GBP**	**AED**	**QATARİ RİYAL**	**BGN**	**TL Equivalent**
A) CPMB's given for Company's own legal personality	34.840	2.789.665	13.967.387	5.160.000	148.113.468	39.491.668	7.477.000	357.454.520
B) CPMB's given on behalf of fully consolidated companies	91.978.510	1.311.545	476.515	-	-	-	-	492.272.252
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	3.636.200	-	-	-	-	3.636.200
D) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-	-	-	-	-
i) Total amount of CPMB's given on behalf of majotary shareholder	-	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
TOTAL	**92.013.350**	**4.101.210**	**18.080.102**	**5.160.000**	**148.113.468**	**39.491.668**	**7.477.000**	**853.362.972**

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

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**	**QATARİ 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 majotary shareholder	-	-	-	-	-	-		-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-		-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-		-
TOTAL	106.382.804	3.411.754	22.317.281	5.160.000	149.703.605	47.991.229	8.194.000	687.483.482

Other groups of CPM is given by the Group's equity ratio as of 31.12.2018 is 0% (31.12.2017:%0).
The distribution of TRIKs by type as of 31 December 2018 and 31 December 2017 is shown below.

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

18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (continued)

31.12.2018

Colleterals,Pledges,Mortgages and Bails	Total TL Equivalent	US Dollars	Euro	AED	Qatari Riyal	GBP	BGN	TL
Colleterals	830.446.714	92.013.350	4.101.210	148.113.468	39.491.668	5.160.000	-	18.080.102
Rehinler	-	-	-	-	-	-	-	-
Mortgages	22.916.257	-	-	-	-	-	7.477.000	-
Total	853.362.971	92.013.350	4.101.210	148.113.468	39.491.668	5.160.000	7.477.000	18.080.102

31.12.2017

Colleterals,Pledges,Mortgages and Bails	Total TL Equivalent	US Dollars	Euro	AED	Qatari Riyal	GBP	BGN	TL
Colleterals	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

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19. EMPLOYEE BENEFITS

Provisions for Short Term Employee Benefits	31.12.2018	31.12.2017
Unused Vacation Rights	12.479.388	8.423.865

	31.12.2018	31.12.2017
Begining of the period	8.423.865	7.162.004
Additional provision	3.060.292	7.367.987
Using in period	(2.030.160)	(6.570.925)
Foreign currency conversion adjustments	3.025.391	464.799
End of the period	12.479.388	8.423.865

Employee Benefits Liabilities	31.12.2018	31.12.2017
Due To Personnel	6.293.114	745.637
Social Security Withholdings Payable	868.447	538.678
Total	7.161.561	1.284.316

Provisions for Long Term Employee Benefits	31.12.2018	31.12.2017
Provisions for Employee Termination Benefits	27.566.532	16.647.294

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 % 9,5 expected salary increasing rate and % 14 discount rate and approximately % 4,11 real discount rate and retiring assumption as follows. (December 31, 2017: % 4,64). The severence provisions for the employees that works Group's Qatar and United Arab Emirates branches are not subject to any discount due to local laws of these countries where the units are.

	31.12.2018	31.12.2017
Annual Discount Rate (%)	4,11	3,79
Probability of Retirement (%)	90,04	92,96

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, 2018 the accompanying financial statements provisions for the future probably obligation arising from the retirement of employees is calculated by estimating the present value.

Severance pay ceiling amounting to TL 5.434 (31.12.2017: TL 4.732) used on calculation of retirement pay provision with effect from 1 January 2018.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
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19. EMPLOYEE BENEFITS (Continued)

The movement of provision for severance pay as follows:

	31.12.2018	31.12.2017
Provision as of 1 January	16.647.294	12.048.608
Service Cost	6.273.005	5.040.421
Interest Cost	62.259	45.744
Employee Termination Paid	(1.604.135)	(1.399.146)
Actuarial Gain/Loss	265.635	133.138
Foreign Currency Exchage Differences	5.922.474	778.529
Provision as of 31 December	27.566.532	16.647.294

20.OTHER ASSETS AND LIABILITIES

Other Current Assets	31.12.2018	31.12.2017
Deferred VAT	3.215.838	4.975.094
Work Advance	768.093	998.675
Personel Advances	3.690.879	2.661.965
Other Current Assets	682.991	662.756
Total	8.357.801	9.298.490

21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

a) Capital

The Company's issued share capital as at 31 December 2018 and 31 December 2017 dates are as follows:

	31.12.2018		31.12.2017	
Shareholders	Share Amount TL	Share Percentage (%)	Share Amount TL	Share Percentage (%)
Rıdvan Çelikel	48.780.773	44,35	47.142.089	42,86
Avniye Mukaddes Çelikel	5.677.039	5,16	5.677.039	5,16
Mahir Kerem Çelikel	2.120.417	1,93	1.526.758	1,39
Capital Strategy Funds Spc-The Opportunistic Series Segregateg Portfolio	10.980.862	9,98	8.803.498	8,00
Other	42.440.909	38,58	46.850.616	42,59
Paid-in Capital	110.000.000	100,00	110.000.000	100,00

As at 31.12.2018, % 38,31 (31.12.2017: %48,63) of Company shares are being traded in ISE (Istanbul Stock Exchange) according to Central Registry Agency (CRA) report.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
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21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (continued)

a) Capital (continued)

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. (31.12.2017: 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 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	31.12.2018	31.12.2017
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	31.12.2018	31.12.2017
Effect of Common Controlled Entities or Enterprises Mergers	(48.314.150)	(48.314.150)
Total	(48.314.150)	(48.314.150)

d) Revalution and Measurement Gain/ (Loss)	31.12.2018	31.12.2017
Financial Assets Revaluation Gain/(Loss)	(348.487)	(348.487)
Total	(348.487)	(348.487)

e) Foreign Currency Translation Differences	31.12.2018	31.12.2017
Forign Currency Translation Differences	174.018.792	90.181.741
Total	174.018.792	90.181.741

f) Defined Benefit Plans Revalution and Measurement Gain/ (Loss)	31.12.2018	31.12.2017
Defined Benefit Plans Revalution and Measurement Gain/ (Loss)	(1.175.881)	(963.373)
Total	(1.175.881)	(963.373)

g) Restricted Reserves	31.12.2018	31.12.2017
Restricted Reserves	12.833.158	11.982.429
Total	12.833.158	11.982.429

h) Retained Earnings	31.12.2018	31.12.2017
Accounting for expected credit losses in accordance with TFRS 9	(1.740.458)	
Retained Earnings	214.965.631	159.787.220
Total	213.225.173	159.787.220

ı) Non-controlling Shares	31.12.2018	31.12.2017
1st January Balance	(2.441.854)	(2.173.237)
Additions	-	-
Foreign Currency Translation Diffrences	(76)	16.330
Minority Share Profit/(Loss)	236.794	(284.947)
Total	(2.205.136)	(2.441.854)

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

Considering our dividend distribution policy, the profit of the period included in our financial statements for the period 01.01.2017-31.12.2017 prepared in the framework of the Tax Procedural Code of TL 14.007.285 which is calculated as 20% over the profit amount of TL 70.036.425

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22. REVENUE / COST OF SALES

Sales Revenues (Net)	01.01.-31.12.2018	01.01.-31.12.2017
Domestic Sales	52.864.914	65.246.868
Export Sales	1.301.992.240	950.228.688
Other Revenues	164.927	576.248
Total Revenues	1.355.022.081	1.016.051.804
Sales Returns (-)	(544.696)	(294.547)
Sales Revenues (Net)	1.354.477.385	1.015.757.257
II- Cost of Goods Sold	(1.420.739)	(377.091)
III- Cost of Services Sold	(1.339.585.569)	(902.170.241)
IV- Cost of Other Sales	-	(1.029)
V- Depreciation Expenses	(7.790.700)	(6.595.401)
VI- Redemption Expenses	(218.268)	(371.938)
Cost of Sales (I+II+III+IV+V+VI)	(1.349.015.276)	(909.515.700)
GROSS PROFIT/LOSS	5.462.109	106.241.557

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

	01.01-31.12.2018	**01.01-31.12.2017**
General Administrative Expenses	38.501.398	30.631.915
Total	38.501.398	30.631.915

General Administrative Expenses	**01.01-31.12.2018**	**01.01-31.12.2017**
Department Share (*)	13.493.576	11.797.244
Employee Expenses	13.331.178	10.262.712
Non-deductible Expenses (**)	2.944.328	1.037.895
Travel and Accomadaiton Expenses	2.066.800	697.843
Counselling Expenses	1.384.253	1.242.501
Information and Processing Expenses	1.091.987	722.972
Employee Termination Expenses	1.058.777	854.695
Rent Expenses	569.326	646.682
Vacation Provison Expenses	429.675	168.007
Insurance Expenses	416.211	219.972
Other Expenses	241.856	218.355
Depreciation Expenses	218.510	175.140
Litigation and Execution Expenses	170.915	1.156.862
Tax Fees	166.972	97.197
Food Expenses	160.402	152.848
Vehicle Rent Expenses	128.900	115.993
Cleaning Expenses	115.184	112.643
Elelectric, water , heating expenses	99.192	97.864
Trademark and registration expenses	84.973	367.363
Representation and Entertainment Expenses	53.891	21.122
Maintenance and Repair expenses	47.310	29.678
Subcontracted Labour Expenses	44.506	-
Vehicles Expenses	43.390	41.177
Redemption and exhaustion shares	29.833	98.263
Communication expenses	28.392	71.899
Dues Expenses	26.529	47.327
Fowarding Expenses	23.550	22.077
Cargo expenses	14.854	14.737
Advertising Expenses	10.430	42.099
Stationary Expenses	3.352	6.721
Bank Expenses	2.346	34.624
Material Costs	-	57.403
Total	38.501.398	30.631.915

(*) 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.
(**) Consolidation payments and donations are made by the Capital Markets Board of Turkey on 20 September 2018 numbered 2018/40 numbered administrative fines and Law No. 6736 on Say Restructuring of Some Receivables.

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24. EXPENSES BY NATURE

Depreciation Expenses	01.01-31.12.2018	01.01-31.12.2017
Cost of Good Sold	7.790.700	6.595.401
Marketing Expenses	218.510	175.140
Total	8.009.210	6.770.541

Redemtion Expenses	01.01-31.12.2018	01.01-31.12.2017
Cost of Good Sold	218.268	371.938
General Administrative Expenses	29.833	98.263
Total	248.101	470.201

Personnel Expenses	01.01-31.12.2018	01.01-31.12.2017
Salary and Wages	373.372.804	264.594.780
Social Security Expenses	4.834.816	3.582.337
Severance Pay Expenses	10.919.238	4.941.933
Vacation Provision Expenses	4.055.523	1.261.861
Total	393.182.381	274.380.911

25. INCOME/EXPENSES FROM MAIN OPERATIONS

Other Income from Main Operations	01.01.-31.12.2018	01.01.-31.12.2017
Exchange Differences Income Related to Main Operations (**)	88.100.638	8.335.649
Provisions No Longer Required	8.005.855	4.973.584
Other Income and Profits	4.571.882	1.646.328
Tax Provisions Canceled	-	1.558.251
Return from the execution file	-	1.148.000
Total	100.678.375	17.661.812

Other Expenses from Main Operations	01.01.-31.12.2018	01.01.-31.12.2017
Exchange Differences Expenses Related to Main Operations (**)	61.043.065	8.716.458
Other Expenses (-)	3.147.287	1.067.941
Provision Expenses (-)	891.326	2.244.775
Accounts receivables As An Expense (*)	--	8.980.807
Total	65.081.678	21.009.981

(*) Receivable accounts that are abandoned.
(**) Exchange differences ıncome/expenses are occured on trade receivables and payables.

26. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES

Income from Investing Activities	01.01.-31.12.2018	01.01.-31.12.2017
Investment Property Revaluation Gain (Note 14)	2.400.000	190.000
Interest Income on Term Deposits	121.298	68.540
Fixed Assets Sales Revenue	66	43.146
Rent Income from Land	-	18.538
Total	2.521.364	320.224

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26. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES (continued)

Expenses from Investing Activities (-)	01.01.-31.12.2018	01.01.-31.12.2017
Fixed Assets Sales Loss (-)	14.315	30.440
Total	14.315	30.440

27. FINANCIAL INCOME / (EXPENSES)

Financing Income	01.01.-31.12.2018	01.01.-31.12.2017
Interest Income	6.659.062	4.126.888
Exchange Differences Income	2.559.334	18.714.834
Unearned İnterest İncome	12.664	5.367
Total	9.231.060	22.847.089

Financing Expenses (-)	01.01.-31.12.2018	01.01.-31.12.2017
Loan Interest Expenses (-)	13.014.900	11.247.739
Exchange Differences Expenses (-)	7.808.459	13.808.200
Unearned İnterest Expense (-)	2.481	9.587
Total	20.825.840	25.065.526
Financial income/expense,net	(11.594.780)	(2.218.437)

28. INCOME TAXES

Current Assets Related with Current Tax	31.12.2018	31.12.2017
Prepaid Taxes and Funds	2.280.559	1.973.952

Non-Current Assets Related with Current Tax	31.12.2018	31.12.2017
Prepaid Taxes and Funds	546.636	854.000

Income Tax Liabilities	31.12.2018	31.12.2017
Current Tax Liabilities	3.718.861	4.782.492
Less:Prepaid Taxes and Funds	(2.280.559)	(1.973.952)
Income Tax Liabilities	1.438.302	2.808.540

Tax Provision	31.12.2018	31.12.2017
Current Period Corporate Tax Provision (-)	(3.471.514)	(4.645.131)
Provision for Deffered Tax Expenses / (Icome)	268.529	6.377.610
Income Tax Liabilities	(3.202.985)	1.732.479
Other Comprehensive Not to be Reclassified to Profit or Loss	53.127	27.248
	(3.149.858)	1.759.727

Corporate Tax

The Company and its subsidiaries located in Turkey are subject to taxation in accordance with the tax regulations and the legislation effective in Turkey where the Group companies operate. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month.
In Turkey, The tax legislation provides for a temporary tax of 22% (2017: 20%) to be calculated and paid based on earnings generated for each quarter for the period ended 31 December 2017. Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred.

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28. INCOME TAXES (continued)

Corparate Tax (continued)

In Turkey, corporate tax rate is 22% as of 31 December 2018 (2017: 20%). However, according to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

Provision is made Group's financial statements for estimated tax liabilities in current period. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

As at 31 December 2018 and 31 December 2017, the Group has respectively TL 119.676.623 and TL 111.253.630 unused tax losses to be offset against future profits. Unused tax losses could be usable within the dates stated below.

As below used tax loss:

	31.12.2018	31.12.2017
Will be expired in 2020	7.915.506	7.915.506
Will be expired in 2021	103.338.124	103.338.124
Will be expired in 2022	8.422.993	-
Total	119.676.623	111.253.630

As at 2018, effective corporate tax rate is 22%. (2017: %20).

As of 31 December 2018, provisional tax is payable at the rate of 22% (2017: 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:

	31.12.2018	31.12.2017
01 January	4.782.492	5.252.656
The Current Period Tax Expense	3.718.861	4.782.492
Taxes Paid	(4.782.492)	(5.252.656)
Current Profit Tax Liability	3.718.861	4.782.492

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 15%.

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28. INCOME TAXES (continued)

Income Tax Withholding (continued)

	31.12.2018	31.12.2017
Profit Before Tax	20.391.860	68.035.329
The effective tax rate (% 20)	(4.486.209)	(13.607.066)
Foreign Branches and Subsidiary Impact on Tax Rate	(6.580.365)	13.038.742
Non-deductible expenses	(1.260.834)	(494.772)
Unused tax losses of the current period	2.945.848	969.699
Impact of Loss from Equity Method	5.931.428	(459.498)
Impact of Changable on Tax Rates	-	2.489.107
Conversion difference	247.147	(203.734)
Tax income / expense in current period	(3.202.985)	1.732.479

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)

	Cumulative Timing Difference		Deferred Tax Asset/ (Liability)	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Deferred Tax Assets				
Provision for Doubtful Receivables	22.269.672	18.733.627	2.957.849	2.258.659
The Difference Between Book Value and Tax Assessment of Tangible and Intangible Fixed Assets	6.612.922	5.888.526	561.957	521.619
Provision of Severance Pay	13.292.774	8.624.500	1.209.515	835.224
Provision of Unused Annual Leave	5.159.777	3.411.021	443.171	318.038
Provision for Inventory Impairment	371.625	371.625	81.758	81.758
Unused Prior Year's Losses	111.253.630	-	24.475.800	-
Lawsuit Provision Expense	4.225.561	111.253.630	929.906	24.475.800
Other Adjustment	7.631.610	2.954.334	763.161	649.953
Total	170.817.571	157.592.106	31.423.117	29.828.798
Deferred Tax Liabilities				
Tangible and Intangible Fixed Assets and Investments Re-measurement Of Objectives and Reasonable Value Adjustment	(5.400.796)	(2.283.450)	(1.028.459)	(398.331)
Unearned Finance Expense	(534.341)	(348.652)	(66.401)	(34.816)
Adjustments Regarding Using Percentage Complete Method on Projects	(18.192.743)	762.070	1.462.547	1.125.397
Other Adjustment	(1.945.491)	(1.945.491)	(427.604)	(427.604)
Total	(26.073.371)	(3.815.523)	(59.917)	264.646
Deferred Tax Asset/ (Liability), net	144.744.200	153.776.583	31.363.200	30.093.444

The movement of deferred tax assets / liabilities within the period is as follows:

	01.01.2017-31.12.2018	01.01.2017-31.12.2017
Beginning of Period	30.093.444	23.571.541
Total adjustment of changing accounting policy	212.212	-
Beginning Period- revised	30.305.656	23.571.541
Debt / (Receivable) Record to Current Period Income Statement	268.529	6.377.610
Impact of Foreign Currency Exchange Differences	462.206	117.045
Adjustment on initial application of TFRS 9 (*)	273.682	-
The Amounts deducted from Losses of Remeasurement Gains Of Defined Benefit Plans	53.127	27.248
End of Period,31 December	31.363.200	30.093.444

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29. EARNINGS PER SHARE

Earnings Per Share	01.01.-31.12.2018	01.01.-31.12.2017
Net Profit\(Loss) of the Parent Company	16.952.080	70.036.425
Weighted Average Number of Shares	110.000.000	110.000.000
Earning Per Share Profit\(Loss) from Ongoing Activities	0,15	0,64

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)

	31.12.2018			
	Receivables		Payables	
	Short Term		Short Term	
Balances with Related Parties	Trade	Other	Trade	Other
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	-	-	522.060	-
Anelnet Teknik Hizmetler Ltd. Şti. (*)	-	334.647	508.342	-
EKB(Energinia Compania) (**)	68.373	3.178.875	-	-
Anel Holding A.Ş.	-	-	1.961.405	812.844
Anel Yapı Gayrimenkul A.Ş. (*)	-	-	2.598	-
Unpaid Interest Income / Expense (-)	(21)	-	(133.442)	-
Total	68.372	3.513.522	2.860.963	812.844

(*) 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 26,35%.

(**) There is a debt contract between Anel Elektrik ve Proje Taahhüt A.Ş and the EKB.

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30. RELATED PARTY DISCLOSURES (continued)

	31.12.2017			
	Receivables		Payables	
	Short Term		Short Term	
Balances with Related Parties	Trade	Other	Trade	Other
Anelsis 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	-
Köpük Turizm ve Yatçılık Ltd. Şti.	204.766	586.916	-	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş. (*)	91.346	5.909.249	-	-
EKB(Energinia 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

(*) 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 16,66% as of the second quarter.
(**) There is a debt contract between Anel Elektrik ve Proje Taahhüt A.Ş and the Energinia Company.

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30. RELATED PARTY DISCLOSURES(continued)

Operations between related parties for the period 01.01.- 31.12.2018 and 01.01.- 31.12.2017 are as follows;

			31.12.2018				
Related Party Transactions	Stock Purchases	Interest Income	Interest Expense	Service Sales	Service Purchase	Exchange Difference Expense	Exchange Difference Income
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	9.812.857	-	-	576	128.856	179.411	23.416
Anelnet Teknik Hizmetler Ltd. Şti.	-	117.634	69.242	24.914	291.146	-	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	-	5.100.353	11.144	3.530	221	-	-
Köpük Turizm ve Yatçılık Ltd. Şti.	-	150.452	-	-	-	-	-
EKB(Energinia Compania)	-	233.510	-	-	-	-	-
Anel Holding A.Ş.	3.400	36.977	153.922	29.983	13.135.705	-	-
Anel Telekomünikasyon Elk. Sist. San. ve Tic. A.Ş.	-	-	-	16.144	72.433	-	-
Anel Yapı Gayrimenkul A.Ş.	-	320.580	-	-	8.125	-	-
E Sistem Elektronik A.Ş.	-	-	-	20.123	-	-	-
Toplam	**9.816.257**	**5.959.506**	**234.308**	**95.270**	**13.636.486**	**179.411**	**23.416**

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30. RELATED PARTY DISCLOSURES(continued)

	31.12.2017									
Related Party Transactions	Stock Purchases	Trading good Sales	Interest Income	Interest Expense	Service Sales	Service Purchase	Income from Purchase Of Tangible Assets	Fixed assets purchase	Exchange Difference Expense	Exchange Difference Income
Anelsis 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)

Related party transactions between 01.01.- 31.12.2018 and 01.01.- 31.12.2017 are as follows;- Product sales consist of electrical supplies - Service purchases consist of department attandence fee, building maintanence fee, electricity and water expense, food expense, security expense, transportation expense, labour service expenses. - Service sales cosist of labour service income, building maintanence fee, consultancy, electricity and water expense, food expense, security expense, transportation expense and department attandence 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.- 31.12.2018 and 01.01.-31.12.2017 as are as follows;

Benefits Provided by Top-Level Management	01.01-31.12.2018	01.01-31.12.2017
Employee Short Term Benefits	8.831.571	7.302.882
Total	8.831.571	7.302.882

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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 evaulate by executives.According to the evaulate 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 2018 and 31 December 2017 are as follows:

	31.12.2018	31.12.2017
Total Debt	100.565.842	48.554.374
Less: Cash and Cash Equivalents	(47.420.822)	(56.097.860)
Net Debt	53.145.020	(7.543.486)
Total Equity	476.369.982	391.304.384
Liability/Equity Rate	0,112	(0,019)

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 Custumer's trade receivables permanently.

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

31.12.2018

	Receivables				Cash and Cash Equivalents	
	Trade Receivables		Other Receivables			
Prior Period	**Related Parties**	**3 th Parties**	**Related Parties**	**3 th Parties**	**Banks Deposits**	**Financial Investment**
The maximum amount of exposure to credit risk at the end of the reporting (A+B+C+D+E) (1)	**68.352**	**363.483.298**	**3.513.522**	**20.930.474**	**46.862.997**	**293.781.541**
-Total receivables that have been secured with collateras other credit enhancements etc. (*)	-	95.687.479	-	-	-	-
A. Financial assets that are neither past due nor impaired the net book value (2)	60.305	121.630.697	3.513.522	20.930.474	46.862.997	293.781.541
B. The amount of financial assets that are past due as at the end of the reporting period but not impaired	8.047	146.165.122	-	-	-	-
C. The amount of financial assets that are impaired. (3)	-	-	-	-	-	-
-Past due (Gross book value)	-	4.670.774	-	921.627	-	-
-The amount of impairment (-)	-	(4.670.774)	-	(921.627)	-	-
-Net value garanteed with coleteral etc.	-	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
- Net Value garanteed with colleteral 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)

31.12.2017

	Receivables				**Cash and Cash Equivalents**	
	Trade Receivables		**Other Receivables**			
Prior Period	**Related Parties**	**3 th Parties**	**Related Parties**	**3 th Parties**	**Banks Deposits**	**Financial Investment**
The maximum amount of exposure to credit risk at the end of the reporting (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	48..661.341	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	132.856.686	-	-	-	-
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 garanteed with coleteral etc.	-	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
- Net Value garanteed with colleteral etc.	-	-	-	-	-	-
D. Off financial statement credit risk amount	-	-	-	-	-	-

(*) The cash deposits of the projects are covered by the contract of each Project.
(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	Book Value	According to Contract Total Cash 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	**338.108.924**	**343.701.155**	**293.033.188**	**18.413.707**	**23.819.000**	**8.435.260**	**-**
Bank Loans	100.565.842	105.402.085	64.347.167	8.800.658	23.819.000	8.435.260	-
Trade Payables	230.386.743	231.142.731	221.529.682	9.613.049	-	-	-
Other Payables	7.156.339	7.156.339	7.156.339	-		-	-

Prior Period

Terms According to Agreements	Book Value	According to Contract Total Cash 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	-	-

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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:

FOREIGN CURRENCY POSITION TABLE 31.12.2018							
	TL Eqıivalent	**US Dollars**	**Euro**	**GBP**	**AED**	**CHF**	**BGN**
1. Trade Receivables	8.319.576	1.282.907	260.506	-	-	-	-
2.Montetary Financial Assets	3.944.820	603.478	122.298	4.926	-	-	-
3. Other	26.692.585	845.072	3.690.569	-	-	-	-
4. Current Assets (1+2+3)	**38.956.981**	**2.731.457**	**4.073.373**	**4.926**	**-**	**-**	**-**
5. Total Assets (4)	**38.956.981**	**2.731.457**	**4.073.373**	**4.926**	**-**	**-**	**-**
6. Trade Payables	50.954.234	6.143.104	2.731.733	326.042	-	-	-
7. Financial Liabilities	9.581.294	-	1.171.524	-	-	-	822.000
8 Other Non Monetary Liabilities	17.931.477	1.544.629	1.602.500	-	48.784	14.168	-
9. Short Term Liabilities (6+7+8)	**78.467.005**	**7.687.733**	**5.505.757**	**326.042**	**48.784**	**14.168**	**822.000**
10. Financial Liabilities	27.200.382	-	1.128.645	-	-	-	6.655.000
11. Long Term Liabilities (10)	**27.200.382**	**-**	**1.128.645**	**-**	**-**	**-**	**6.655.000**
12. Total Liabilities (9+11)	**105.667.387**	**7.687.733**	**6.634.402**	**326.042**	**48.784**	**14.168**	**7.477.000**
13. Net Foreign Currency Assets / (Liabities)(5-13)	**(66.710.406)**	**(4.956.276)**	**(2.561.031)**	**(321.116)**	**(48.784)**	**(14.168)**	**(7.477.000)**
14. Monetary Items Net Foreign Currency Assets / Liability Position	**(32.836.856)**	**603.478)**	**(2.177.871)**	**4.926**	**-**	**-**	**(7.477.000)**

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31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)
b) Financial Risk Factors (continued)
b.3.1) Currency Risk Management

FOREIGN CURRENCY POSITION TABLE
31.12.2017

	TL Eqivalent	US Dollars	Euro	GBP	AED	CHF	BGN
1. Trade Receivables	30.124.921	7.597.502	325.081	-	-	-	-
2.Montetary 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 / (Liabities)(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)**

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				
31.12.2018				
	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	(2.607.447)	2.607.447		-
2- U S Dollar Hedged (-)	-	-		-
3- USD Dollar Net Effect (1+2)	**(2.607.447)**	**2.607.447**		-
	10% change in Euro against TL:			
4- Euro net assets / liabilities	(1.543.789)	1.543.789	-	-
5- Euro Hedged (-)	-	-	-	-
6- Euro Net Effect (4+5	**(1.543.789)**	**1.543.789**	-	-
	10% change in GBP against TL:			
7- GBP net assets / liabilities	(213.632)	213.632	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	**(213.632)**	**213.632**	-	-
	10% change in BAE Dirhem against TL:			
10- AED net assets / liabilities	(6.988)	6.988	-	-
11- AED Hedged(-)	-	-	-	-
12- AED Net Effect(10+11)	**(6.988)**	**6.988**	-	-
	10% change in CHF against TL:			
10- CHF net assets / liabilities	(7.559)	7.559		-
11- CHFHedged(-)	-	-		-
12- CHF Net Effect(10+11)	**(7.559)**	**7.559**		-
	10% change in BGN against TL:			
13- BGN net assets / liabilities	(2.291.626)	2.291.626	-	-
14- BGN Hedged(-)	-	-	-	-
15- BGN Net Effect(10+11)	**(2.291.626)**	**2.291.626**	-	-
TOTAL(3+6+9+12)	**(6.671.041)**	**6.671.041**	-	-

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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				
31.12.2017				
	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- CHFHedged(-)	-	-	-	-
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**	-	-

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 2017: 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 2018	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	-	47.420.822	-	-	47.420.822	5
Trade Receivables	-	363.551.650	-	-	363.551.650	8,30
Finanial Liabilities						
Financial Liabilities	-	-	-	100.565.842	100.565.842	7
Trade Payables	-	-	-	230.386.743	230.386.743	8,30
Other Financial Liabilities	-	-	-	3.718.861	3.718.861	28

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
Finanial 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

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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 leve 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:

			The level of the fair value at the reporting date	
Financial Assets	31.12.2018	First Level (TL)	Second Level (TL)	Third Level (TL)
Real Estate for Investment	10.828.435	-	-	10.828.435
Total	10.828.435	-	-	10.828.435

			The level of the fair value at the reporting date	
Financial Assets	31.12.2017	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

33. EXPLANATIONS ON CASH FLOW STATEMENT

Other Explanations

Reconciliation of cash flows arising from financing activities and movements in liabilities

	31.12.2017	Monotory Transactions	Non-Monotory Transactions	31.12.2018
Financial liability	48.554.374	44.318.804	7.692.664	100.565.842
Total	48.554.374	44.318.804	7.692.664	100.565.842

	31.12.2016	Monotory Transactions	Non-Monotory Transactions	31.12.2017
Financial liability	166.331.584	(103.584.751)	(13.817.787)	48.554.374
Total	166.331.584	(103.584.751)	(13.817.787)	48.554.374

34. EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

For the interim period ended 31 December 2018, the Group's shareholders 'equity amounting to TL 478.575.118 consists of shareholders' equity of the Parent Company (2.205.136) TL (31 December 2017: TL 393.746.238 and TL(2.441.854)).

35. EVENTS AFTER THE REPORTING PERIOD

31.12.2018: None.

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