

**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.*



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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 customers*

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

<p><b><u>The key audit matter</u></b></p> <p>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 Group operating in the construction sector, conduct mainly engineering, procurement and construction projects ("EPC") in Turkey and abroad.</p> <p>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.</p> <p>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.</p>	<p><b><u>The audit procedures we applied in this area is as following</u></b></p> <ul style="list-style-type: none"><li>- 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.</li><li>- We inspected the terms and conditions of material EPC contracts in evaluating the judgements used and determining the timing of the revenue recognition.</li><li>- We discussed on the status of projects under construction with finance and technical staff of the Group and obtained the supporting documents.</li><li>- We recomputed contract revenues by using the percentage of completion method.</li><li>- 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.</li><li>- We tested revenue and contract accounting journal entries focusing on unusual or irregular items.</li><li>- We assessed the adequacy of the disclosures of revenue described in notes to consolidated financial statements under IFRS.</li></ul>
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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 processes.

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

Responsibilities of auditors in an audit are as follows:

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

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

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



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.  
Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



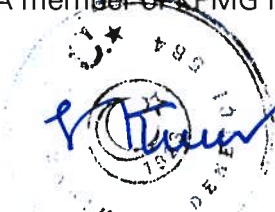
## B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Group on 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 Neşrin 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	
	<u>Notes</u>	Current Period	Prior Period
		<u>31.12.2018</u>	<u>31.12.2017</u>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>932.249.504</b>	<b>800.896.409</b>
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
<b>Non-Current Assets</b>		<b>180.496.692</b>	<b>134.068.573</b>
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
<b>TOTAL ASSETS</b>		<b>1.112.746.196</b>	<b>934.964.982</b>

**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.)

		<b>Audited</b>	
	<b><u>Notes</u></b>	<b><u>Current Period</u></b>	<b><u>Prior Period</u></b>
		<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>		<b>581.506.332</b>	<b>503.505.566</b>
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
<b>Long Term Liabilities</b>		<b>54.869.882</b>	<b>40.155.032</b>
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
<b>TOTAL LIABILITIES</b>		<b>636.376.214</b>	<b>543.660.598</b>
<b>EQUITY</b>		<b>476.369.982</b>	<b>391.304.384</b>
<b>Equity Belongs to Parent Company</b>		<b>478.575.118</b>	<b>393.746.238</b>
Paid-in Capital	21	110.000.000	110.000.000
Premiums/Discounts related with Shares	21	1.384.433	1.384.433
The Merge Effect of Business Combinations Under Common Control	21	(48.314.150)	(48.314.150)
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
<b>Non-controlling Shares</b>	<b>21</b>	<b>(2.205.136)</b>	<b>(2.441.854)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1.112.746.196</b>	<b>934.964.982</b>



**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 <b>01.01.- 31.12.2018</b>	Prior Period <b>01.01.- 31.12.2017</b>
<b>PROFIT OR LOSS</b>			
Revenue	22	1.354.477.385	1.015.757.257
Cost of Sales (-)	22	(1.349.015.276)	(909.515.700)
<b>GROSS PROFIT/LOSS</b>		<b>5.462.109</b>	<b>106.241.557</b>
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)
<b>OPERATING PROFIT/LOSS</b>		<b>2.557.408</b>	<b>72.261.473</b>
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)
<b>OPERATING PROFIT/LOSS BEFORE FINANCING INCOME AND EXPENSES</b>		<b>31.986.639</b>	<b>70.253.766</b>
Financing Income	27	9.231.060	22.847.089
Financing Expenses (-)	27	(20.825.840)	(25.065.526)
<b>PROFIT/LOSS BEFORE TAX FROM ONGOING ACTIVITIES</b>		<b>20.391.859</b>	<b>68.035.329</b>
-Tax Income/ (Expense) For Period	28	(3.471.514)	(4.645.131)
-Deferred Tax Income/ (Expense)	28	268.529	6.377.610
<b>PERIOD PROFIT / (LOSS) FROM ONGOING ACTIVITIES</b>		<b>17.188.874</b>	<b>69.767.808</b>
<b>PROFIT/ (LOSS) FOR THE PERIOD</b>		<b>17.188.874</b>	<b>69.767.808</b>
<b>Distribution of the Profit / (Loss) for the Year</b>			
Non-controlling Shares	21	236.794	(268.617)
Parent Company Shares	29	<b>16.952.080</b>	<b>70.036.425</b>
<b>-Earnings Per Share</b>			
-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.)

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

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

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.)

		<b>Audited Current Period</b>	<b>Audited Prior Period</b>
		<b>01.01.-31.12.2018</b>	<b>01.01.-31.12.2017</b>
<b>A. CASH FLOWS FROM BUSINESS OPERATIONS</b>		<b>(22.336.220)</b>	<b>152.300.307</b>
Profit/(Loss) for the period		17.188.874	69.767.808
Profit/(Loss) from Ongoing Activities		17.188.874	69.767.808
<b>Adjustments to reconcile net profit to cash provided by operating activities</b>		<b>1.936.946</b>	<b>18.267.975</b>
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 assets		14.249	(12.706)
-Adjustments for (Gains) / Losses from Disposal of Tangible fixed assets		14.249	(12.706)
<b>Changes in Net Working Capital</b>		<b>(34.768.804)</b>	<b>70.916.327</b>
-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 Payables 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)
<b>Cash Flows from Operating Activities</b>		<b>(15.642.984)</b>	<b>158.952.110</b>
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>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(10.497.157)</b>	<b>(5.271.399)</b>
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 Outflows from Intangible Asset Purchases	16	(184.310)	(83.986)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>23.837.405</b>	<b>(122.673.405)</b>
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
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)</b>		<b>(8.995.972)</b>	<b>24.355.504</b>
<b>D. FOREIGN CURRENCY CONVERSION DIFFERENCES IMPACT ON CASH AND CASH EQUIVALENTS</b>		<b>318.934</b>	<b>53.352</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(8.677.038)</b>	<b>24.408.856</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>5</b>	<b>56.097.860</b>	<b>31.689.004</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>5</b>	<b>47.420.822</b>	<b>56.097.860</b>

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**1. ORGANIZATION AND ACTIVITIES**

The Company was first established in 1986 by the title of "Anel Elektrik Proje Taahhut Ve Ticaret Limited Sirketi". The Company's commercial type has been changed to "Anel Elektrik Proje Taahhut Ve Ticaret Anonim Sirketi" (The 'Company-Anel Elektrik') in 26 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, Caspian Plaza Kat:2 D:4 Bakü – Azerbaijan

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

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

Project Construction- providing electricity and mechanic works according to project agreement

Ship Electricity and Electronics - Ship electrical and electronics systems design

Energy – Producing electrical energy

The company shares were offered to public in 2010, and as 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:

<u>Name of company</u>	<u>Field of compnay</u>	<u>Activity type</u>	<u>Foundation of country</u>	<u>Foundation of year</u>
Anel Enerji Elektrik Üretim San. Ve Tic. A.Ş.	Solar energy projects	Service	Turkey	2009
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.

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**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 those were used in exchangeing consolidating overseas activities are as follows:

<u>Name of the Company</u>	<u>Currency</u>	31 December 2018		31 December 2017	
		<u>End of the Period</u>	<u>Average of the Period</u>	<u>End of the Period</u>	<u>Average of the Period</u>
Katar Branch	Qatari Riyal (QAR)	1,4453	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
	United Arab Emirates				
Anel 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:

<u>Subsidiaries</u>	<u>Establishment and place of organization</u>	<u>Core Business</u>	<u>Currency</u>	<u>Parent Company's Share (%)</u>	
				<u>31.12.2018</u>	<u>31.12.2017</u>
Anel Enerji Elek. Üretim San. Ve Tic. A.Ş.	Turkey	Eney Marine	Turkish Lira	71,73	71,73
Anel Marin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş.	Turkey	Electrical, Electronic	Turkish Lira	93,00	93,00
Anel Dar Libya Constructing & Services LLC	Libya	Project Commitment	USD Dolar	65,00	65,00
Anel Engineering-Technological Company Ltd.Rusya	Russia	Project Commitment	USD Dolar	100,00	100,00
Dag-08 Ood	Bulgaria	Eney	Bulgarian Lev	100,00	100,00
Golden Sun Ood	Bulgaria	Eney	Bulgarian Lev	100,00	100,00
Anel BG Ltd	Bulgaria	Eney	Bulgarian Lev	100,00	100,00
Anel Emirates General Contracting LLC	United Arab Emirates	Project Commitment	USD Dolar	100,00	100,00
Anelmep Maintenance and Operations LLC	Qatar	Project Commitment	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 manage 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.

<b><u>The title of the participant</u></b>	<b><u>Establishment and place of activity</u></b>	<b><u>Main activity</u></b>	<b><u>Effective Share rate in capital (%)</u></b>	
			<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
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:

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

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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:

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

***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
<b>Financial assets</b>					
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
<b>Financial Liabilities</b>					
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.



**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

<b>Financial assets at FVTPL</b>	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.
<b>Financial assets at amortized cost</b>	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.
<b>Equity investments at FVOCI</b>	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.

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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 – 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.

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**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.

## **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**

IFRS 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:

#### **Policy applicable before 1 January 2018**

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.

**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

##### Financial 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.

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.

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**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).

## **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.

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

**D. Summary of Significant Accounting Policies (continued)**

**Taxation and Deferred Income Taxes (continued)**

Deferred 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.

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**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 separation 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)
<b>OPERATING PROFIT / (LOSS) BEFORE TAX</b>	16.217.503	2.656.316	1.486.722	31.318	20.391.859
<b>Operating Tax Income / (Loss)</b>					
-Period Tax Income / (Loss)	(2.660.511)	(811.003)	-	-	(3.471.514)
-Deferred Tax Income/(Expense)	84.444	205.279	(21.194)	-	268.529
<b>PROFIT / (LOSS)</b>	13.641.436	2.050.592	1.465.528	31.318	17.188.874
<b>Investment Expenses</b>					
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
<b>Other Information</b>					
- 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)
<b>OPERATING PROFIT / (LOSS) BEFORE TAX</b>	66.158.028	3.831.028	(1.951.720)	(2.007)	68.035.329
<b>Operating Tax Income / (Loss)</b>					
-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
<b>PROFIT / (LOSS)</b>	68.464.790	3.023.850	(1.873.888)	153.056	69.767.808
<b>Investment Expenses</b>					
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)
<b>Other Information</b>					
- 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**

<u>01.01.- 31.12.2018</u>	<u>Turkey</u>	<u>Qatar</u>	<u>England</u>	<u>Holland</u>	<u>Russia</u>	<u>Bulgaria</u>	<u>Azerbaijan</u>	<u>United Arab Emirates</u>	<u>Elimination</u>	<u>Total</u>
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
<u>01.01.- 31.12.2017</u>	<u>Turkey</u>	<u>Qatar</u>	<u>England</u>	<u>Russia</u>	<u>Bulgaria</u>	<u>Azerbaijan</u>	<u>United Arab Emirates</u>	<u>Elimination</u>	<u>Total</u>	
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:

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

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

		<u>01.01. - 31.12.2017</u>	
<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>Share in Gross Revenue</u>
Project Commitment	Project Commitment	283.516.023	28%
Project Commitment	Project Commitment	186.511.699	18%

		<u>01.01. - 31.12.2017</u>	
<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>Share in Gross Revenue</u>
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**

	<u>31.12.2018</u>	<u>31.12.2017</u>
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	<u>Interest Rate (%)</u>	<u>31.12.2018</u>	<u>Interest Rate (%)</u>	<u>31.12.2017</u>
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

	<u>31.12.2018</u>	<u>31.12.2017</u>
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

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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).

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

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

a)Bank Loans:

		<u>31.12.2018</u>			<u>Total</u>
<u>Currency</u>	<u>Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Short-Term Portion of Long Term Loans</u>	<u>Long Term</u>	
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		<u>69.571.390</u>	<u>3.576.435</u>	<u>27.200.384</u>	<u>100.348.209</u>

		<u>31.12.2017</u>			<u>Total</u>
<u>Currency</u>	<u>Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Short-Term Portion of Long Term Loans</u>	<u>Long Term</u>	
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		<u>23.046.072</u>	<u>2.558.678</u>	<u>22.786.980</u>	<u>48.391.730</u>



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**7. FINANCIAL BORROWINGS (continued)**

a) Bank Loans (continued):

	<u>31.12.2018</u>	<u>31.12.2017</u>
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	<u>100.348.209</u>	<u>48.391.730</u>

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:

<u>Short Term Trade Receivables</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
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: Doubtful Trade Receivables Provisions	(4.670.774)	(3.832.786)
Collaterals held by Employers (**)	88.869.675	92.206.564
<i>Sub Total</i>	<u>363.483.298</u>	<u>277.451.679</u>
 Receivables from Related Parties (Note 30)	 68.352	 706.169
Total	<u>363.551.650</u>	<u>278.157.848</u>

As of 31.12.2018, the weighted average 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 average 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:

	<u>31.12.2018</u>	<u>31.12.2017</u>
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	<u>4.670.774</u>	<u>3.832.786</u>

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

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

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**8. TRADE RECEIVABLES/ PAYABLES (continued)**

**b) Trade Payables:**

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

<b><u>Short Term Trade Payables</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
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
<i>Sub Total</i>	<u>227.525.780</u>	<u>214.068.052</u>
 Trade Payables to Related Parties (Note 30)	 2.860.963	 1.372.081
Total	<u>230.386.743</u>	<u>215.440.133</u>

As of 31.12.2018, the weighted average 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**

<b><u>Short Term Other Receivables</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
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
<i>Sub Total</i>	<u>20.924.228</u>	<u>12.988.652</u>
Other receivables from related parties (Note 30)	<u>3.513.522</u>	<u>11.162.032</u>
Total	<u>24.437.750</u>	<u>24.150.684</u>

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

	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
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	<u>921.627</u>	<u>933.856</u>

<b><u>Long-Term Other Receivables</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Deposits and Guarantees Given	<u>6.247</u>	<u>6.247</u>
Total	<u>6.247</u>	<u>6.247</u>

<b><u>Shorts-Term Other Payables</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Deposits and Guarantees Received	-	15.217
Taxes and Charges	5.301.658	3.875.281
Other Payables	207.711	9.465
Restructured Debts of Public Sector	731.160	617.793
<i>Sub Total</i>	<u>6.240.529</u>	<u>4.517.756</u>

Other Payables to Related Parties (Note 30)	<u>812.844</u>	<u>586.682</u>
Total	<u>7.053.373</u>	<u>5.104.438</u>

<b><u>Long-Term Other Payables</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Restructured Debts of Public Sector	<u>102.966</u>	<u>720.758</u>
Total	<u>102.966</u>	<u>720.758</u>

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**10. INVENTORIES**

	<u>31.12.2018</u>	<u>31.12.2017</u>
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	<u>155.880.427</u>	<u>235.365.902</u>

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

<u>Inventory Impairment Breakdown</u>	<u>01.01.-31.12.2018</u>	<u>01.01.-31.12.2017</u>
Raw Materials and Equipments	371.625	371.625
Total	<u>371.625</u>	<u>371.625</u>

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

**11. PREPAID EXPENSES AND DEFERRED REVENUES**

<u>Short-Term Prepaid Expenses</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
Advances Given for Inventories	18.025.028	9.665.903
Other Advances Given	9.959.423	19.469.653
Prepaid Expenses for the Following Months	8.554.503	8.169.817
Total	<u>36.538.954</u>	<u>37.305.373</u>

<u>Long-Term Prepaid Expenses</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
Expense for the Following Years	972.158	2.422.428
Total	<u>972.158</u>	<u>2.422.428</u>

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

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**12. CONSTRUCTION CONTRACTS**

	<u>31.12.2018</u>	<u>31.12.2017</u>
<b>Assets regarding Construction Contracts In Progress</b>	293.781.541	158.546.300
Total	<u>293.781.541</u>	<u>158.546.300</u>

Assets related to construction projects in progress are as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
- 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
<b>Assets regarding Construction Contracts In Progress</b>	<u>293.781.541</u>	<u>158.546.300</u>

	<u>31.12.2018</u>	<u>31.12.2017</u>
<b>Liabilities Regarding Construction Contracts In Progress</b>	19.244.417	44.530.946
Total	<u>19.244.417</u>	<u>44.530.946</u>

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

Liabilities related to construction projects in progress are as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
- 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
	<u>19.244.417</u>	<u>44.530.946</u>

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:

	<u>Participation Rate</u>	<u>31.12.2018</u>	<u>Participation Rate</u>	<u>31.12.2017</u>
	(%)		(%)	
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		<u>83.611.043</u>		<u>56.419.151</u>

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**13. INVESTMENTS ACCOUNTING UNDER EQUITY METHOD (continued)**

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

	<u>Participation</u> <u>Rate (%)</u>	<u>31.12.2018</u>	<u>Participation</u> <u>Rate (%)</u>	<u>31.12.2017</u>
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		<u>15.693.371</u>		<u>10.561.028</u>

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

	<u>Assets Total</u>	<u>Payables Total</u>	<u>Equity of Parent</u>	<u>Revenue</u>	<u>31.12.2018</u> <u>Profit /</u> <u>(Loss)</u>
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

	<u>Assets Total</u>	<u>Payables Total</u>	<u>Equity of Parent</u>	<u>Revenue</u>	<u>31.12.2017</u> <u>Profit /</u> <u>(Loss)</u>
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş.	46.962.994	4.171.147	42.791.847	29.541	(2.030.084)
Energina Kompania Bonev	11.752.201	10.597.413	1.154.788	1.822.792	207.183
Anel Yapı Gayrimenkul A.Ş.	219.177.527	123.849.678	95.327.849	18.232.018	(4.000.122)

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

	<u>Affiliates rate (%)</u>	<u>31.12.2018</u>	<u>Affiliates rate (%)</u>	<u>31.12.2017</u>
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	<u>21.691.423</u>	47,5	<u>(1.900.058)</u>
		<u>26.961.037</u>		<u>(2.297.491)</u>

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**14. INVESTMENT PROPERTY**

	<u>01.01.2018</u>					<u>31.12.2018</u>
<b>The Fair Value</b>	Opening Balance	Additions	Disposals	Transfers	Appreciation	Closing Balance
Lands and Buildings	2.470.000	5.958.435	-	-	2.400.000	10.828.435
Investment Properties	2.470.000	5.958.435	-	-	2.400.000	10.828.435

	<u>01.01.2017</u>					<u>31.12.2017</u>
<b>The Fair Value</b>	Opening Balance	Additions	Disposals	Transfers	Appreciation	Closing Balance
Lands and Buildings	2.280.000				190.000	2.470.000
Investment Properties	2.280.000				190.000	2.470.000

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

	<u>31.12.2018</u>		<u>31.12.2017</u>	
	<u>Expertize Report</u>		<u>Expertize Report</u>	
	<u>Date</u>	<u>The Fair Value</u>	<u>Date</u>	<u>The Fair Value</u>
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**

								<b>31.12.2018</b>
<b>Cost</b>	<b>Lands</b>	<b><u>Lands</u> <u>Improvements</u></b>	<b><u>PlantsMachinery</u> <u>and Equipments</u></b>	<b><u>Vehicles</u></b>	<b><u>Fixtures</u></b>	<b><u>Leasehold</u> <u>Improvements</u></b>	<b><u>Other Fixed</u> <u>Assets</u></b>	<b>Total</b>
<b>Opening Balance</b>	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)
<b>Closing Balance</b>	<b>1.475.195</b>	<b>360.334</b>	<b>74.475.019</b>	<b>4.436.316</b>	<b>28.029.826</b>	<b>405.007</b>	<b>256.643</b>	<b>109.438.340</b>
<b>Accumulated depreciation</b>	<b>Lands</b>	<b><u>Lands</u> <u>Improvements</u></b>	<b><u>PlantsMachinery</u> <u>and Equipments</u></b>	<b><u>Vehicles</u></b>	<b><u>Fixtures</u></b>	<b><u>Leasehold</u> <u>Improvements</u></b>	<b><u>Other Fixed</u> <u>Assets</u></b>	<b>Total</b>
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
<b>Closing Balance</b>	<b>-</b>	<b>(360.334)</b>	<b>(30.901.353)</b>	<b>(2.231.633)</b>	<b>(22.416.177)</b>	<b>(384.166)</b>	<b>(205.780)</b>	<b>(56.499.443)</b>
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)**

								<b>31.12.2017</b>
<b>Cost</b>	<b>Lands</b>	<b><u>Lands</u> <u>Improvements</u></b>	<b><u>PlantsMachinery</u> <u>and Equipments</u></b>	<b><u>Vehicles</u></b>	<b><u>Fixtures</u></b>	<b><u>Leasehold</u> <u>Improvements</u></b>	<b><u>Other Fixed</u> <u>Assets</u></b>	<b>Total</b>
<b>Opening Balance</b>	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)
<b>Closing Balance</b>	<b>1.390.594</b>	<b>258.349</b>	<b>51.657.532</b>	<b>3.018.308</b>	<b>20.360.125</b>	<b>405.007</b>	<b>229.207</b>	<b>77.319.121</b>
<b>Accumulated depreciation</b>	<b>Lands</b>	<b><u>Lands</u> <u>Improvements</u></b>	<b><u>PlantsMachinery</u> <u>and Equipments</u></b>	<b><u>Vehicles</u></b>	<b><u>Fixtures</u></b>	<b><u>Leasehold</u> <u>Improvements</u></b>	<b><u>Other Fixed</u> <u>Assets</u></b>	<b>Total</b>
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
<b>Closing Balance</b>		<b>(130.911)</b>	<b>(19.149.315)</b>	<b>(1.069.888)</b>	<b>(14.853.582)</b>	<b>(374.658)</b>	<b>(175.760)</b>	<b>(35.754.113)</b>
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:

	<u>Useful Life</u>	
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 Improvements	5	Year

**16. INTANGIBLE ASSETS**

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

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

	<b>Useful Lives</b>
<b>Rights</b>	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.

<b><u>Payments accounted for as expenses</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Minimum lease payments	18.347.772	15.897.347
Total	18.347.772	15.897.347
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
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**

<b><u>Other short term provisions</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Litigation provisions	4.225.561	3.401.156
Total	4.225.561	3.401.156
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Beginning 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

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

	<b><u>31.12.2018</u></b>			
	<b><u>US Dollars</u></b>	<b><u>EURO</u></b>	<b><u>TL</u></b>	<b><u>TL Equivalent</u></b>
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

	<b><u>31.12.2017</u></b>			
	<b><u>US Dollars</u></b>	<b><u>EURO</u></b>	<b><u>TL</u></b>	<b><u>TL Equivalent</u></b>
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	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>92.013.350</b>	<b>4.101.210</b>	<b>18.080.102</b>	<b>5.160.000</b>	<b>148.113.468</b>	<b>39.491.668</b>	<b>7.477.000</b>	<b>853.362.972</b>

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

**Collaterals-Pledge-Mortgages-Bails (continued)**

<b>CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)</b>								
<b>31.12.2017</b>	<b>US Dollars</b>	<b>Euro</b>	<b>TL</b>	<b>GBP</b>	<b>AED</b>	<b>QATARI RİYAL</b>	<b>BGN</b>	<b>TL Equivalent</b>
A) CPMB's given for Company's own legal personality	575.468	2.929.469	18.068.881	5.160.000	149.703.605	47.991.229	8.194.000	281.962.634
B) CPMB's given on behalf of fully consolidated companies	105.807.336	482.285	206.100	-	-	-	-	401.478.548
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	4.042.300	-	-	-	-	4.042.300
D) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-	-	-	-	-
i) Total amount of CPMB's given on behalf of majority shareholder	-	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>106.382.804</b>	<b>3.411.754</b>	<b>22.317.281</b>	<b>5.160.000</b>	<b>149.703.605</b>	<b>47.991.229</b>	<b>8.194.000</b>	<b>687.483.482</b>

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.

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

**Collaterals-Pledge-Mortgages-Bails (continued)**

**31.12.2018**

**Collaterals,Pledges,Mortgages and Bails**

	Total TL Equivalent	US Dollars	Euro	AED	Qatari Riyal	GBP	BGN	TL
Collaterals	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**

**Collaterals,Pledges,Mortgages and Bails**

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

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

<b><u>Provisions for Short Term Employee Benefits</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Unused Vacation Rights	12.479.388	8.423.865
	<u>31.12.2018</u>	<u>31.12.2017</u>
Beginning 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	<u>12.479.388</u>	<u>8.423.865</u>
<b><u>Employee Benefits Liabilities</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Due To Personnel	6.293.114	745.637
Social Security Withholdings Payable	868.447	538.678
Total	<u>7.161.561</u>	<u>1.284.316</u>
<b><u>Provisions for Long Term Employee Benefits</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
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 severance provisions for the employees that works Group's Qatar and United Arab Emirates branches are not subject to any discount due to local laws of these countries where the units are.

	<u>31.12.2018</u>	<u>31.12.2017</u>
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:

	<u>31.12.2018</u>	<u>31.12.2017</u>
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 Exchange Differences	5.922.474	778.529
Provision as of 31 December	<u>27.566.532</u>	<u>16.647.294</u>

**20. OTHER ASSETS AND LIABILITIES**

<u>Other Current Assets</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
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	<u>8.357.801</u>	<u>9.298.490</u>

**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:

	<u>31.12.2018</u>		<u>31.12.2017</u>	
<u>Shareholders</u>	<u>Share Amount</u> <u>TL</u>	<u>Share Percentage (%)</u>	<u>Share Amount</u> <u>TL</u>	<u>Share</u> <u>Percentage (%)</u>
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 Segregated 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	<u>110.000.000</u>	<u>100,00</u>	<u>110.000.000</u>	<u>100,00</u>

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 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>b) Premiums/ (Discounts) Related with Shares</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Premiums/ (Discounts) Related with Shares	1.384.433	1.384.433
Total	1.384.433	1.384.433
<b>c) Effect of Common Controlled Entities or Enterprises Mergers</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Effect of Common Controlled Entities or Enterprises Mergers	(48.314.150)	(48.314.150)
Total	(48.314.150)	(48.314.150)
<b>d) Revaluation and Measurement Gain/ (Loss)</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Financial Assets Revaluation Gain/(Loss)	(348.487)	(348.487)
Total	(348.487)	(348.487)
<b>e) Foreign Currency Translation Differences</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Foreign Currency Translation Differences	174.018.792	90.181.741
Total	174.018.792	90.181.741
<b>f) Defined Benefit Plans Revaluation and Measurement Gain/ (Loss)</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Defined Benefit Plans Revaluation and Measurement Gain/ (Loss)	(1.175.881)	(963.373)
Total	(1.175.881)	(963.373)
<b>g) Restricted Reserves</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Restricted Reserves	12.833.158	11.982.429
Total	12.833.158	11.982.429
<b>h) Retained Earnings</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
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
<b>i) Non-controlling Shares</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
1st January Balance	(2.441.854)	(2.173.237)
Additions	-	-
Foreign Currency Translation Differences	(76)	16.330
Minority Share Profit/(Loss)	236.794	(284.947)
Total	(2.205.136)	(2.441.854)

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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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**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
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**22. REVENUE / COST OF SALES**

<b><u>Sales Revenues (Net)</u></b>	<b><u>01.01.-31.12.2018</u></b>	<b><u>01.01.-31.12.2017</u></b>
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)
<b>GROSS PROFIT/LOSS</b>	<b>5.462.109</b>	<b>106.241.557</b>

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

	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
General Administrative Expenses	38.501.398	30.631.915
<b>Total</b>	<b>38.501.398</b>	<b>30.631.915</b>
<b>General Administrative Expenses</b>	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
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
<b>Total</b>	<b>38.501.398</b>	<b>30.631.915</b>

(\*) 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**

<b><u>Depreciation Expenses</u></b>	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
Cost of Good Sold	7.790.700	6.595.401
Marketing Expenses	218.510	175.140
Total	8.009.210	6.770.541
<b><u>Redemption Expenses</u></b>	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
Cost of Good Sold	218.268	371.938
General Administrative Expenses	29.833	98.263
Total	248.101	470.201
<b><u>Personnel Expenses</u></b>	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
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**

<b><u>Other Income from Main Operations</u></b>	<b>01.01.-31.12.2018</b>	<b>01.01.-31.12.2017</b>
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
<b><u>Other Expenses from Main Operations</u></b>	<b>01.01.-31.12.2018</b>	<b>01.01.-31.12.2017</b>
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 income/expenses are occurred on trade receivables and payables.

**26. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES**

<b><u>Income from Investing Activities</u></b>	<b>01.01.-31.12.2018</b>	<b>01.01.-31.12.2017</b>
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)**

<b><u>Expenses from Investing Activities (-)</u></b>	<b><u>01.01.-31.12.2018</u></b>	<b><u>01.01.-31.12.2017</u></b>
Fixed Assets Sales Loss (-)	14.315	30.440
Total	14.315	30.440

**27. FINANCIAL INCOME / (EXPENSES)**

<b><u>Financing Income</u></b>	<b><u>01.01.-31.12.2018</u></b>	<b><u>01.01.-31.12.2017</u></b>
Interest Income	6.659.062	4.126.888
Exchange Differences Income	2.559.334	18.714.834
Unearned Interest Income	12.664	5.367
Total	9.231.060	22.847.089
<b><u>Financing Expenses (-)</u></b>	<b><u>01.01.-31.12.2018</u></b>	<b><u>01.01.-31.12.2017</u></b>
Loan Interest Expenses (-)	13.014.900	11.247.739
Exchange Differences Expenses (-)	7.808.459	13.808.200
Unearned Interest 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**

<b><u>Current Assets Related with Current Tax</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Prepaid Taxes and Funds	2.280.559	1.973.952
<b><u>Non-Current Assets Related with Current Tax</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Prepaid Taxes and Funds	546.636	854.000
<b><u>Income Tax Liabilities</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
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
<b><u>Tax Provision</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Current Period Corporate Tax Provision (-)	(3.471.514)	(4.645.131)
Provision for Deffered Tax Expenses / (Income)	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)**

**Corporate 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:

	<u>31.12.2018</u>	<u>31.12.2017</u>
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	<u>119.676.623</u>	<u>111.253.630</u>

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

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

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

Current income tax liability movement table is as below:

	<u>31.12.2018</u>	<u>31.12.2017</u>
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	<u>3.718.861</u>	<u>4.782.492</u>

**Income Tax Withholding**

In addition to corporate taxes, in case of allocating get a dividend, and also on any dividends that dividends of corporate income to the statement that the resident corporations by including and excluding those distributed to Branches of foreign companies in Turkey, income tax withholding should be calculated.

Income withholding tax was applied as 15%.



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**28. INCOME TAXES (continued)**

**Income Tax Withholding (continued)**

	<u>31.12.2018</u>	<u>31.12.2017</u>
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	<u>(3.202.985)</u>	<u>1.732.479</u>

**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)	
	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
<b><u>Deferred Tax Assets</u></b>				
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
<b>Total</b>	<b>170.817.571</b>	<b>157.592.106</b>	<b>31.423.117</b>	<b>29.828.798</b>
<b><u>Deferred Tax Liabilities</u></b>				
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)
<b>Total</b>	<b>(26.073.371)</b>	<b>(3.815.523)</b>	<b>(59.917)</b>	<b>264.646</b>
<b>Deferred Tax Asset/ (Liability), net</b>	<b>144.744.200</b>	<b>153.776.583</b>	<b>31.363.200</b>	<b>30.093.444</b>

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

	<u>01.01.2017- 31.12.2018</u>	<u>01.01.2017- 31.12.2017</u>
<b>Beginning of Period</b>	30.093.444	23.571.541
Total adjustment of changing accounting policy	212.212	-
<b>Beginning Period- revised</b>	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
<b>End of Period,31 December</b>	<b>31.363.200</b>	<b>30.093.444</b>

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**29. EARNINGS PER SHARE**

<b><u>Earnings Per Share</u></b>	<b><u>01.01.-</u></b> <b><u>31.12.2018</u></b>	<b><u>01.01.-31.12.2017</u></b>
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	
	Trade	Other	Trade	Other
Balances with Related Parties				
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	
	Trade	Other	Trade	Other
Balances with Related Parties				
Anel 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;

<u>Related Party Transactions</u>	31.12.2018						
	<u>Stock Purchases</u>	<u>Interest Income</u>	<u>Interest Expense</u>	<u>Service Sales</u>	<u>Service Purchase</u>	<u>Exchange Difference Expense</u>	<u>Exchange Difference Income</u>
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	<b>9.816.257</b>	<b>5.959.506</b>	<b>234.308</b>	<b>95.270</b>	<b>13.636.486</b>	<b>179.411</b>	<b>23.416</b>

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**30. RELATED PARTY DISCLOSURES(continued)**

31.12.2017										
<u>Related Party Transactions</u>	<u>Stock Purchases</u>	<u>Trading good Sales</u>	<u>Interest Income</u>	<u>Interest Expense</u>	<u>Service Sales</u>	<u>Service Purchase</u>	<u>Income from Purchase Of Tangible Assets</u>	<u>Fixed assets purchase</u>	<u>Exchange Difference Expense</u>	<u>Exchange Difference Income</u>
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	-	-	-	-	-
<b>Total</b>	<b>3.196.847</b>	<b>18.506</b>	<b>4.299.126</b>	<b>520.611</b>	<b>269.941</b>	<b>15.686.750</b>	<b>228</b>	<b>9.760</b>	<b>496.653</b>	<b>1.033.267</b>

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

Group’s key management personnels are Board Chairman and Members and vice general manager. Benefits supplied to key management personnel as of 01.01.- 31.12.2018 and 01.01.-31.12.2017 as are as follows;

<b>Benefits Provided by Top-Level Management</b>	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 evaluate by executives.According to the evaluate company aim to equalise the capital structure by borrowing, redemption, dividend payment and issuance of shares.

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

Equity rate to depts as of 31 December 2018 and 31 December 2017 are as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
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 Customer'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 guaranteed with coleteral etc.	-	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
- Net Value guaranteed 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**

		<u>According to</u> <u>Contract Total</u> <u>Cash</u>					
<b>Terms According to Agreements</b>	Book Value	Outflows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	Over 5 years (IV)	Demand
<b>Non Drivatives Financial Liabilities</b>	<b>338.108.924</b>	<b>343.701.155</b>	<b>293.033.188</b>	<b>18.413.707</b>	<b>23.819.000</b>	<b>8.435.260</b>	<b>-</b>
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**

		<u>According to</u> <u>Contract Total</u> <u>Cash</u>					
<b>Terms According to Agreements</b>	Book Value	Outflows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	Over 5 years (IV)	Demand
<b>Non Drivatives Financial Liabilities</b>	<b>269.819.703</b>	<b>280.814.847</b>	<b>180.301.038</b>	<b>70.066.726</b>	<b>17.080.514</b>	<b>13.366.569</b>	<b>-</b>
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:

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

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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**

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

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

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

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.

	<u>Financial Assets Carried at Fair Value</u>	<u>Credits and Receivables (Cash and Cash Equivalents)</u>	<u>Available for sale Financial Assets</u>	<u>Other Financial Valued at Amortized Cost Value</u>	<u>Book Value</u>	<u>Note</u>
<b>31 Aralık 2018</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	-	47.420.822	-	-	47.420.822	5
Trade Receivables	-	363.551.650	-	-	363.551.650	8,30
<b>Financial Liabilities</b>						
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
<b>31 Aralık 2017</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	-	56.097.860	-	-	56.097.860	5
Trade Receivables	-	278.157.848	-	-	278.157.848	8,30
<b>Financial Liabilities</b>						
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 level is valued from the entries used.
- Third Level: Financial assets and liabilities are valued from inputs that are not based on an observable data in the market used to find the value of the asset or obligation to be true.

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

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

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

**33. EXPLANATIONS ON CASH FLOW STATEMENT**

**Other Explanations**

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

	<u>31.12.2017</u>	<u>Monotory</u>	<u>Non-Monotory</u>	<u>31.12.2018</u>
		<u>Transactions</u>	<u>Transactions</u>	
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

	<u>31.12.2016</u>	<u>Monotory</u>	<u>Non-Monotory</u>	<u>31.12.2017</u>
		<u>Transactions</u>	<u>Transactions</u>	
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.

