2019 Anel Elektrik Annual Report

Anel

AnelGroup

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PROFILE AND FUNDAMENTAL INDICATORS


BUSTAN STREET

MESSAGE FROM THE CHAIRMAN OF BOARD

Dear Business Associates,

We made progress by working hard and constantly developing and enhancing in 2019 which we closed with a busy agenda.

For the contracting part, our work related to projects in which we were involved particularly in Europe continued at full pace. As we are about to complete our projects in the Gulf Region, we added major and prestigious projects in Turkey and Azerbaijan to our portfolio.

We will keep fulfilling our responsibilities toward the public while carrying out our operations in the future as we did in the past. We will continue touching the lives of more people and creating value through our education-oriented efforts through Çelikel Education Foundation, environmental activities, and our support for archeology and fine arts.

"Digitalization" will be our main focus while moving toward the future. The construction and building industry has acquired various advantages, including speed, efficiency, sustainability, and teamwork through Building Information Modelling (BIM), which is rapidly spreading to the whole world. We have continued our efforts regarding BIM in 2019. We will stay the course. Based on a proactive approach, we will closely follow and apply developments regarding digitalization and utilization of technology in order to improve our engineering capabilities. In addition to BIM, management of complex data, lean construction, modular production, robotic systems, cloud and mobile technologies and their integration with each other will be among other topics that we will frequently discuss and work on.

In 2020, we will continue our efforts to successfully complete our ongoing projects in every field, to strengthen our presence in regions where we are conducting business, and to add new projects to our portfolio in different countries.

Sincerely yours,

Rıdvan Çelikel
Chairman of the Board

To the General Assembly of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş.

1. Opinion

We have audited the annual report of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (the "Company") and it subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2019 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited fu set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that a part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit ir regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfille our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that tl audit evidence we have obtained during the independent audit provides a sufficient and appropriate bas for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 9 March 2020 on the full set consolidated financial statements for the 1 January - 31 December 2019 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial I No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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b) to prepare the annual report to reflect the Group's operations in that year and the financial positic in a true, complete, straightforward, fair and proper manner in all respects. In this report financia position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TC(and Communiqué provisions regarding whether or not the financial information and the analysis made l the Board of Directors by using the information included in the audited financial statements in the annu report are consistent and presented fairly with the audited consolidated financial statements of the Grou and with the information we obtained in the course of independent audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Burak Özpoyraz, SMMM
Partner

Istanbul, 9 March 2020

ANEL ELEKTRİK AT A GLANCE

Engineering experience over **30** years

Operations in **14** countries on 3 continents

Experience derived from **11** international airports

Employees from **20** different nations

1894* employees

11 subsidiaries, **1** affiliate

4 overseas branches

Ranked **175th** on ENR's 2019 Top 250 International Contractors

117 million man-hour experience on 13 million square meters

More than **200+** projects completed

Experience in **16** different types of projects

(* number of employees as of 12.31.2019. Collective agreements are not signed at Anel Elektrik and all rights and benefits are provided for our employees under the Labor Law.)

AFFILIATES/SUBSIDIARIES AND BRANCHES

Trade Name	Area of Operations	Shareholding (%)	Type of Shareholding
ANEL TELEKOMÜNİKASYON ELEKTRONİK SİSTEMLERİ SAN. ve TİC. A.Ş.	Telecommunication and Electronics	87.49	Subsidiary
ANELYAPI GAYRİMENKUL A.Ş.	Purchase and Sale of Immovable Property	52.5	Subsidiary
TASFİYE HALİNDE ANEL ENERJİ ELEKTRİK ÜRETİM SANAYİ ve TİCARET A.Ş.	Solar Energy	70.5	Subsidiary
ANELMARİN GEMİ ELEKTRİK ELEKTRONİK SİSTEMLERİ TİC. VE SAN. A.Ş.	Ship Electric and Electronic Systems	93	Subsidiary
ANEL DAR LIBYA CONSTRUCTING & SERVICES LLC	Electricity Contracting	65	Subsidiary
ANEL EMIRATES GENERAL CONTRACTING LIMITED LLC	Electromechanical Contracting	49	Subsidiary
ANEL ENGINEERING- TECHNOLOGICAL COMPANY LLC (TASFİYE HALİNDE)	Electricity Contracting	100	Subsidiary
DAG-08 OOD	Solar Energy	100	Subsidiary
GOLDEN SUN OOD	Solar Energy	100	Subsidiary
ENERGINIA KOMPANIA BONEV EOOD	Solar Energy	50	Affiliate
ANELMEP MAINTENANCE and OPERATIONS LLC	Design, Contracting, and Maintenance Repair	49	Subsidiary
ANEL ENGINEERING & CONTRACTING LTD.	Electromechanical Systems	100	Subsidiary

BRANCHES

Doha	Electricity Mechanical Contracting
Moscow	Electricity Mechanical Contracting
Baku	Electricity Mechanical Contracting
Amsterdam	Electrical and Mechanical Contracting

ABOUT ANEL ELEKTRİK

Our Objective:

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

Over 30 years of experience:

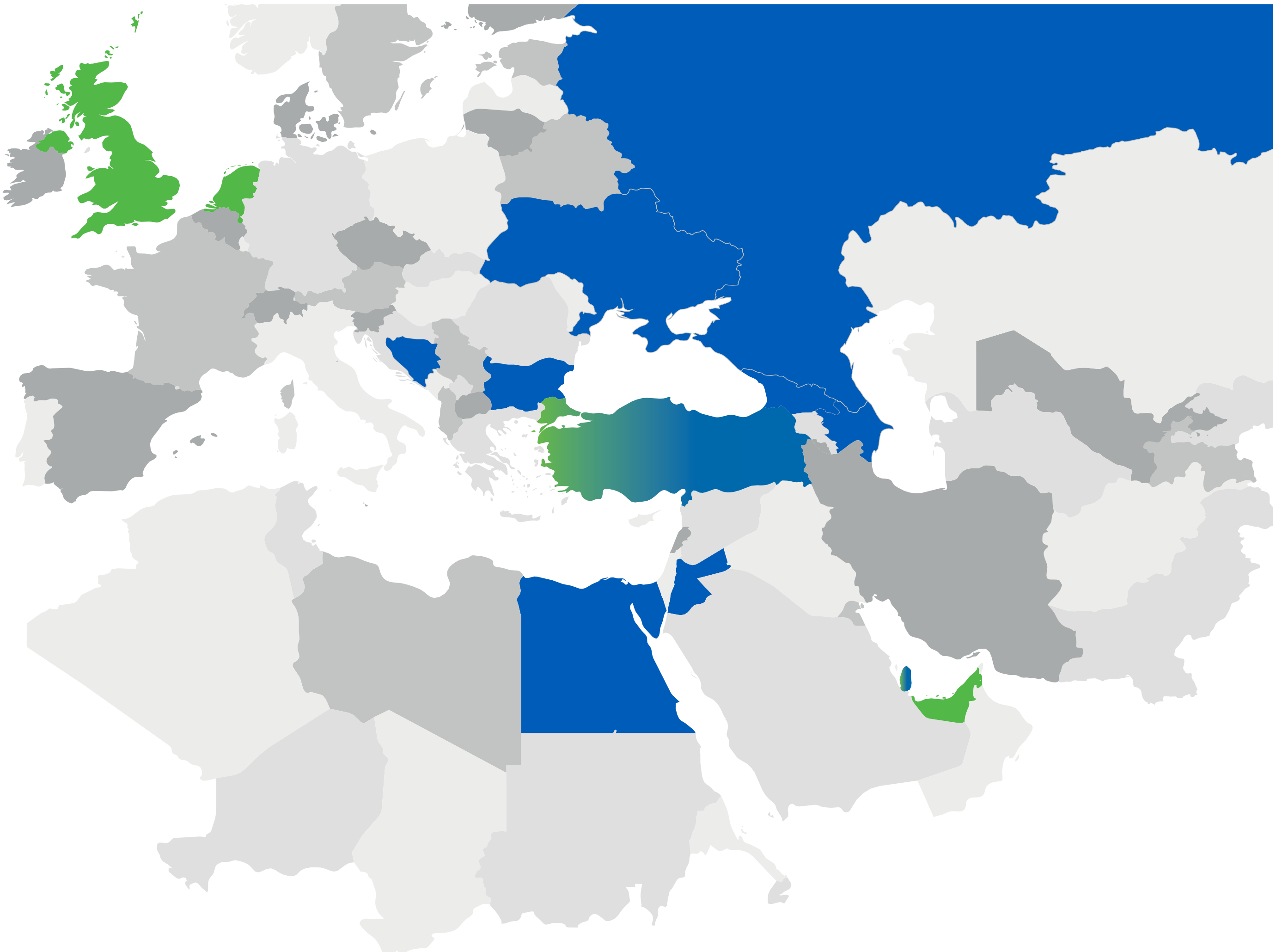
Anel Group's foundation was laid by Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. established in 1986. While electrical and mechanical contracting is its primary business segment, the Anel Group also offers solutions in the fields of electromechanical operation & maintenance, recycling, ship electrical and electronic systems (defense industry), and production of low voltage panels.

With its experience accumulated over 30 years, Anel Elektrik has served a variety of projects, including airports, stadiums, rail systems, data centers, hospitals, hotels, business centers, and shopping centers in Turkey and the rest of the world, as part of its electrical and mechanical contracting business. Anel successfully completed more than 200 projects of different types on an area larger than 13 million square meters.

Operations in 14 countries on 3 continents:

Anel Elektrik is a Turkish firm capable of participating international contracts on its own thanks to its ability to provide electrical and mechanical contracting services concurrently. Having conducted operations in 14 countries on 3 continents so far, Anel Elektrik is now conducting its business in Turkey, Azerbaijan, the Netherlands, the United Kingdom, Qatar, and the United Arab Emirates.

OPERATIONS MAP



Ongoing Projects

- The Netherlands
- Turkey
- United Arab Emirates
  - Abu Dhabi
  - Dubai
- Qatar
- The United Kingdom
- Azerbaijan

Completed Projects

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

HIGHLIGHTS

1986

Establishment of Anel Elektrik

Darlık Dam:
First Project

1991

Hürriyet Headquarters:
Transition to Business Centers with Technological Infrastructure

1999

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

Hotel Marriott Tverskaya:
First International Project

2003

Formation of AnelTech

2004

Egypt Cairo Airport Terminal 3:
First Overseas Airport Project

2006

MİLGEM Project

2007

Hamad International Airport

2010

Anel Elektrik's Public Offering

Lefkoşa Solar Power Plant:
First Solar Power Plant in Cyprus

2011

Dimitrovgrad-Troyanovo-Chirpan Solar Power Plants:
The First Turkish Solar Energy Project Invested and Built in Europe

Marmaray BC1:
The World's Deepest Tube Submersion Project

2012

BP Headquarters:
The First Project in Baku

2013

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

Baku Olympic Stadium:
The First Stadium Project

2015

DP World Yarımca Container Terminal:
First Port Project

Qatar Redline South Metro-Underground:
One of the Major Transit and Infrastructure Projects in the Gulf Region

2016

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

2017

The University College London Hospital Proton Treatment Center Phase 4:
The First Project Won in the United Kingdom

2018

Amsterdam Schiphol Airport New Pier:
First Project Undertaken in the Netherlands

2019

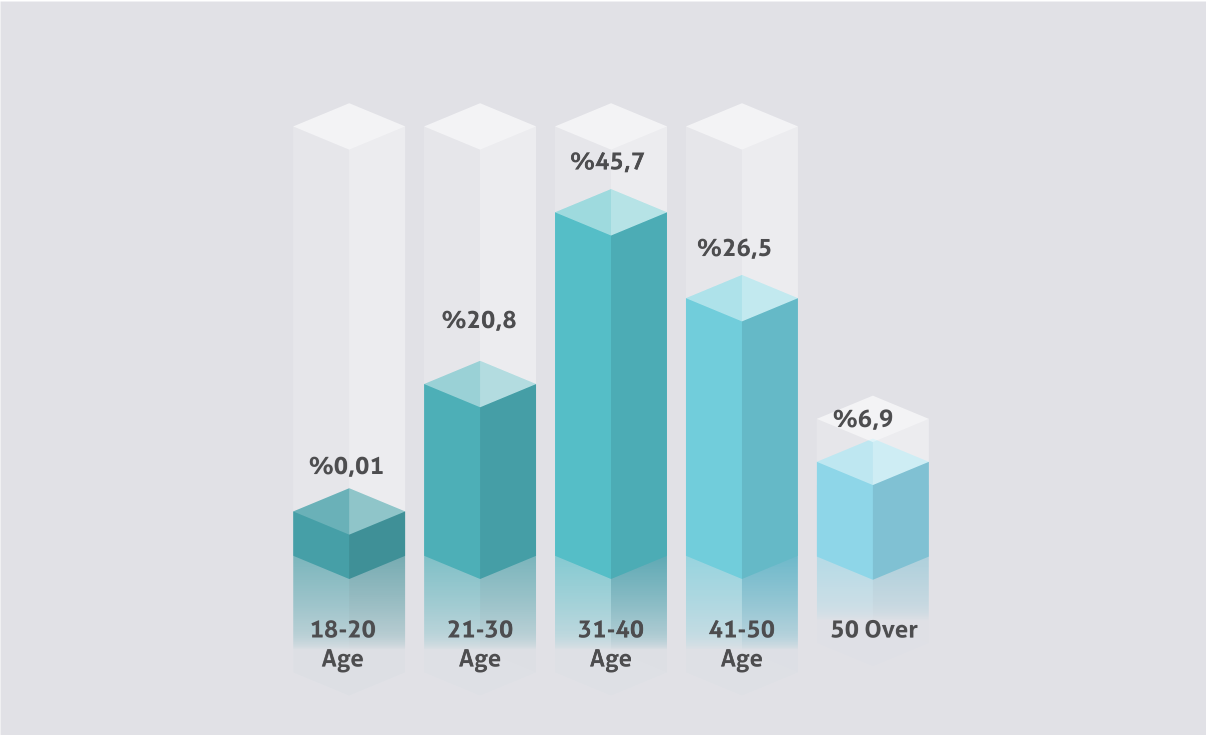
Galataport İstanbul Project
Salıpazarı and Parcel Post Office

İstanbul Modern Art Museum

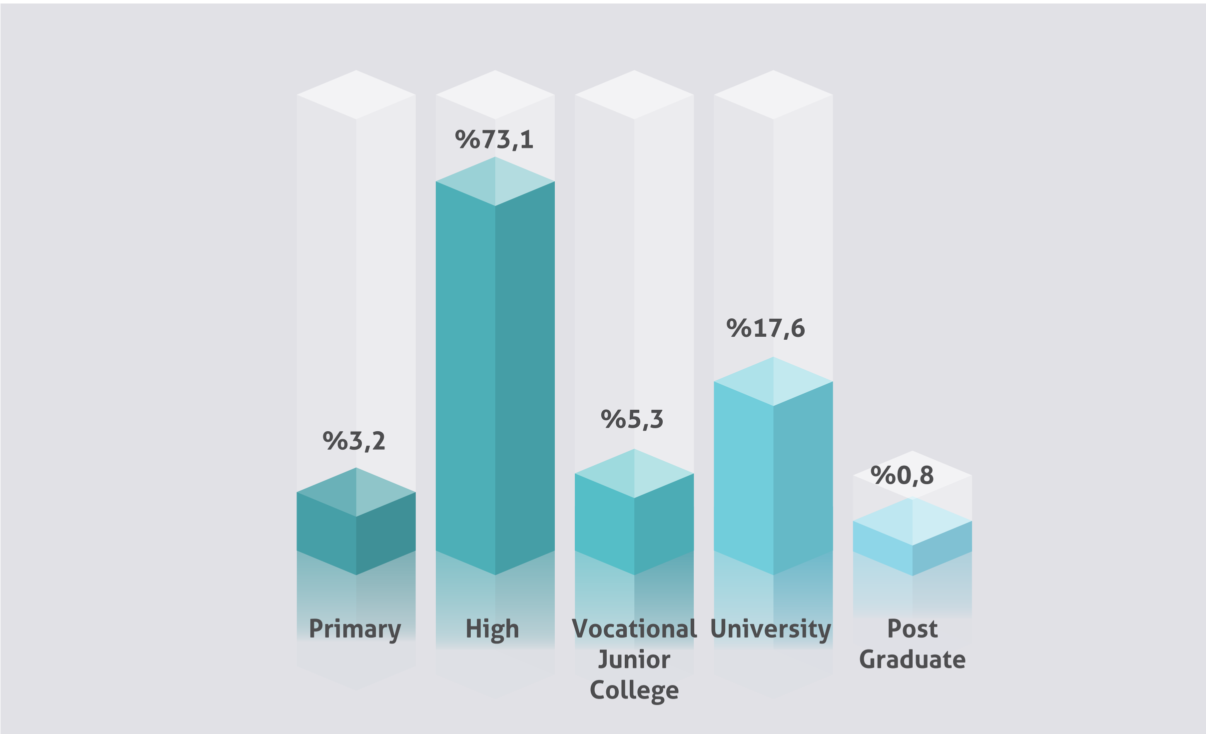
Azerbaijan Ministry of Taxes, Administration Building

OUR TEAM

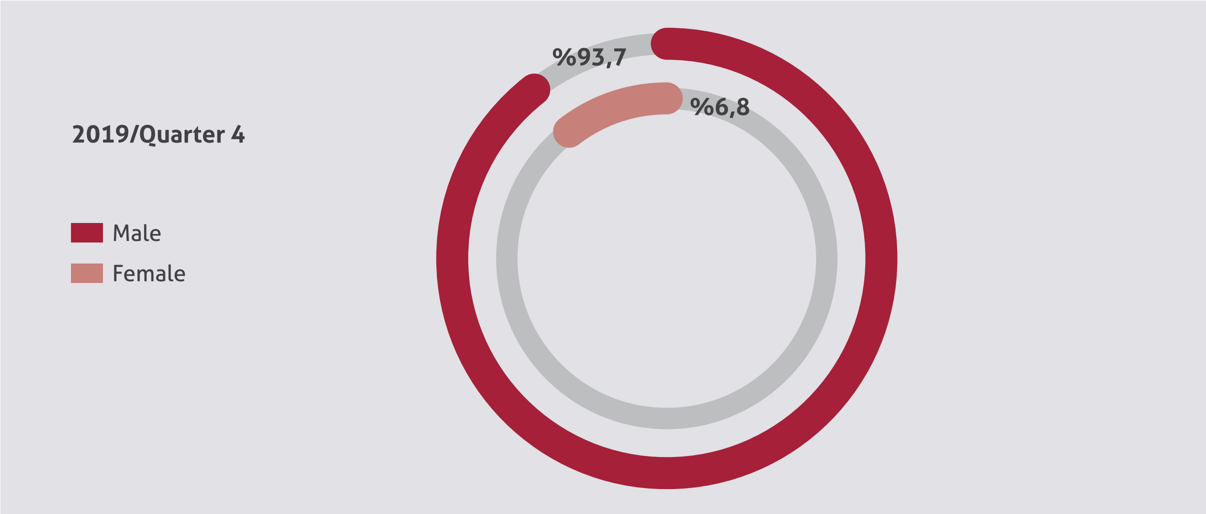
Age Distribution



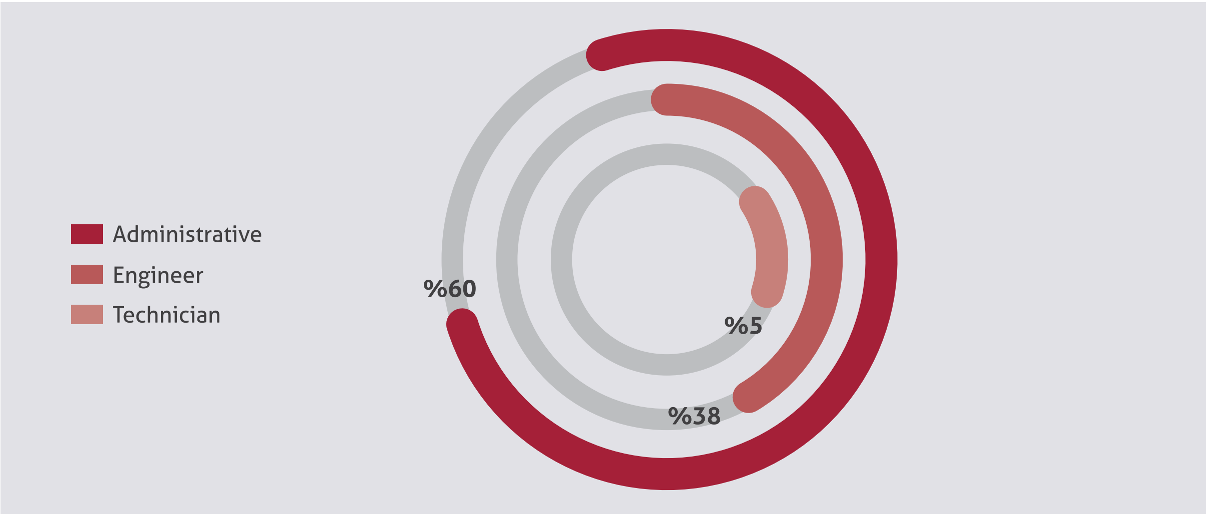
Education



Distribution by Sex

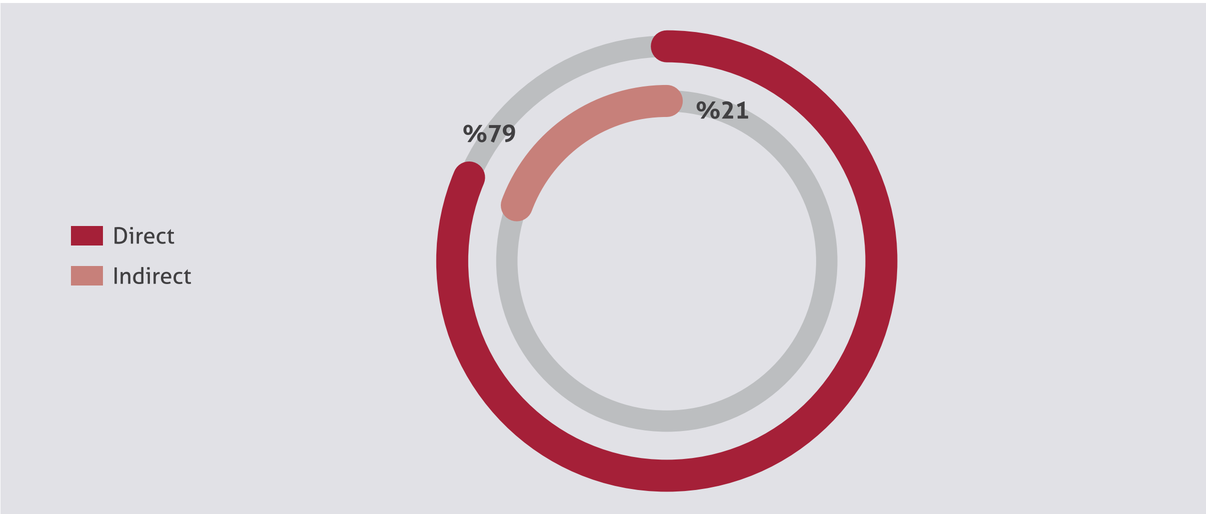


Distribution of Female Positions



A total of ***1968*** *people were employed in 2019.*

Direct/Indirect Labor



DEVELOPMENT & DIGITALIZATION

> "We have undertaken works in line with our Digitalization Road Map which we have drawn in order to improve our engineering capabilities and business processes."

We attained a part of our more efficient and collaborative work in 2019 and we will continue to do so in 2020 through software specific to our sector that we have developed on our Anel Digital platform. We have enriched our current decision support systems by processing our big data consisting of software we developed on our business analytics platforms.

Anel Digital Platform

We have developed the Anel Digital platform. Under this platform, we launched "Issue Management" and "Time Log" projects for the design department and "Corporate Target Management" project for planning and resource management. We process data gathered from applications in a BI medium.

SAP ERP Activities

We have undertaken works to enhance our corporate memory that we have been using since 2011 on the SAP system that allows us to ensure efficiency of information security, authorization matrices, logging infrastructure, traceability and many other details in accordance with international standards.

We have made improvements in order to ensure that SAP BO (Business Objects), which we are using as a management reporting system.

E-Transition

In 2019, we completed the transition of our companies, which fall within the scope, to e-invoice and e-archive in line with e-transformation regulations updated in 2019. We have made preparatory works regarding our "e-dispatch note" project which we plan to activate in 2020. Dispatch notes to be issued for movements of materials between our companies will be rapidly and reliably tracked through the systems of the Revenue Department as part of the e-dispatch note integration project.

Other Software & Applications We Have Developed and Activated

- Corporate Goal Management System
- Claim Management Software System
- Time Log Software System

- New Report Platform with Power BI Infrastructure
- Operational Maintenance Management System, Scheduler Maintenance Model
- Fireballs Scholarship Student Placement Software
- IF (Improvement Opportunity) New Action Assignment and Information Module

We Have Strengthened Our Infrastructure

- We expanded the utilization of Microsoft System Center applications in our system and ensured that reporting, updating and end user processes are controlled in our server systems.
- We installed and tested Azure ATP (Advanced Threat Protection) and SIEM (Security Information and Event Management) systems in the field of cyber security.
- We transferred project files classified as archived material from the physical environment to a cloud environment as part of informational security.
- We have completed compliance processes and Verbis records in accordance with the Law on Protection of Personal Data. Our work on technical precautions is under way.

Digitalization in Human Resources Processes

We accorded priority to digitalization of our processes this year while focusing on development of team skills in that direction and creating a digitalization culture throughout the company.

Our projects gained impetus in that direction and concrete actions were taken in 2019. We established online systems for more efficient management of our human resources processes.

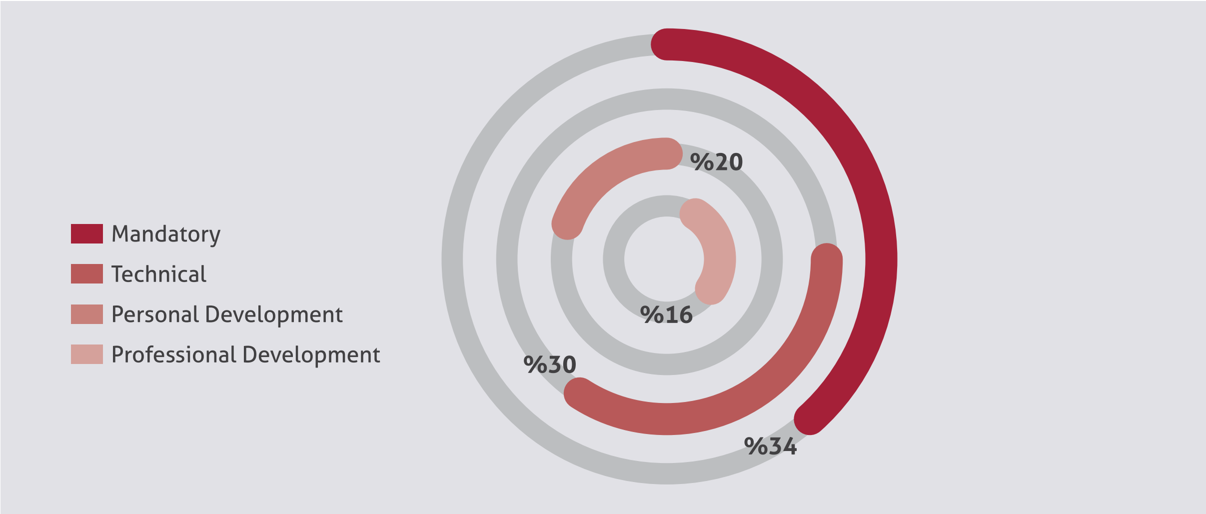
- "Corporate CV" Project: We continued development of our project which defines human resources, which we regard as the most important asset, and aims at building up a sustainable relationship.
- We launched the "Position Management" module where we track open positions within the company online on the portal of Anel Group's Human Resources Department.
- We always accord priority to our employees with regard to open positions. In that context, our employees determine the direction of their careers and play an active role in their own career development through "My Career Expectation" application on Anel's portal page.

Training

We carry out training programs developed by our employees specialized in their respective areas both online and in a classroom setting in Anel Academy, our e-learning platform which aims at achieving continuous learning and allowing our employees to improve themselves and jobs they perform. We have enriched online training topics by adding technical issues as well as topics related to personal and professional development.

775 Different Trainings

3495 Total Training Hours



Intern Program

We continue supporting development of university students based on the slogan "Today for Tomorrow" and aim at enabling them to learn about the dynamics of the business community by experience. In that scope, we hired 25% of our undergraduate interns who were included in our intern program this year.

FINANCIAL DATA

Revenues derived from operations in 2019 was 1,027,910,364 TL and net profit was 3,543,334 TL.

Summary Income Statement	12.31.2019	12.31.2018
Revenue	1,027,910,364	1,376,310,720
Gross Profit /Loss	50,002,420	25,510,131
Operating Profit/Loss	28,634,234	22,879,204
Net Period Profit/Loss	3,543,334	21,334,415

Summary Balance Sheet	12.31.2019	12.31.2018
Current Asset	1,056,120,784	950,668,162
Non-Current Assets	348,594,164	341,753,679
Total Asset	1,404,714,948	1,292,421,841
Short-Term Liabilities	768,425,086	627,001,367
Long-Term Liabilities	128,760,165	148,788,335
Total Liabilities	897,185,251	775,789,702
Equity	507,529,697	516,632,139
Total Assets	1,404,714,948	1,292,421,841

PROJECTS IN 2019

DOMESTIC PROJECTS

Galataport İstanbul Project – Salıpazarı and Package Post Office (İstanbul, Turkey)

Project Type : Port
Project Scope : Electrical and Mechanical
Total Area : 338.166 m²
Project Commencement-Completion : 2019 – 2020
Employer : Galataport İstanbul Liman İşletmeciliği ve Yatırımları A.Ş.

İstanbul Modern Art Museum (Istanbul, Turkey)

Project Type : Education and Culture Buildings
Project Scope : Electricity
Total Area : 21,240 m²
Project Commencement-Completion : 2019 – 2020
Employer : Yapı Merkezi İnşaat ve Sanayi A.Ş.

Barbaros Reserve Bodrum Residences (Muğla, Turkey)

Project Type : House
Project Scope : Electrical and Mechanical
Total Area : 11.000 m²
Project Commencement-Completion : 2017 – 2020
Employer : Peska Turizm Yatırım A.Ş.

INTERNATIONAL PROJECTS

The New Management Office of Ministry of Taxes (Baku, Azerbaijan)

Project Type	: Commercial Building
Project Scope	: Electrical and Mechanical
Total Area	: 44.000 m^2
Project Commencement-Completion	: 2019 – 2020
Employer	: Tekfen İnşaat ve Tesisat A.Ş.

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

Project Type	: Airport
Project Scope	: Electrical and Mechanical
Total Area	: 55.000 m^2
Project Commencement-Completion	: 2019 – 2020
Main Contractor	: Ballast Nedam-TAV Joint Venture (BN-TAV JV)
MEP Contractor	: Anel-Ballast Nedam-TAV JV (ABT MEP VOF)
Employer	: Schiphol Nederland BV

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

Project Type	: Airport
Project Scope	: Electricity
Total Area	: 730.000 m^2
Project Commencement-Completion	: 2012 – 2020
Main Contractor	: TCA JV (TAV/CCC/Arabtec Joint Venture)
Employer	: ADAC

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

Project Type	: Health Facility
Project Scope	: Electrical and Mechanical
Total Area	: 33.270 m^2
Project Commencement-Completion	: 2012 – 2020
Main Contractor	: BOUYGUES UK
Employer	: University College London Hospitals NHS Foundation Trust

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

Project Type	: Commercial Building
Project Scope	: Electrical and Mechanical
Total Area	: 10.000 m^2
Project Commencement-Completion	: 2016 – 2020
Main Contractor	: Hyundai Engineering and Construction
Employer	: MERAAS Development

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

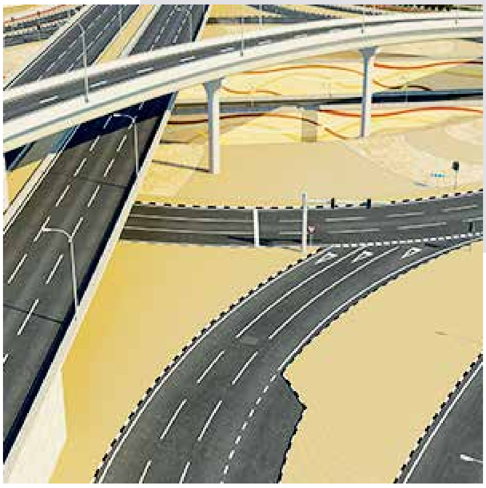
Project Type	: Tunnel and Rail System
Project Scope	: Electrical and Mechanical
Total Area	: 7.3 km & 40,346 m^2
Project Commencement-Completion	: 2016 – 2029
Main Contractor	: FCC-Yüksel-Archirodon - Petroserv JV
Employer	: Qatar Rail Company

Qatar Rail Green Line Stabling Yard (Doha, Qatar)

Proje Tipi	: Tunnel and Rail System
Project Scope	: Electrical and Mechanical
Total Area	: 180.000 m^2
Project Commencement-Completion	: 2017 – 2029
Prime Contractor	: MMHKT JV (Mitsubishi Heavy Ind. Ltd.-Mitsubishi Corporation-Hitachi-Kinkisharyo-Thales)
Contractor	: Fujita Corporation
Employer	: Qatar Rail Company

Qatar Red Line South Underground Metro (Doha, Qatar)

Project Type	: Tunnel and Rail System
Project Scope	: Electrical and Mechanical
Total Area	: 34.5 km & 146,545 m^2 (5 stations)
Project Commencement-Completion	: 2015 – 2020
Prime Contractor	: QDVC-GS E&C-Al Darwish Eng. JV
Employer	: Qatar Rail Company



Al Rayyan Road Construction (Doha, Qatar)

Project Type	: Transportation
Project Scope	: Mechanical
Total Area	: 10,7 km
Project Commencement-Completion	: 2014 – 2020
Prime Contractor	: Doğuş Onur JV
Employer	: Public Works Authority - Ashghal

SUSTAINABILITY

FOR OUR WORLD

Guided by our respect for the nature while producing value and being aware of our responsibilities, we are making efforts to conserve natural resources and to minimize potential adverse effects on the environment and take actions under our environment policy in accordance with all applicable laws and regulations.

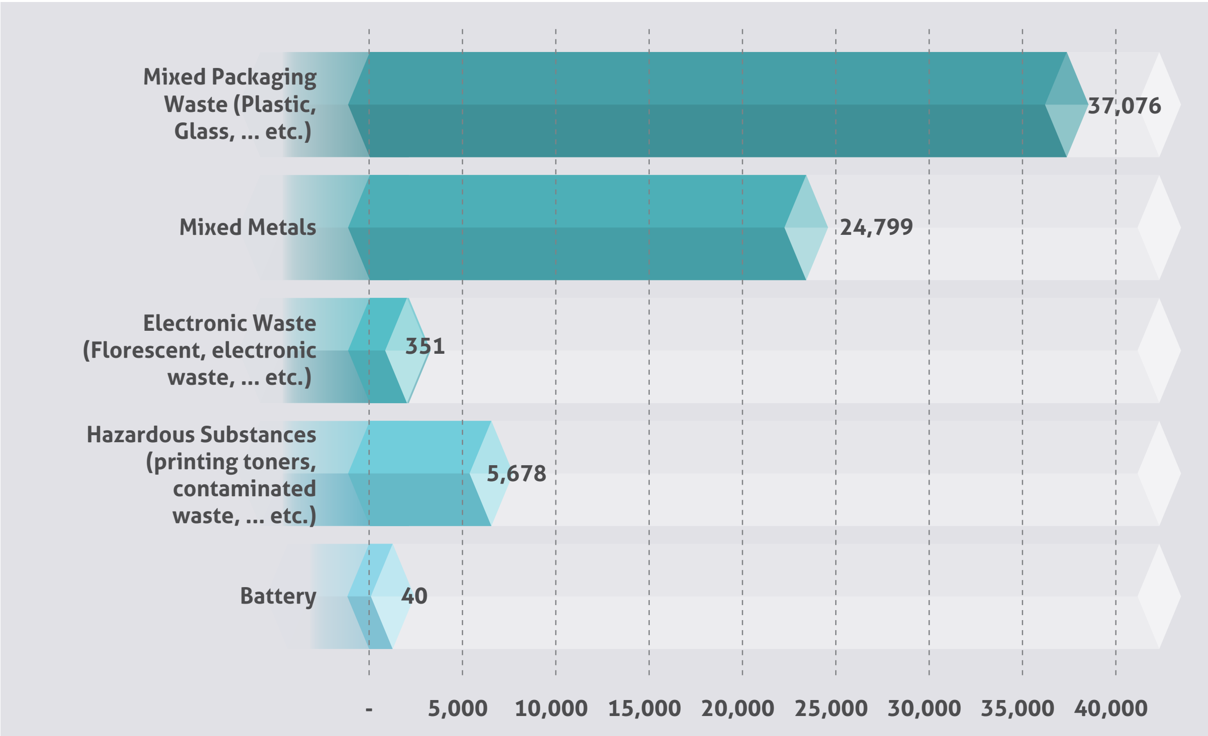
Offices without Waste Baskets

We have taken steps to recover and recycle our waste and launched "Offices without Waste Baskets" project as part of zero waste concept which became popular throughout the world in the past couple of years.

Recycling

We worked with licensed recycling firms to dispose of our waste in 2019.

We recycled 67,944 kilograms of waste.

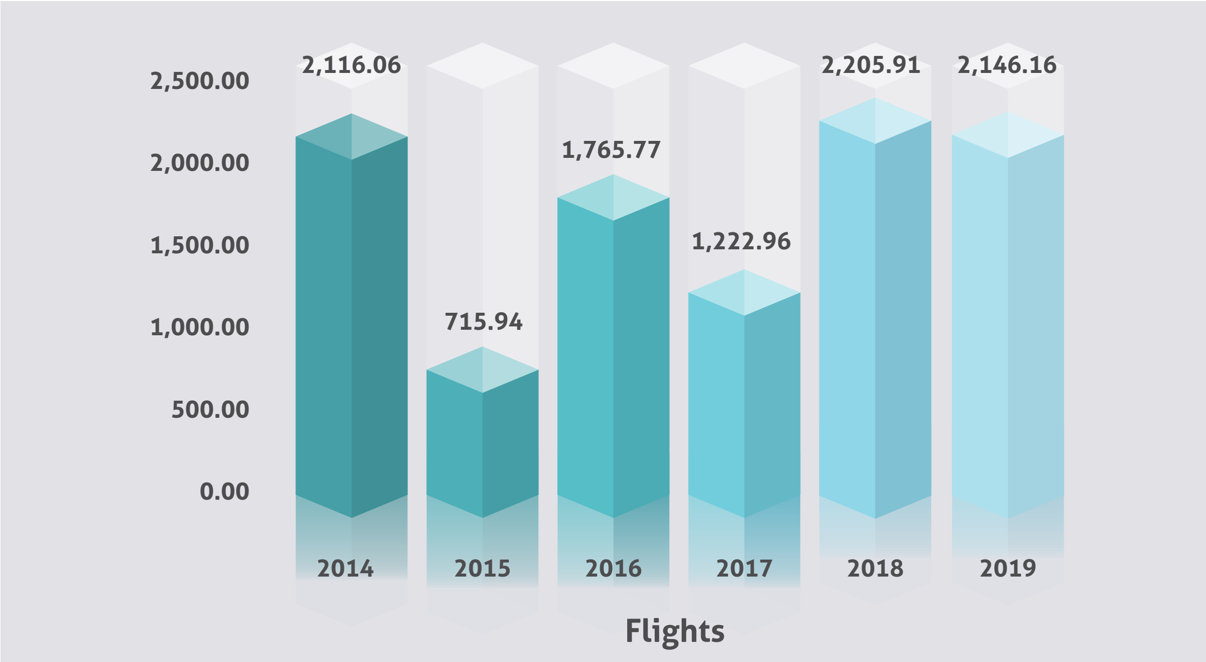


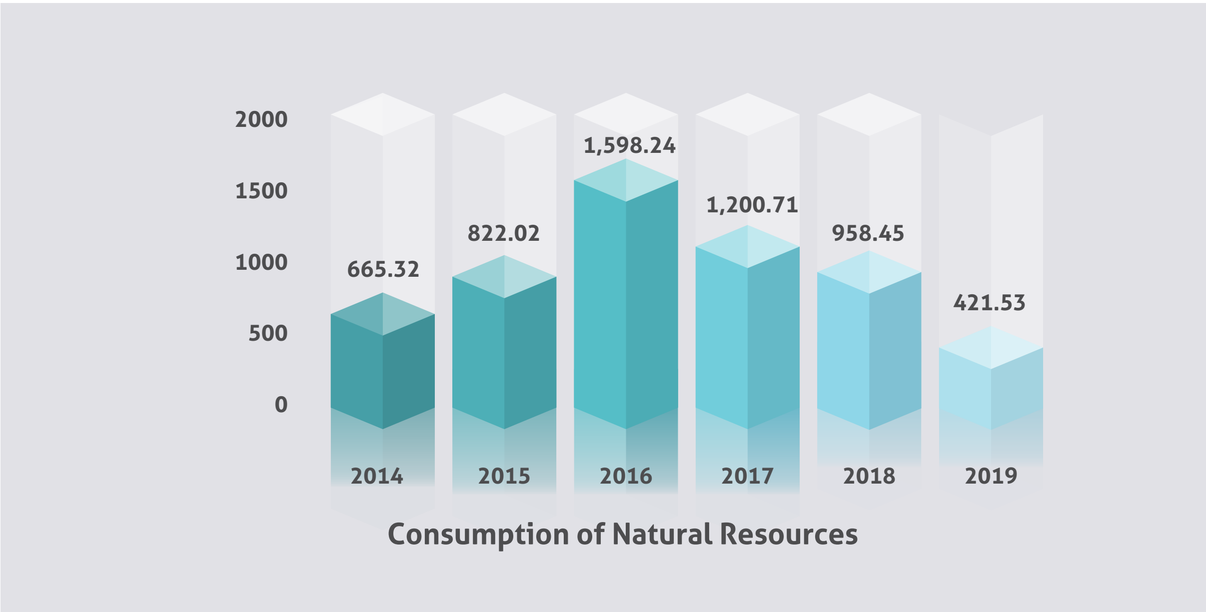
Carbon Footprint

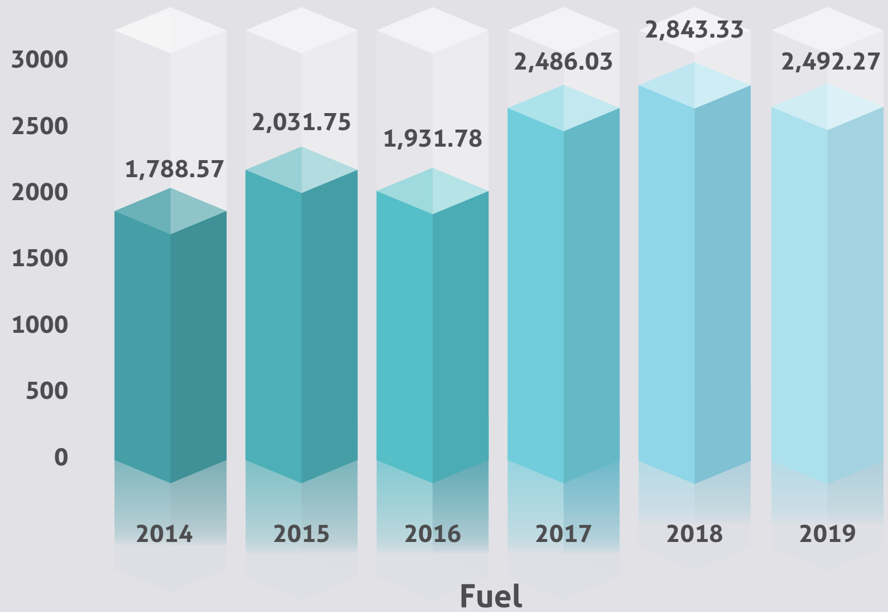
We calculate the quantity of carbon emission based on flight values, consumption of natural resources, and fuel consumption.

We determine the level of carbon emission in proportion to annual revenues and monitor it on a yearly basis as a key indicator within the strategic plan. To balance the carbon that we have calculated, we planted memorial forests in Balıkesir, Çanakkale, and Gaziantep in collaboration with TEMA in the past couple of years. We planted the second "Hope Forest" in Çanakkale where we planted 6,500 saplings.

Carbon Footprint Emissions (ton/year)



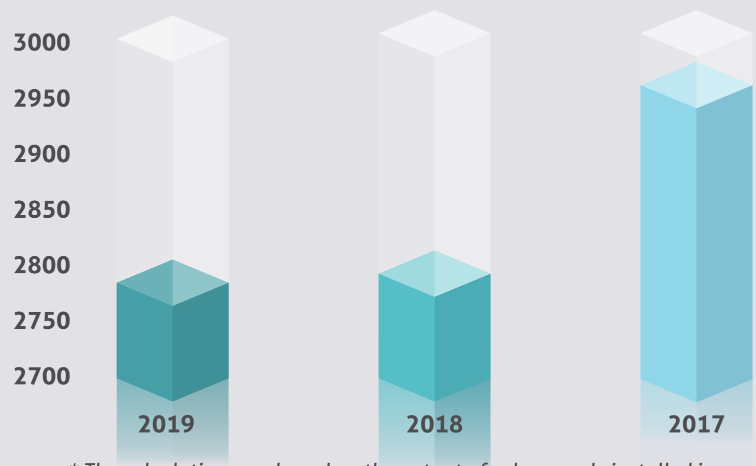




Electricity & Energy Savings

Global warming stemming from conventional energy sources, environmental pollution and sustainability issues steer the global search for alternative energy toward renewable energy sources as the demand for energy is constantly rising. Our country has a great potential in terms of all renewable energy sources, particularly solar energy. By making use of this potential and converting solar energy, which is an environment-friendly, reliable, and sustainable source, into electric energy to reduce our power consumption. We supply 1/3 of the energy requirement and internal lighting at our head office through solar panels installed on the roof and terrace of our building. In addition, we automatically deactivate lighting at our head office at noon and outside of working hours in order to achieve energy efficiency.

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



** The calculation was based on the output of solar panels installed in Bulgaria and Anel Business Center.*

FOR OUR COLLEAGUES

Based on an understanding according priority to respecting people and the nature, it is our goal to create a safer and healthier working environment for our all employees, customers, and suppliers and reach the goal of "0 work accidents."

Total working hours (hour)*	Number of work accidents	Number of lost days	Fatal accidents	Accident gravity ratio	Accident frequency ratio
15567681,68 as	4	5 days	0	0.0003	0.2569

We have developed an annual training program for occupational health and safety to be implemented at our head office, buildings where we are providing operating and maintenance services, and construction sites in Turkey in 2019 and provided training in occupational safety and issued certificates to our colleagues who attended the training program. We organized our training programs in the form of classroom training, distance training, and outsourced training. Outsourced training programs were organized regarding various occupational safety issues while our occupational safety experts and workplace physicians

In addition to those training programs, we shared informational texts about occupational safety and health with our colleagues via Yammer, one of our internal communication platforms, on a monthly basis and we carried out works aimed at raising awareness.

On-the-job-training (Toolbox) : 11.141
Outsourced Training : 751
Classroom Training : 762

Subject Matter of Training	Number of Participants
Basic Training in Occupational Safety	195
Basic Training in Occupational Health	79
Training in Risk Analysis	131
Training in Hygiene and Ergonomy	73
Training in Occupational Safety for Electrical Works	136
Training in Occupational Diseases	80
Training in Occupational Safety for Working at Height	122
Basic Training in First Aid	82
Training for Emergency Teams	22
Training of employee representatives	6
Training for OHS Committee	24
Emergency Training	126

We have conducted risk assessments for all offices, operational maintenance, and construction sites and ensured the formation of living risk assessments based on assessments of current risks. We checked if occupational health and safety practices laid down in the procedures were followed in buildings and construction sites where we were providing operational maintenance services through internal occupational safety inspections. Our occupational safety experts drew up weekly reports on OHS and perimeter inspection reports at construction sites.

We evaluated subcontractors carrying out works at construction sites with regard to occupational safety practices via Anel'IN, our portal.

We held monthly routine meetings of Occupational Safety Committee at Anel Business Center and implemented our decisions.

We conducted the annual emergency drill at Anel Business Center, which was attended by 960 people from all tenant firms and 120 Anel employees. Anel employees evacuated the building in 4 minutes and safely gathered on emergency gathering areas. We also conducted environmental drills in order to enhance our respect for and sensitivity to the environment. Our operational maintenance teams joined the drills organized by the employer.

We appointed occupational safety experts and workplace physicians through OHS-Clerk for periods specified in the laws based on the number of employees at all offices, operational maintenance departments, and construction sites depending on hazard classes and followed up on them. We made sure that this procedure was also followed by all subcontractors.

FOR OUR SOCIETY

We Support Arts and Young Artists

We organize exhibitions in different disciplines of fine arts in Gallery 5, which we set up at the entrance of Anel Business Center in 2010, in order to contribute to development of fine arts and offer young artists to display their talents.

In 2019, Gallery 5 hosted "Cycle" project for one year. A total of 12 artists - one every month - produced special works by using Gallery 5 as a workshop during the project led by Gizem Karakaş.

We Volunteer for Education

Established by Rıdvan Çelikel in 2007, Çelikel Education Foundation aims at contributing to efforts to make our country mostly populated by citizens who serve the development of our country based on human rights, who are self-confident, but know their limits, and have international accomplishments. It develops and implements programs intended to increase the quality of education in order to educate people who are conscious, can make assessment based on information on value, are creative for attaining noble goals, and act responsibly.

Our colleagues continued supporting programs carried out by Çelikel Education Foundation in 2019 as in previous years. Anel employees represented 15.63% of volunteers working for Çelikel Education Foundation in 2019.

Our colleagues ran at Vodafone 41st Istanbul Marathon for Darüşşafaka Association. Our running team raised donations on a platform named Run After Benevolence in order to support education of gifted children who have lost their parents and experience financial hardships.

CORPORATE GOVERNANCE

PART I: STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our company aims to ensure corporate governance fully dominates the company's management and hence to provide value for the company's shareholders, employees, stakeholders, the environment and the public at large.

Based on this understanding, it is our objective to provide maximum benefits to both our Company and stakeholders regarding relations with shareholders in line with our principles of transparency, reliability, accountability and integrity.

Issues pertaining to standards numbered (1.3.1.), (1.3.5.), (1.3.6.), (1.3.9.), (4.2.6.), (4.3.1.), (4.3.2.), (4.3.3.), (4.3.4.), (4.3.5.), (4.3.6.), (4.3.7.), (4.3.8.), (4.5.1.), (4.5.2.), (4.5.3.), (4.5.4.), (4.5.9.), (4.5.10.), (4.5.11.), (4.5.12.), (4.5.13.), (4.6.2.) and (4.6.3.) in the Corporate Governance Principles issued by the Capital Markets Board, which the management of our company is required to apply are specified in the report.

Anel Elektrik applied mandatory standards referred to above in our company's operating period 01.01.2019 - 12.31.2019 and the majority of non-mandatory standards have been largely adopted and being applied by Anel Elektrik as they coincide with the cautious management philosophy that has taken root within Anel over years as mentioned above.

There is no conflict of interest stemming from issues summarized below. .

- As per article 4.2.6 of "Corporate Governance Principles", Anel Holding A.Ş., represented by Rıdvan Çelikel, is the Chairman of Board of our company. Rıdvan Çelikel is the top executive.
- The company's articles of association does not include a special provision regarding minority rights pursuant to article 1.5.2 of "Corporate Governance Principles." Provisions of applicable legislation are followed in that regard.
- We are observing provisions of applicable legislation pertaining to a documented compensation policy for employees, which needs to be established pursuant to article 3.1.2 of "Corporate Governance Principles."
- As regards the requirement that the Corporate Governance Committee or Supervisory Committee be informed of any transaction carried out by the company and stakeholders, which are not in conformity with applicable legislation and are unethical, as stipulated in article 3.1.4 of "Corporate Governance Principles."
- As regards principle 4.4.7, the members of the board of directors can assume roles outside of the company.
- Article 4.5.5 of the "Corporate Governance Principles" cannot be applied as the number of independent members in the Board of Directors does not allow the appointment of a single independent member to all committees.
- As regards principle 4.6.1, a special performance assessment has not been done for the Board of Directors.

- As regards principle 4.6.5, payments to the members of the board of directors and executives with administrative roles are made public at the regular shareholders meeting and in the footnotes of our financial statements in parallel with the general practices.
- As regards principle 4.3.9, the percentage of female members of the board of directors is 28%. There is, however, no policy or goal regarding the ratio of female members.
- As regards principle 4.3.10, the members of audit committee are the independent members of the board of directors and they do not have 5-year experience in audit/accounting and finance.
- As regards principle 3.2.1, job descriptions have been established for each employee and the involvement of employees who are assigned functions in management or operations are detailed in their job descriptions.
- As regards principle 3.2.2, provisions of applicable legislation and Anel's internal processes are taken into consideration with regard to key decisions that will affect stakeholders.
- As regards principle 1.4.2, privileges granted to Category A shareholders are as follows:
    - All members of the Board of Directors, except for its independent members are elected from among Category A shareholders or candidates nominated by them.
    - At shareholders meetings, Category A shareholders are entitled to cast (2) votes for each share while Category B shareholders can cast (1) vote for each share.

Corporate Governance Compliance Report and Corporate Governance Information Form for 2019 have been approved by the Board of Directors and those forms are available at our company's page at www.kap.gov.tr.

PART II: SHAREHOLDERS

2.1 Investor Relations

Anel Elektrik's shares are being traded at BIST since 06.16.2010. The company's issued capital is TL 110,000,000 and each share has a par value of TL 1. The capital consists of 110,000,000 shares. Listed with code "ANELE" in BIST, our company's market value is TL 178,200,000 as at 12.31.2019.

Our company aims to ensure corporate governance fully dominates the company's management and hence to provide value for the company's shareholders, employees, stakeholders, the environment, and the public at large.

Share Code	2019 Closing Price (TL)	2019 Maximum Price (TL)	2019 Minimum Price (TL)
ANELE	1.62	1.64	1.56

We have an Investor Relations Department, which has been active since our company was listed. Reporting to the Fiscal Affairs and Finance Director and the Corporate Governance Committee, this department submits a report containing information about its activities under tasks set forth in the

Corporate Governance Communique to the annual meeting of the Corporate Governance Committee held during the year. Relevant information is also communicated to the Board of Directors by means of a minutes of the committee's decisions. Information about the Investor Relations Department is provided below.

Aynur Zorer
Investor Relations Manager
She holds a SPF Level 3 License and a Corporate Governance Rating License.

Zeynep Yıldırım
Accounting Supervisor - Assigned Member of Investor Relations Department
She does not hold any license.

Phone **:** +90 216 636 22 30
Email **:** investor.relations@anelgroup.com
Address **:** Anel İş Merkezi, Saray Mahallesi, Site Yolu Caddesi No:5/4 Ümraniye / İstanbul

Main functions performed by the department are listed below:

a) To ensure that correspondence between investors and the company and records pertaining to other information and documents are kept in a reliable and safe manner,

b) To respond to written requests for information about shareholding received from the company's shareholders,

c) To draw up documents related to shareholders meetings, which are required to be made available to shareholders for their perusal, and to take actions to ensure that a shareholders meeting is held in accordance with applicable legislation, articles of incorporation and other internal regulations of the company,

ç) To oversee and follow up on the fulfillment of obligations, including those related to corporate governance and enlightening the public, arising from the capital market legislation.

Questions directed to the Investor Relations Department are answered in accordance with Anel's Information Policy.

2.2 Information on Shareholders Meetings

The Regular Shareholders Meeting for 2018 was held on 09.19.2019 at the company's head office where 76.64% of the company's capital totaling TL 110,000,000 was represented (4.51% by shareholders, and 72.13% by proxies). No other shareholders meeting was held within the year. Notices for our regular shareholders meeting was published in the Trade Registry Gazette of Turkey, Ortadoğu and Hürses dailies published throughout Turkey, Public Disclosure Platform as well as on the Central Registration Agency's Electronic Shareholders Assembly System and our company's website within the statutory period prior to the date of the meeting and no media representative attended the meeting.

Care was taken to advertise notices about the shareholders meeting as early as possible and through various channels in order to facilitate the attendance of shareholders in the shareholders meeting and to avoid unequal treatment among shareholders. An informational document containing information about items on the agenda of the shareholders meeting, form of proxy, suggestion for distribution of earnings are made public via the Public Disclosure Platform prior to the shareholders meeting and they were also put at the disposal of shareholders at the company's head office, e-Shareholders Meeting system of the Central Registration Agency and our company's website.

All shares representing our company's issued capital are bearer shares and they have been completely dematerialized. In that context, the invitation to the meeting, accompanied by a form of proxy and agenda, was published in the Trade Registry Gazette of Turkey within the statutory period in accordance with the provisions of the law and the Articles of Incorporation.

When the agenda of the shareholders' meeting is drawn up, care is taken to ensure that each motion is provided under a separate heading and the headings of items on the agenda are clearly expressed without causing different interpretations.

Care is taken to ensure that terms such as "other" and "various" are not used in the agenda and information to be provided prior to a shareholders meeting is supplied with references to the related items in the agenda.

The chairperson of the meeting makes preparations and gets necessary information for holding the shareholders meeting in accordance with the Turkish Commercial Code, laws, and applicable legislation.

Issues laid down in the agenda of a shareholders' meeting were shared in an impartial and detailed manner by using a clear and understandable method and shareholders were offered the opportunity to express their opinions and to put questions on an equal basis and questions put at the meeting were answered by our company's executives attending the meeting. The shareholders did not table any motion about the agenda.

No shareholder of the company has communicated to the Investor Relations Department any written request for adding an item to the agenda. Any request received prior to the announcement of the shareholders meeting is assessed.

Shareholders meetings and quorum required for passing resolutions at those meetings are subject to the provisions of the Turkish Commercial Code. Our company's shares have been divided into Category A and Category B. Category A shares are privileged. Privileges granted to Category A shareholders: All members of the Board of Directors, except for its independent members, are elected from among Category A shareholders or candidates nominated by them and Category A shareholders are entitled to cast (2) votes for each share while Category B shareholders can cast (1) vote for each share.

Shareholders attending a meeting are informed about transactions, if any, carried out by controlling shareholders, members of the Board of Directors, executives with administrative roles and their spouses and relatives by blood or marriage up to second level in accordance with a permission that they have obtained in order to conduct business falling within the company's line of business under articles 395 and 396 of the Turkish Commercial Code and regulations issued by the Capital Markets Board. The members of the Board of Directors, other persons concerned, people who were responsible for drafting the financial statements, and auditors attended the shareholders meeting in order to provide necessary information about issues specified in the agenda and to reply questions.

The shareholders were briefed about the amount of donations and financial aid provided by our company for public benefit associations and foundations within the year during deliberations on a specific item on the agenda.

Shareholders and all stakeholders can access the minutes of the shareholders meeting and other documents on our company's website, Public Disclosure Platform as well as on the Central Registration Agency's Electronic Shareholders Assembly System.

PART III - BOARD OF DIRECTORS

Rıdvan Çelikel (representing Anel Holding A.Ş.)
Chairman of Board

After earning his undergraduate degree from the Electrical Engineering Department of Yıldız Polytechnic University, Rıdvan Çelikel started his professional career at Öneren Engineering in 1975. He was a shareholder of Aktek Elektrik from 1983 to 1983-1985. Rıdvan Çelikel formed Anel Elektrik in 1986 and he is currently serving as the Chairman of Board of companies within the Anel Group. Rıdvan Çelikel is also the founding member of ETMD Electrical Installation Engineers' Association.

Avniye Mukaddes Çelikel
Vice Chairperson of Board

Avniye Mukaddes Çelikel, graduated from the Chemistry Engineering Department of the University of Istanbul, has been serving as a member of the board of directors in companies within the Anel Group since 1986. She is also the Head of Support Units Group and the President of Çelikel Education Foundation.

Mahir Kerem Çelikel
Member of the Board of Directors

After graduating from Robert High School in 1999, Mahir Kerem Çelikel completed his undergraduate studies at the Mathematical Sciences and Electrical Engineering Department at John Hopkins University in 2004. After earning his graduate degree from the Business Administration Department and his master's degree in history at the University of Boğaziçi in 2007, he started his doctoral studies in history at Berkeley University. He is serving as a member of the boards of directors of companies within the Anel Group.

Merve Şirin Çelikel Tombuloğlu
Member of the Board of Directors

Merve Şirin Çelikel Tombuloğlu earned her undergraduate degree from the Electricity and Electronics Department of Berlin Polytechnic University in 2008 and earned her master's degree in business administration from INSEAD University, which she attended as a scholarship student, in 2012. She began her professional career as a project engineer at Hexagon Global Enerji which is engaged in investments in alternative energy sources in November 2008. After working as a Senior Tender Engineering in the Wind Energy unit of Siemens Enerji from 2009 through 2011, Merve Şirin Çelikel Tombuloğlu was assigned to the tenders unit as Unit Projects Quality Manager in following years. After joining the Anel Group in 2011, Merve Şirin Çelikel Tombuloğlu is serving as a member of the boards of directors of companies within the Anel Group.

Ahmet Bülent Batukan
Member of the Board of Directors

After graduating from the Mathematics Department of the Middle East Technical University in 1976, Ahmet Bülent Batukan earned his graduate degree from the Business Administration Department of Gazi University. He served as Deputy Manager for Sales at Ankara Regional Office of Koç Burroughs Computer Systems between 1976 and 1981; Head of Ankara Office and Manager of Istanbul Big Computers Department of Saniva (Sperry Univac) between 1981 and 1988; General Manager of Kavala Group's Teleteknik between 1988 and 1991; Founding Partner and General Manager of Setus between 1991 and 1998; and a member of the board of directors of Setkom between 1998 and 2005. He is serving as a member of the boards of directors of companies within the Anel Group.

Prof. Dr. Ahmet Münir Ekonomi
Independent Member of the Board of Directors

Prof. Dr. Ahmet Münir Ekonomi graduated from the School of Law of the Istanbul University in 1955 and started his professional career as a Labor Law Assistant at Istanbul Polytechnic University in 1956 before completing his doctoral studies at the School of Law of the University of Munich. Prof. Dr. Ahmet Münir Ekonomi was promoted to associated professor and then professor during his employment with the Istanbul Polytechnic University and lectured on labor law at the Engineering and Technology Faculty of Galatasaray University and Istanbul Polytechnic University. In addition to his roles within Anel Group companies, he is serving as an adviser to Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama, and Unilever Holding. Prof. Dr. Ahmet Münir Ekonomi also served as a member of the Board of Directors of Yaşar Education and Culture Foundation and he is currently a member of the boards of directors of Istanbul Culture and Arts Foundation, Dr. Nejat Eczacıbaşı Science and Arts Foundation, Istanbul Modern Arts Foundation, Istanbul Modern Arts Museum and the Association of Aficionados of Istanbul Archeology Museums. Meeting criteria pertaining to independent members under SPK's Corporate Governance Principles, Prof. Dr. Ahmet Münir Ekonomi has no relationship with Anel Elektrik and its affiliates.

Oğuz Tezel
Independent Member of the Board of Directors

Oğuz Tezel was hired by Siemens AG in 1985 when he was attending the Business Administration Department of the University of Cologne in Germany. He assumed different roles and responsibilities at home and abroad during his career with Siemens that lasted 33.5 years. Oğuz Tezel has gained experience primarily in the field of power generation, distribution and transmission. His articles about these issues appeared in many media outlets and he lectured at conferences. Aside from his role as the Director of Energy Department of Siemens Turkey, he also served as the member of the Executive Board and the Board of Directors. Oğuz Tezel also served as a member of the board of directors of Gebze Industrial Park until May 2019. Oğuz Tezel meets the criteria applicable to independent members under SPK Corporate Governance Principles. He has no relationship with Anel Elektrik and its affiliates.

EXECUTIVES

First and Last Names	Title	Experience
Cem Özşen	Financial Affairs and Finance Director	30 years
Mustafa Parapan	Deputy General Manager, Contracting Projects in Asia and Europe	25 years
Tolga Tutum	Deputy General Manager, Contracting Projects in the Middle East and Africa.	23 years

3.1 Structure and Composition of the Board of Directors

The Board of Directors manages and represents the company by keeping the company's risk, growth, and revenue equilibrium at optimum level through its strategic decisions and safeguarding the company's long-term interests based on rational and cautious risk management.

The Board of Directors defines the company's strategic goals, identifies labor and financial resources that the company will need, and oversees the management's performance. The Board of Directors carries out its activities in a transparent, accountable, fair and responsible manner.

Our company's business and management are handled by a Board of Directors composed of 7 members elected at a shareholders meeting. Three members of the Board of Directors have executive roles while the remaining 4 members have non-executive roles. With two female members serving in our Board of Directors, the percentage of female members is 28.57%, which is above the target set in the Corporate Governance Principles and there are 2 independent members within the Board of Directors in accordance with article 6 of the Corporate Governance Communique.

First and Last Names	Title
Anel Holding A.Ş. (Represented by Rıdvan Çelikel)	Chairperson - (Executive)
Avniye Mukaddes Çelikel	Vice Chairperson - (Executive)
Ahmet Bülent Batukan	Member - (Non-executive)
Mahir Kerem Çelikel	Member - (Non-executive)
Merve Şirin Çelikel Tombuloğlu	Member - (Executive)
Oğuz Tezel	Independent Member
Prof. Dr. Ahmet Münir Ekonomi	Independent Member

As specified in our articles of incorporation, members of the Board of Directors other than the independent members are elected from among Category A shareholders or candidates designated by them at a shareholders meeting.

The members of the Board of Directors excluding the independent members also serve as a member of the board of directors of other companies within the Anel Group.

According to a resolution passed at the annual Regular Shareholders Meeting of our company, the members of the Board of Directors will not be subject to prohibitions and restrictions set forth in articles 395 and 396 of the Turkish Commercial Code numbered 6102 in order to enable them to assume roles in the subsidiaries of our company. In that context, the members of the Board of Directors are not subject to any restriction regarding assumption of roles outside of the company within the period decided at a shareholders meeting.

Board of Directors	Other Entities Where He/She Assumed a Role
Rıdvan Çelikel	Chairman of Board and a member of the Board of the Directors in Anel Group companies
Avniye Mukaddes Çelikel	Vice Chairperson of Board and a member of the Board of Directors in Anel Group companies
Merve Şirin Çelikel Tombuloğlu	A member of the Board of Directors in Anel Group companies
Ahmet Bülent Batukan	A member of the Board of Directors in Anel Group companies
Mahir Kerem Çelikel	A member of the Board of Directors in Anel Group companies
Prof. Dr. Ahmet Münir Ekonomi	An adviser to Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama, and Unilever Holding A.Ş.
Oğuz Tezel	-

3.2 Guidelines for Activities of the Board of Directors

As stipulated in the company's articles of association, the Board of Directors convenes when necessitated by the company's business and transactions. Notices for a meeting are communicated via telephone and electronic mail. The agenda of the meeting is determined through consultations with the Chairman of the Board of Directors in response to the request made by the member of the Board of Directors proposing to hold a meeting.

Issues related to the frequency of the meetings of our company's Board of Directors and quorum required for convening meetings and passing resolutions are laid down in our company's Articles of Incorporation.

The agenda of a meeting and documents related to the agenda are drawn up by the secretariat of the Board of Directors and delivered to the members in the form of a file so that they can review it and make assessments about the issue on the agenda prior to the meeting.

The Board of Directors held 42 meetings in 2019 and the rate of attendance to those meeting was 99%.

As all resolutions were unanimously passed at those meetings, there was no dissenting opinion entered in the minutes of the meetings. If such a situation occurs, all issues related to such opinions will be entered in the minutes.

The Board of Directors plays a leading role in providing effective communication between the company and the shareholders and elimination and resolution of potential disputes and works in close cooperation with the Corporate Governance Committee and the Investor Relations Department.

The Board of Directors will review the efficiency of the risk management and internal control systems at least once a year. Information about the functioning and effectiveness of the internal control system is provided in the annual report.

Powers granted to executives authorized to sign documents are clearly separated and documented in the list of authorized signatories. No one within the company has been vested with unlimited powers to make decisions. The Board of Directors will convene if the absolute majority of its members are present. Our Board of Directors convene in accordance with the procedures set forth in the Turkish Commercial Code and the company's articles of incorporation and adopts resolutions with the affirmative votes of the majority of members present.

The members of the company's Board of Directors take care to attend meetings held within the operating period and to express their opinions. If there is any member who could not attend the meeting but sent his or her opinions in writing, they will be notified to other members. Our company's Board of Directors passes resolutions and decisions on all kinds of transactions with the approval of the majority of the independent members in line with the Corporate Governance Principles. No member has voted against resolutions adopted by the Board of Directors at meetings held within the period.

No member has the casting vote and/or power to veto resolutions. Each member of the Board of Directors, including the Chairman of Board, is entitled to cast one vote and no member has a privileged vote.

Anel Holding A.Ş., represented by Rıdvan Çelikel, is the Chairman of Board of our company. Rıdvan Çelikel is the top executive.

$25 million insurance policies have been obtained for the members of our company's Board of Directors in order to protect them against any claim for damages arising from any error or negligence that they may make while performing their duties.

3.3 Financial Benefits

Remunerations of the members of the Board of Directors and senior managers are set forth in the "Guidelines for the Remunerations of the Members of the Board of Directors and Senior Managers," which was approved by the Board of Directors in 2012 and those guidelines aim at ensuring that practices related to remuneration are planned, applied, and managed in accordance with applicable legislation, the scope and structure of the company's operations, long-term goals and strategies, ethical values, and internal stability. Related guidelines are accessible in the company's website.

Dividend, share options or the company's performance-based compensation plans are not used for the remuneration of the independent members of the Board of Directors. All members of the Board of Directors receive a monthly per diem in an amount for the period decided at the shareholders' meeting. Such remuneration is at a level not affecting the independence of the independent members of the Board of Directors and is not determined according to the company's performance.

Payments to the company's senior staff consist of monthly remunerations. Remuneration to be paid to senior staff is determined by taking account of their positions and the nature of their work, qualifications, experience, performance and the company's financial condition.

A total of TL 1,422,430 was paid to the members of the Board of Directors in the form of remuneration and per diem in 2019 and all other benefits and compensation received by our senior staff in the same period totaled TL 8,607,665.

No loan is lent to any member of the Board of Directors or executives of our company, who are neither allowed to borrow personal loans through a third party or to have a guarantee such as a surety provided in their favor.

PART IV - COMMITTEES

The Audit Committee, Corporate Governance Committee, Early Risk Detection Committee, and Nomination Committee and the Compensation Committee, which report to the Corporate Governance, continued their operations within our company in 2019. The main aspects of the activities and working procedures of the committees are shared with the public in the company's website.

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

The Board of Directors provides all kinds of resources and support required for enabling the committees to perform their functions. The Committees may invite any person to their meetings in order to get his or her opinions.

The committees may use the opinions of independent experts regarding any issue pertaining to their activities. Costs of consultancy services needed by the committees are paid by the company. In such a case, however, the annual report will include information about the person / company providing the services and if that person / company has any relationship with the company.

In the current organization of the committees, a member of the Board of Directors may be involved in multiple committees. A breakdown of the members of our committees is provided below.

Corporate Governance Committee	First and Last Names	Status
Chairperson	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Oğuz Tezel	Independent Member
Member	Aynur Zorer	Manager

Audit Committee	First and Last Names	Status
Chairperson	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Oğuz Tezel	Independent Member

Early Risk Detection Committee	First and Last Names	Status
Chairperson	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Oğuz Tezel	Independent Member

4.1 Audit Committee

The Audit Committee is composed of the two independent members of our Board of Directors and Prof. Dr. Ahmet Münir Ekonomi is serving as the chairperson and Oğuz Tezel is a member.

The Audit Committee oversees the functioning and effectiveness of the company's accounting system, disclosure of its financial data to the public, its independent audit, and the company's internal control and internal audit system. The audit committee supervises the selection of the independent audit firm, drafting of independent audit agreements and the commencement of the independent audit process and works undertaken by the independent audit firm at every phase. The independent audit firm which will provide services for the company and services to be purchased from the firm are determined by the Audit Committee and submitted to the Board of Directors for approval.

The Audit Committee also determines the methods and criteria to be used for examining and making decisions about complaints received by the company with regard to the company's accounting and internal control system as well as its independent audit and evaluating information provided by the company's employees regarding the company's accounting and independent audit based on the principle of anonymity.

The Audit Committee shares its assessments on the accuracy and conformity of the annual and intermediate financial statements to be made public with the company's accounting standards with the Board of Directors in writing alongside the opinions of the company's managers and the independent auditors.

4.2 Corporate Governance Committee

In 2019, the Corporate Governance Committee was chaired by Prof. Dr. Ahmet Münir Ekonomi, an independent member of our Board of Directors, and also included Oğuz Tezel, another independent member of the Board of Directors, and Aynur Zorer, investor relations manager, as members of the committee.

It identifies if the Corporate Governance Principles are being applied within the company and, if not, its reason as well as resulting conflicts of interests and makes recommendations to the Board of Directors for improving corporate governance practices and oversees works undertaken by the Investor Relations Department.

4.3 Early Risk Detection Committee

When performing its functions, the Early Risk Detection Committee, which reports to the Board of Directors, makes recommendations for formulating policies needed for monitoring potential risks and handling risk management processes.

Early Risk Detection Committee,

- It has been set up in order to establish effective internal control systems to identify, assess, monitor, and manage risk elements that could impact on achievement of goals depending on impact and probability;
- To integrate risk management and internal control systems with the corporate organization and to monitor their effectiveness,

To ensure that risk elements are measured through risk management and internal control systems using appropriate controls and reported and used in decision-making mechanisms. The Early Risk Detection Committee is composed of the two independent members of our Board of Directors and Prof. Dr. Ahmet Münir Ekonomi is serving as the chairperson and Oğuz Tezel is a member.

It is responsible for undertaking works for early detection of risks that could jeopardize the company's existence, growth, and continuation, taking necessary precautions against risks identified, and managing risks and it reviews risk management systems at least once a year.

Independent members of the Board of Directors assume roles in multiple committees as there are 2 independent members in the Board of Directors.

PART V - INTERNAL AUDIT

Audits conducted by Anel Group Audit Unit within Anel Elektrik focus on processes and issues mainly categorized as financial, operational, risk, process, legal compliance, business ethics and abuse following a proactive methodology based on International Internal Audit Standards and Anel Group Ethical Standards.

Once identified, audit topics are shared with the related units of the company and a risk-based annual audit plans are devised. Audit findings are regularly reviewed and improvements in operations are monitored.

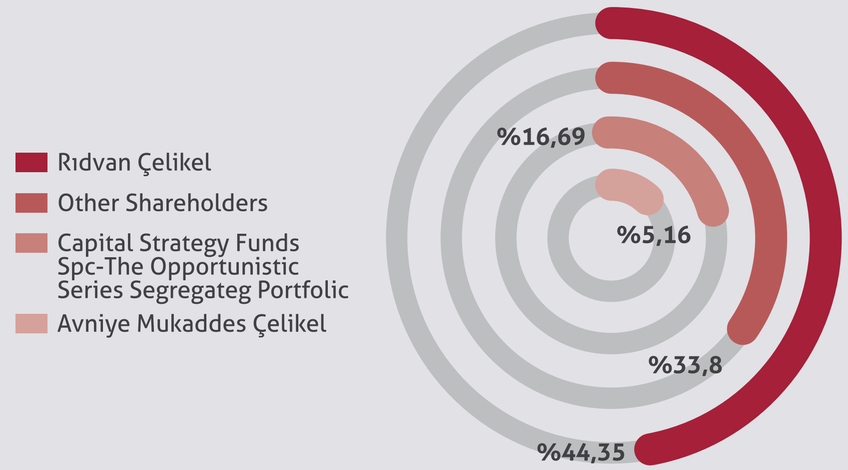
Our company has established internal audit and risk control mechanisms in order to assess existing and potential risks and to take necessary actions and they were adopted by the Board of Directors and put into effect. According to the Internal Audit Regulation adopted by the Board of Directors, the objective of internal audit is to provide independent and impartial assurance and consulting services to audit, develop, and improve our company's operations as a whole and to add value to the group. The Board of Directors develops systematic approaches in order to assess and improve the effectiveness and efficiency of Risk Management and Internal Control and Management Processes in order to contribute to achievement of the company's objectives.

PART VI - LEGAL STATEMENTS

6.1 Shareholding Structure

First and Last Names / Trade Name of Shareholder	Value of Shares (TL)	Percentage of Shareholding (%)
Rıdvan Çelikel	48,780,773	44.35
Avniye Mukaddes Çelikel	5,677,038.58	5.16
Capital Strategy Funds Spc-The Opportunistic Series Segregateg Portfolio	18,360,845	16.69
Other	37,181,344	33.8
Total	110,000,000	100

It has been compiled based on information provided on the Public Disclosure Platform on 03.09.2020.



The company has been included in the authorized capital system and its authorized capital is TL 200.000.000.

Our company's shares have been divided into Category A and Category B. Category A shares are privileged. At shareholders meetings, the holder of a Category A is entitled to cast two (2) votes and the holder of a Category B is entitled to cast one (1) vote. Rıdvan Çelikel holds 53.69% of the shares, including 33.57% privileged shares and 20.12% non-privileged shares.

At shareholders' meetings, shareholders may be represented by another shareholder or a proxy who may not be a shareholder in accordance with the regulations of the Capital Markets Board regarding casting of votes though a proxy. Proxies who are the company's shareholders are entitled to cast their votes as well as the votes held by the shareholder whom they represent.

The company has no procedure that would make it difficult to exercise voting rights and each shareholder is offered the opportunity to exercise his or her right to vote in the easiest and most appropriate manner.

There is no mutual subsidiary relationship within our company. Care is taken to ensure that minority rights are exercised in accordance with applicable legislation and there is no restriction imposed in that regard.

6.2 Information about major actions instituted against the company and their potential outcome

At a hearing held by the 7th Anadolu Commercial Court of First Instance in Istanbul on 04.04.2019 in respect of a lawsuit filed by Acredo Technology BV against our company, the court decided to dismiss the lawsuit. According to the provisions of a protocol signed between Acredo and our company on 06.26.2019, TL 1,130,000 will be refunded to Acredo in place of TL 2,197,986.91 received as a down payment on condition that Acredo unconditionally waives its rights to appeal against a judgment as part of a settlement and Acredo, on 06.26.2019, provided us with an official document stating that it has waived its rights to appeal a judgment. The amount in question was paid and the case was closed.

Investors of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom), which is one of our subsidiaries, have instituted a suit for damages against our company and the members of the Board of Directors under an agreement which is being heard by the 4th Anadolu Commercial Court of First Instance in Istanbul and the case numbered 2019/15 E. is pending.

There was no action that was brought against the company and could have a significant effect on the company's financial condition and operations. A list of all parties instituted by or against the company is included in the footnotes of the financial statements for the period.

6.3 Information about amendments to applicable legislation which may have a material effect on the company's operations

There was no amendment to the applicable legislation which may have a material effect on the company's operations.

6.4 Information about changes that may affect the operations of our company and its subsidiaries

At a special shareholders meeting of Anel Enerji Elektrik Üretim San. ve Tic. A.Ş. held on December 3, 2019, one of our subsidiaries, it was decided to liquidate the company and the liquidation process is under way.

The Board of Directors decided on December 25, 2019 to liquidate Anel Engineering-Technological Company, also a subsidiary of our company and to end its status as a legal entity and to submit tenders for potential projects in Russia through Anel Elektrik's branch in Moscow, Russia and the liquidation process has yet to be completed.

6.5 Information about changes that may affect the shareholding structure and financial condition of our company and its subsidiaries

An application was lodged with SPK, seeking its approval for a form for proposal to buy shares on 03.15.2019 in accordance with the provisions of the Communique on Proposals for Buying Shares numbered (II-26.1) with regard to the collection of a part of Category B shares issued by Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş, a subsidiary of ours, which were not a part of our company's portfolio, through a voluntary call.

The price for Category B bearer shares, which were proposed to be purchased, was fixed as TL 1.26 based on a valuation report drawn up by Gedik Yatırım Menkul Değerler A.Ş. as part of the Board's regulations on valuation by taking account of differences among share categories in terms of privileges.

A total of 824 investors responded to the proposal for voluntary purchase of shares by offering to buy shares with a par value TL 25,807,373.203 between 04.29.2019 and 05.27.2019 and our company's shareholding interest rose from 24.81% to 76.43% as a result of the acquisition of shares.

Our company purchased the shares of Rıdvan Çelikel, Avniye Mukaddes Çelikel, Mahir Kerem Çelikel, Merve Şirin Çelikel Tombuloğlu in Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom), and Anel Yapı Gayrimenkul A.Ş. (Anel Yapı), our subsidiaries, on December 24 and 25, 2019 and our shareholding in Anel Telekom's capital rose to 87.49% and our shareholding in Anel Yapı's capital went up to 52.5%. As the privileged shares in both Anel Yapı and Anel Telekom will be transferred to our company's assets as a result of the purchase of shares, Anel Telekom and Anel Yapı companies, which were previously using own funds for accounting, will be treated as a subsidiary in our consolidated financial report as at 12.31.2019 and will use full consolidation for accounting purposes.

6.6 Information about organizational changes within the year

Aynur Zorer, who holds a Level 3 License for Capital Market Operations, was hired as the Manager of our company's Investor Relations Department on 01.09.2019. Aynur Zorer was also appointed a member of the Corporate Governance Committee effective on 01.09.2019.

Ahmet Fatih Ediboğlu resigned as an independent member of the Board of Directors and a committee member on 12.02.2019. Oğuz Tezel succeeded him as the independent member of the Board of Directors and the committee on 12.09.2019.

6.7 Other information regarding events within the reporting period

TL 858,508 was donated and provided as an aid in 01.01.2019 –12.31.2019 period.

Statements issued by our company about special circumstances under the applicable legislation can be found in https://www.kap.org.tr/.

6.8 Developments after the report

Dag-08 EOOD, Golden Sun EOOD, and Energinia Kompania Bonev EOOD, its subsidiary, which were among the subsidiaries of the Group, were sold in the first quarter of 2020. The sale price of Dag-08 EOOD and Golden Sun EOOD and the amount of receivables from those companies were collected as at the date of the report and the sale price of Energinia Kompania Bonev EOOD and the amount of receivables from the company were deposited in a joint account and registration of assignment of shares has yet to be completed. The parties which have taken over the shares have no relationship with the Group.

An application was lodged with the Capital Market Board, seeking its approval for a form for a proposal to collect 6,253,133.50 shares except for those held by Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A., a subsidiary of Anel Elektrik Proje Taahhüt A.Ş, at TL 1.39 in accordance with the provisions of the Communique on Proposals for Buying Shares numbered (II-26.1) through a mandatory call.

PART VII - DIVIDEND DISTRIBUTION POLICY and PROPOSAL FOR DISTRIBUTION OF INCOME FOR 2018

The Dividend Distribution Policy of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. has been formulated in accordance with the provisions of the Turkish Commercial Code and articles of the Capital Market Legislation and other applicable legislation and our Articles of Incorporation concerning distribution of earnings and in line with ANEL's medium and long-term strategies and investment and financial plans and taking account of the state of the national economy and the sector while paying attention to the balance between shareholder expectations and ANEL's needs.

In distribution of earnings, a balanced and coherent policy is pursued in terms of the interests of shareholders and the company in line with the Corporate Governance Principles and the amount of earnings to be distributed is determined by taking account of our long-term company strategy, investment and financing policies, profitability, and cash situation. As a matter of principle and taking account of the factors specified above, if ANEL's Board of Directors is to decide on distribution of earnings, minimum 20% of the distributable period earning calculated in accordance with the Capital Market Regulations and other applicable legislation may be distributed in the form of cash and/or bonus shares.

While it has been decided to distribute dividends equally for all shares as soon as possible irrespective of the dates of issuance and acquisition, they will be distributed to the shareholders on the date set at a shareholders meeting following its approval within statutory periods fixed. The shareholders or the Board of Directors may decide to distribute dividends in installments in accordance with capital market regulations. It is not a policy of ANEL to distribute dividends in advance.

Shareholders may decide to transfer the net profit or any part of it to excess reserve fund. If ANEL's Board of Directors recommends not to distribute earnings at a shareholders meeting, the shareholders will be informed about its reasons and how the undistributed earnings will be used. Similarly, the same information will be made public through the annual report and the website.

The dividend distribution policy will be submitted for approval at a shareholders meeting. The policy is annually reviewed by the Board of Directors if there has been any adverse change in the national and global economy and depending on the state of current projects and funds. Any revision to the policy will be submitted for approval at the first shareholders meeting after the revision and made public on the website.

A motion that the company's board of directors decided to propose by virtue of its decision numbered 27 and dated August 23, 2019 for "transferring the period profit resulting from its operations in 2018 as shown in its consolidated financial statements for 01.01.2019 - 12.31.2019 less statutory deductions, taxes, and fund levies which are required to be set aside pursuant the law and articles of association to excess reserves" was submitted for approval and unanimously passed at a regular shareholders meeting held on September 19, 2019 for 2018 accounting period.

PART VIII - STRATEGIC GOALS

Our company has been taking steps in the interest of our future based on its commitment to add value to our world, society, and our business partners since 1986. Goals and critical performance indicators, which are parallel with that commitment and the company's objective for existence, are established within the scope of annual strategy plans. Those goals and critical performance indicators are approved by the Board of Directors at budget meetings held at the end of the preceding year. At its regular meetings, the Board of Directors reviews the results of operations by comparing them with the performance and target indicators of the preceding year.

PART VI - STATEMENT OF INDEPENDENCE BY THE INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

Statement of Independence

I hereby state that I intend to serve as an "Independent Member" of the Board of Directors of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (Company) based on criteria laid down in the Corporate Governance Principles of the Capital Markets Board specified in the Communique on Corporate Governance (II-17.1), which was issued by the Capital Markets Board and promulgated in the 28871st issue of the Official Gazette on January 3, 2014 and the applicable legislation and the articles of incorporation. In that context, I hereby covenant that:

a) There was no employment relationship with the Company and partnerships in which the company has management control as defined in Turkey Financial Reporting Standards 10 or has significant influence under Turkey Accounting Standards 28 and shareholders who control the company's management or have significant influence over the company and legal entities where such shareholders hold management control and myself, my spouse, and relatives by blood or marriage up to the second degree which involves employment at managerial position and that I did not own more than 5% of the capital or voting rights or privileged shares or had a material business relationship in the past five years,

b) I did not assume key positions and responsibilities as an executive or acquired an interest (5% or more) and/or served as a member of the board of directors within any company from which the company purchased a significant amount of services or products, including the company's audit (including tax audit, statutory audit, and internal audit), rating, and consultancy under agreements concluded in the past five years,

c) I have professional education, knowledge, and experience required for performing my duties in my capacity as an independent member of the Board of Directors,

ç) I have not worked / will not work for any public agency or institution on full time basis currently /after my election as a member except for working as a lecturer in a university provided that it is consistent with the applicable legislation,

d) I am a resident of Turkey pursuant to the Income Tax Law numbered 193 and dated December 31, 1960,

e) I have strong ethical standards, professional reputation, and experience for making positive contributions to the Company's operations and maintaining my impartiality regarding any conflict of interest between the company and shareholders and freely making decisions by taking account of the rights of stakeholders,

f) I will spare time for performing representational functions on behalf of the company, which the Board of Directors may assign to me, as well as the company's affairs so that I will be able to monitor the company's operations and fully discharge the tasks that I have undertaken,

g) I have not served as a member of the company's Board of Directors for more than six years in the past ten years,

ğ) I have not served as an independent board member in more than three companies controlled by the company or its controlling shareholders or more than five companies listed in the stock exchange.

I hereby inform the Board of Directors, shareholders, and all stakeholders.

Oğuz Tezel **Prof. Dr. Ahmet Münir Ekonomi**

STATEMENT OF LIABILITY

RESOLUTION ADOPTED BY THE BOARD OF DIRECTORS FOR APPROVING THE FINANCIAL REPORT AND THE ANNUAL REPORT

DATE OF RESOLUTION : 09.03.2020
NUMBER OF RESOLUTION : 11

OUR STATEMENT OF LIABILITY PURSUANT TO ARTICLE 9 OF THE SECOND PARTY OF COMMUNIQUE II-14.1 ISSUED BY THE CAPITAL MARKETS BOARD.

As per the provisions of SPK legislation, We hereby state that the consolidated financial statements, including footnotes, Annual Report and "Corporate Governance Compliance Report" and "Corporate Governance Information Form" which have been drawn up for the period between January 1, 2019 and December 31, 2019 pursuant to the "Communique on Standards for Financial Reporting in Capital Markets" ("Communique") numbered Series II-14.1, issued by the Capital Markets Board (SPK) and in accordance with Turkey Accounting Standards / Turkey Financial Reporting Standards ("TMS/TFRS) and formats specified by SPK:

a) have been reviewed by us,

b) based on information acquired in the field of roles and responsibilities within the company, the financial statements and the annual report does not include any untrue statement regarding an important issue or cause them to be misleading as at the date of the statement,

c) based on information acquired in the field of roles and responsibilities within the company, the financial statements drawn up in accordance with applicable financial reporting standards truly and honestly reflect the assets, liabilities, financial condition, and profit and loss of the company, including those falling within the scope of consolidation and that the annual report truthfully reflects the growth and performance of the business and the state of the company, including those covered by the consolidation, and major risks and uncertainties faced.

We covenant that we will be liable for this statement.

Sincerely,

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

Merve Şirin ÇELİKEL TOMBULOĞLU
Member of the Board





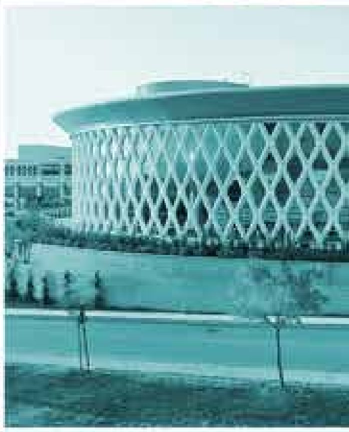





Marmara Forum
Carrefour


Hilton
Garden Inn
Şanlıurfa

boyner





CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETI AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION TO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019 WITH INDEPENDENT AUDITORS REPORT (ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. 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. Key audit matters were addressed in the context of our independent 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.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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Key Audit Matters	How the key audit matter was addressed in the audit
Recognising the revenue from construction contracts The amount of the consolidated revenue of the Group for the year ending on 31 December 2019 is TRY1.027.910.364 and 100% of the consolidated revenue has been recognised in accordance with percentage of completion method as stated in TFRS 15 Revenue from Customer Contracts. Within the context of this method; amounts, which are recognised as the revenue and cost in relation to the ongoing projects, are based on the estimations and assumptions stated in project budgets. Revenue recognition and the determination of the results of construction projects including specific conditions to relevant projects, estimation of the cost to complete of the projects, the impact of the future incidents on the contract revenue and the recognition of changes in the project, depend on the estimations and judgements of the management. In addition, the regarding estimations and assumptions consist of; the compliance with the requirements set forth in IFRS 15, costs to complete the project, completion of the contracts and estimation on percentage of completion rate.	**Procedures:** • Processes for determining the accuracy and timing of the revenue recognition in the consolidated financial statements and controls designed by the Group have been understood and assessed. • Significant construction contracts have been reviewed. We read the contract clauses and conditions and tested whether the contract conditions have been appropriately reflected on accounting records when recognising relevant contracts as per IFRS 15. Project amount and changes in project amount due to changes in the scope of the work have been confirmed with the contracts and appendices. • Cost budgets have been reviewed for significant construction projects and the historical accuracy and prudence of the budgets and estimations have been evaluated. • Percentage of completion worksheets prepared by the Group management have been tested. Accordingly, existence and accuracy of the actual costs, additional cost to complete of the project, accuracy of the percentage of completion method and total calculations have been tested by us using recalculation method. We have questioned the expectations in the project schedule in the meetings with accounting and technical teams, and whether the provisions calculated for the projects falling behind the schedule (if any) are in line with the clauses of the contract.

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4. Other matters

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another audit firm which expressed an unqualified opinion on these consolidated financial statements in its report dated 11 March 2019.

5. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

6. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.

- Assess the 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 independent 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also 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 responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

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

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 9 March 2020.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Burak Özpoyraz, SMMM
Partner

İstanbul, 9 March 2020

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 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited Current Period 31.12.2019	Restated (*) Prior Period 31.12.2018	Restated (*) Prior Period 31.12.2017
ASSETS				
Current Assets		**1,056,120,784**	**950,668,162**	**820,885,455**
Cash and Cash Equivalents	5	105,056,111	52,401,730	61,959,852
Financial Invensments	6	3,634	4,792	7,922
Trade Receivables		221,059,677	376,276,000	290,162,927
- Trade Receivables from Related Parties	8,30	8,680,938	12,549,451	13,078,464
- Trade Receivables from Third Parties	8	212,378,739	363,726,549	277,084,463
Other Receivables		24,534,689	24,728,526	25,731,754
- Other Receivables from Related Parties	9,30	10,935,494	3,642,532	10,941,135
- Other Receivables from Third Parties	9	13,599,195	21,085,994	14,790,619
Receivables from Ongoing Construction, Commitments and Service Agreements	12	540,734,004	293,781,541	158,546,300
Inventories	10	130,589,451	156,044,358	235,584,562
Prepaid Expenses	11	18,503,741	36,621,428	37,394,312
Current Tax Related Assets	28	529,367	2,280,795	1,974,329
Other Current Assets	20	15,110,110	8,528,992	9,523,497
Non-Current Assets		**348,594,164**	**341,753,679**	**257,273,220**
Other Receivables		86,519	86,037	86,037
- Other Receivables from Third Parties	9	86,519	86,037	86,037
Investments Accounted with Equity Method	13	1,326,951	945,522	441,447
Investment Property	14	282,864,413	277,118,847	192,184,413
Property, Plant and Equipment	15	61,010,550	61,691,700	50,441,982
Intangible Fixed Assets	16	314,912	379,870	408,413
Prepaid Expenses	11	274,818	985,067	2,422,697
Deferred Tax Assets	28	680,004	-	10,434,231
Non-Current Assets Related with Current Period Tax	28	2,035,997	546,636	854,000
TOTAL ASSETS		**1,404,714,948**	**1,292,421,841**	**1,078,158,675**

(*) Please refer to Note 2.

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 2019

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

	Notes	Audited Current Period 31.12.2019	Restated (*) Prior Period 31.12.2018	Restated (*) Prior Period 31.12.2017
LIABILITIES				
Short-Term Liabilities		**768,425,086**	**627,001,367**	**541,975,799**
Short-Term Borrowings	7	187,308,969	69,789,023	23,208,716
Short Term Portion of Long Term Financial Liabilities	7	25,630,072	26,508,588	20,347,364
Trade Payables		235,792,908	230,955,212	215,274,803
- Trade Payables to Related Parties	8,30	632,716	2,916,653	1,434,972
- Trade Payables to Third Parties	8	235,160,192	228,038,559	213,839,831
Employee Benefits	19	11,387,087	7,162,092	1,289,246
Other Payables		9,038,545	22,140,671	19,802,575
- Other Payables to Related Parties	9,30	109,463	14,833,014	14,647,088
- Other Payables to Third Parties	9	8,929,082	7,307,657	5,155,487
Payables from Ongoing Construction, Commitments and Service Agreements	12	9,734,857	19,244,417	44,530,946
Deferred Income	11	262,934,250	226,667,267	196,694,636
Income Tax Payable	28	1,114,583	3,718,861	4,782,492
Short-Term Provisions		25,483,815	20,815,236	16,045,021
- Short-Term Provisions for Employee Benefits	19	9,597,017	12,479,388	8,423,865
- Other Short-Term Provisions	18	15,886,798	8,335,848	7,621,156
Long Term Liabillities		**128,760,165**	**148,788,335**	**121,851,445**
Long-Term Borrowings	7	108,712,938	117,411,566	103,878,300
Other Payables		-	107,761	753,070
-Other Payables to Third Parties	9	-	107,761	753,070
Deferred Income		-	34,715	572,781
Long-Term Provisions		20,047,227	27,566,532	16,647,294
-Long-Term Provisions for Employee Benefits	19	20,047,227	27,566,532	16,647,294
Deferred Tax Liablilities		-	3,667,761	-
TOTAL LIABILITIES		**897,185,251**	**775,789,702**	**663,827,244**
EQUITY		**507,529,697**	**516,632,139**	**414,331,430**
Equity Belongs to Parent Company		**506,193,663**	**493,490,376**	**404,517,210**
Share Capital	21	110,000,000	110,000,000	110,000,000
Share Premium	21	1,498,280	1,431,009	1,431,009
Transaction Under Common Control	21	(62,334,320)	(62,334,320)	(62,334,320)
Put optionliability fund on non-controlling shares	21	(8,691,856)	-	-
Other Comprehensive Income/(Expense) not to be Reclassified to Profit and Loss		(1,595,783)	(1,277,105)	(1,064,817)
Revaluation and Measurement Gain/(Loss)		(1,595,783)	(1,277,105)	(1,064,817)
- Decreases on Revaluation of Property, Plant and Equipment	21	*(101,224)*	*(101,224)*	(101,444)
- Actuarial Loss Arising From Defined Benefit Plans	21	*(1,494,559)*	*(1,175,881)*	(963,373)
Other Comprehensive Income/(Expense) to be Reclassified to Profit and Loss	21	201,605,115	173,780,519	90,181,741
- Foreign Currency Conversion Difference	21	*201,605,115*	*173,780,519*	90,181,741
Reserves on Retained Earnings	21	13,960,750	13,296,782	12,446,049
- Legal Reserves	21	*13,960,750*	*13,296,782*	12,446,049
Other Equity Shares	21	(13,842,938)	-	-
Other Reserves	21	5,851,513	2,393,923	2,393,923
Retained Earnings	21	256,199,568	234,865,153	181,801,727
Net Profit for the Period	29	3,543,334	21,334,415	69,661,898
Non-controlling Shares	**21**	**1,336,034**	**23,141,763**	**9,814,220**
TOTAL LIABILITIES AND EQUITY		**1,404,714,948**	**1,292,421,841**	**1,078,158,674**

(*) Please refer to Note 2.

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 2019

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

	Notes	Audited Current Period 01.01.-31.12.2019	Restated (*) Prior Period 01.01.-31.12.2018
PROFIT OR LOSS			
Revenue	22	1,027,910,364	1,376,310,720
Cost of Sales (-)	22	(977,907,944)	(1,350,800,589)
GROSS PROFIT/LOSS		**50,002,420**	**25,510,131**
General Administrative Expense (-)	23	(42,599,653)	(40,723,795)
Other Operating Income	25	112,166,381	104,886,393
Other Operating Expense (-)	25	(90,934,914)	(66,793,525)
OPERATING PROFIT/LOSS		**28,634,234**	**22,879,204**
Impairment (losses)/gains in accordance with TFRS 9, net		1,243,679	(38,855)
Income From Investing Activities	26	13,091,245	78,006,122
Expense From Investing Activities (-)	26	(121,157)	(619,271)
Shares from Income/(Loss) of Investments Valuated with Equity Method	13	270,891	164,103
OPERATING PROFIT/LOSS BEFORE FINANCING INCOME AND EXPENSES		**43,118,892**	**100,391,303**
Financing Income	27	18,602,050	18,713,390
Financing Expenses (-)	27	(61,426,765)	(65,836,231)
PROFIT/LOSS BEFORE TAX FROM ONGOING ACTIVITIES		**294,177**	**53,268,462**
Continuing Operations Tax Incom/(Expenses)		**2,898,143**	**(18,574,733)**
-Tax Income/(Expense) For Period	28	(1,264,402)	(3,471,514)
-Deferred Tax Income/(Expense)	28	4,162,545	(15,103,219)
PERIOD PROFIT/(LOSS) FROM ONGOING ACTIVITIES		**3,192,320**	**34,693,729**
PROFIT/ (LOSS) FOR THE PERIOD		**3,192,320**	**34,693,729**
Distribution of the Profit/(Loss) for the Year			
Non-controlling Shares	21	(351,014)	13,359,314
Parent Company Shares	29	3,543,334	21,334,415
Earnings Per Share			
-Earnings Per Share	29	0.03	0.19
-Earnings Per Share from Ongoing Activities	29	0.03	0.19

(*) Please refer to Note 2.

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 2019

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

	Notes	Audited Current Period 01.01.-31.12.2019	Restated (*) Prior Period 01.01.-31.12.2018
PROFIT/(LOSS) FOR THE PERIOD		**3,192,320**	**34,693,729**
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss :		**(318,678)**	**(212,508)**
Defined Benefit Plans Remeasurement Gains/(Losses)	19	(398,348)	(265,635)
Taxes Related to Other Comprehensive Income (expenses)			
Items not to be Reclassified to Profit		79,670	53,127
Deferred Tax Income (Expenses)		79,670	53,127
Items to be Reclassified to Profit or Loss:		**27,824,596**	**83,598,778**
Gain/(Loss) from Foreign Currency Conversion Differences		27,824,596	83,598,778
OTHER COMPREHENSIVE INCOME/ EXPENSES		**27,505,918**	**83,386,270**
TOTAL COMPREHENSIVE INCOME		**30,698,238**	**118,079,999**
Appropriation of Total Comprehensive Income:			
Non-Controlling Interests		(351,014)	13,359,314
Parent Company Share		31,049,252	104,720,685

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 2019

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

	Notes	Share Capital	Premiums /Discounts Related with Shares	The Merge Effect of Business Combinations Under Common Control	Sales option valuation fund on non-controlling shares.	Increase/ (Decrease) from Revaluation of Tangible Assets	Other Comprehensive Income (expenses) Items not to be Reclassified to Profit (Loss) Defined Benefit Plans Remeasurement Gains/Losses	Other Comprehensive Income (expense) Items to be Reclassified to Profit (Loss) Foreign Currency Conversion Differences	Restricted Reserves Allocated from Profits	Other Share Capital	Other Reserves	Retained Earnings/ (Losses)	Net Profit /(Loss) for the Period	Equity Attributable to Parent Company	Non-controlling Shares	Equity
31.12.2017 previously reported		**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**
The Merge Effect of Business Combinations Under Common Control		-	46,576	(14,020,170)	-	247,043	-	-	463,620	-	2,393,923	22,014,507	(374,527)	10,770,972	12,256,074	23,027,046
31.12.2017 Reformatted		**110,000,000**	**1,431,009**	**(62,334,320)**	**-**	**(101,444)**	**(963,373)**	**90,181,741**	**12,446,049**	**-**	**2,393,923**	**181,801,727**	**69,661,898**	**404,517,210**	**9,814,220**	**414,331,430**
Adjustments Regarding Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	(1,740,458)	-	(1,740,458)	(76)	(1,740,534)
01.01.2018 Reformatted	**21**	**110,000,000**	**1,431,009**	**(62,334,320)**	**-**	**(101,444)**	**(963,373)**	**90,181,741**	**12,446,049**	**-**	**2,393,923**	**180,061,269**	**69,661,898**	**402,776,752**	**9,814,144**	**412,590,896**
Transfers		-	-	-	-	-	-	-	850,729	-	-	68,811,169	(69,661,898)	-	-	-
Total Comprehensive Income/(Expense)		-	-	-	-	-	(212,508)	83,598,778	-	-	-	-	21,334,415	104,720,685	13,359,314	118,079,999
Dividend distribution		-	-	-	-	-	-	-	-	-	-	(14,007,285)	-	(14,007,285)	-	(14,007,285)
Transactions with Shareholders without Control Power.		-	-	-	-	220	-	-	4	-	-	-	-	224	(31,695)	(31,471)
31.12.2018	**21**	**110,000,000**	**1,431,009**	**(62,334,320)**	**-**	**(101,244)**	**(1,175,881)**	**173,780,519**	**13,296,782**	**-**	**2,393,923**	**234,865,153**	**21,334,415**	**493,490,376**	**23,141,763**	**516,632,139**
01.01.2019	**21**	**110,000,000**	**1,431,009**	**(62,334,320)**	**-**	**(101,224)**	**(1,175,881)**	**173,780,519**	**13,296,782**	**-**	**2,393,923**	**234,865,153**	**21,334,415**	**493,490,376**	**23,141,763**	**516,632,139**
Transfers		-	-	-	-	-	-	-	-	-	-	21,334,415	(21,334,415)	-	-	-
Total Comprehensive Income/(Expense)		-	-	-	-	-	(318,678)	27,824,596	-	-	-	-	3,543,334	31,049,252	(351,014)	30,698,238
Increase / Decrease in Subsidiaries Due to Changes in Share Rates That Do Not Result in Control Loss.		-	-	-	(8,691,856)	-	-	-	-	-	-	-	-	(8,691,856)	-	(8,691,856)
Transactions with non controlling interest		-	67,271	-	-	-	-	-	663,968	(13,842,938)	3,457,590	-	-	(9,654,109)	(21,454,715)	(31,108,824)
31.12.2019	**21**	**110,000,000**	**1,498,280**	**(62,334,320)**	**(8,691,856)**	**(101,224)**	**(1,494,559)**	**201,605,115**	**13,960,750**	**(13,842,938)**	**5,851,513**	**256,199,568**	**3,543,334**	**506,193,663**	**1,336,034**	**507,529,697**

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

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 2019

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

		Audited Current Period 01.01.-31.12.2019	Restated Prior Period 01.01.-31.12.2018
A. CASH FLOWS FROM BUSINESS OPERATIONS		**23,708,607**	**(10,064,442)**
Profit/(Loss) for the period		3,192,320	34,693,729
Profit/(Loss) from Ongoing Activities		3,192,320	34,693,729
Adjustments to reconcile net profit to cash provided by operating activities		**50,362,423**	**6,908,583**
Depreciation and Amortisation Expenses	15.16	8,818,172	8,815,230
Adjustments for Provisions		12,385,136	10,414,738
Adjustments for Provisions/(Reversals) of Employee Benefits	19	14,769,721	9,661,191
Adjustments for Provisions/(Reversals) of Lawsuits or Fine	18	(1,140,906)	714,692
Adjustments for Provisions/(Reversals) of General		(1,243,679)	38,855
Financial income/expense net		42,824,715	47,122,841
Interest income adjustments	27	(18,602,050)	(18,713,390)
Interest expense adjustments	27	61,426,765	65,836,231
Adjustments for Fair Value Gains /(Losses)	14	(10,615,566)	(77,883,825)
-Adjustments for Fair Value Gains /(Losses) of Investment Property		(10,615,566)	(77,883,825)
Undivided Profit of Investment Valuated with Equity Method		(270,891)	(164,103)
Undivided Profit of Investment Valuated with Equity Method	13	(270,891)	(164,103)
Tax (Income)/(expenses)	28	(2,898,143)	18,574,733
-Adjustments for (Gains)/Losses from Disposal of Fixed Assetts		119,000	28,969
-Adjustments for (Gains)/Losses from Disposal of Property, Plant and Equipment		-	28,969
-Adjustments for (Gains)/Losses from Investment Property		119,000	-
Changes in Net Working Capital		**3,654,162**	**(40,969,172)**
Increase/(Decreases) in Financial Investments		1,158	3,130
Adjustments (Gains)/Losses from for Trade Receivables		155,216,323	(86,113,073)
-Increases/(Decreases) in Trade Receivables from Related Parties	8.30	3,868,513	529,013
-Increases/(Decreases) in Trade Receivables from Third Parties	8	151,347,810	(86,642,086)
Adjustments for (Gains)/Losses from Other Receivables		193,355	1,003,228
-Increases/(Decreases) in Other Receivables from Related Parties	9.30	(7,292,962)	7,298,603
-Increases/(Decreases) in Other Receivables from Third Parties	9	7,486,317	(6,295,375)
Increases/(Decreases) in Receivables from Ongoing Construction, Commitment, and Service Agreements	12	(246,952,463)	(135,235,241)
Increases/(Decreases) in Inventories	10	25,454,907	79,540,204
Increases/(Decreases) in Prepaid Expenses	11	18,827,936	2,210,514
Adjustments for (Gains)/Losses from Trade Payables		4,837,696	15,680,409
-Increases/(Decreases) in Trade Paybles to Related Parties	8.30	(2,283,937)	1,481,681
-Increases/(Decreases) in Trade Payables to Third Parties	8	7,121,633	14,198,728
Increases/(Decreases) in Employee Benefits	19	4,224,995	5,872,846
Increases/(Decreases) in Payables from Ongoing Construction, Commitment, and Service Agreements	12	(9,509,560)	(25,286,529)
Adjustments for (Gains)/Losses from Other Payables		810,283	1,692,787
-Increases/(Decreases) in Other Payables to Related Parties	9.30	(703,381)	185,926
-Increases/(Decreases) in Other Payables to Third Parties	9	1,513,664	1,506,861
-Increases/(Decreases) in Deferred Income	11	36,232,268	29,434,565
Adjustments for (Gains)/Losses from Changes in Capitals		14,317,264	70,227,988
-Increases/(Decreases) in Other Assets		(5,789,684)	1,524,770
-Increases/(Decreases) in Other Liabilities		20,106,948	68,703,218
Cash Flows from Operating Activities		**57,208,905**	**633,140**
Payments in the coverage of benefits provided to employees	19	(29,252,070)	(3,634,295)
Tax Returns (Payments)	28	(4,248,228)	(7,063,287)
B. CASH FLOW FROM INVESTING ACTIVITIES		**(42,572,296)**	**(11,727,089)**
Cash Outflows from Purchase of Subsidiary Share		(46,537,460)	-
-Cash Inflows from Tangible Asset Sales	15	2,522,799	748,130
-Cash Outflows from Intangible Asset Sales	16	(62,896)	(184,310)
-Cash Outflows from Tangible Asset Purchases	15	(3,245,739)	(5,240,300)
- Cash Outflows from Investment Property Purchases	14	4,751,000	-
- Cash Inflows from Investment Property Purchases	14	-	(7,050,609)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**70,442,717**	**9,947,158**
Cash Inflows from Loans	7	266,534,000	155,217,475
Cash Outflows on Credit Repayments	7	(173,032,175)	(124,767,842)
Dividend profit share	21	-	(14,007,285)
Paid interest	27	(29,518,390)	(13,026,798)
Received interest	27	6,459,282	6,531,608
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)		**51,579,028**	**(11,844,373)**
D. FOREIGN CURRENCY CONVERSION DIFFERENCES IMPACT ON CASH AND CASH EQUIVALENTS		**1,075,353**	**2,286,251**
NET (DECREASE)/INCREASE IN CASH ANS CASH EQUIVALENTS (A+B+C+D)		**52,654,381**	**(9,558,122)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5**	**52,401,730**	**61,959,852**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**5**	**105,056,111**	**52,401,730**

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. ORGANIZATION AND ACTIVITIES

The Company was first established in 1986 by the title of "Anel Elektrik Proje Taahhut Ve Ticaret Limited Sirketi". The Company's commercial type has been changed to"Anel Elektrik Proje Taahhut Ve Ticaret Anonim Sirketi" (The 'Company-Anel Elektrik') in 26 December 2006. The company's head Office is located in Saray Mahallesi Site Yolu Caddesi No:5/4 34768 Anel İş Merkezi, Ümraniye/İstanbul.

Branch Adresses:

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

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

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

Netherlands Branch: Transpolispark, Siriusdreef 17-27, 2132 WT Hoofddorp Amsterdam

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
Land and Buildings - Land and Building buying and selling
Telecommunications - There is no actual ongoing project in these areas in the current period.

The Company's shares were offered to public since 2010 and as at 9 March 2020, 31.82% of shares are traded in Istanbul Stock exchange, INC. (BIST) according to Central Registry Agency (CRA) records (31 December 2018 :38.31%) (Note :21).

As of 31 December 2019, 1,894 personnel have been employed within the Group (31 December 2018: 3,079 people).

The main shareholder of the company is Çelikel Family. Details regarding the Group's subsidiaries are as follows:

Subsidiaries included to full consolidation are as follows;

Name of company	Field of compnay	Activity type	Foundationof country	Foundation of year
Anel Enerji Elektrik Üretim San. ve Tic. A.Ş.	Solar energy projects	Service	Turkey	2009
Anel Marin Gemi Elektrik Elektronik Sist. Tic. ve San. A.Ş.	Ship Electricity and Electronics	Service	Turkey	2005
Anel Dar Libya Constructing & Services LLC	Project Commitment	Service	Libya	2010
Anel Engineering- Technological Company Ltd. Rusya	Project Commitment	Service	Russia	2009
Dag-08 Ood	Solar energy projects	Service	Bulgaria	2008
Golden Sun Ood	Solar energy projects	Service	Bulgaria	2008
Anel Emirates General Contracting LLC	Project Commitment	Service	United Arab Emirates	2010
Anel BG Ltd.	Solar energy projects	Service	Bulgaria	2011
Anelmep Maintenance and Operations LLC	Project Commitment	Service	Qatar	2008
Anel Yapı Gayrimenkul A.Ş.	Land and Buildings	Service	Turkey	2007
Anel Engineering & Contracting Ltd.	Project Commitment	Service	England	2017
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	Telecommunications	Service	Turkey	2003

1. ORGANIZATION AND ACTIVITIES (Continued)

The Company does not have any subsidiaries traded on any stock exchange. Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. Inc.'s shares are in the status of publicly traded corporations that are not publicly traded.

From now on, Anel Elektrik Proje Taahhut ve Ticaret A.Ş. and referred to as the "Group" with the subsidiaries mentioned above.

Financial Asset Acquisition

The Group has acquired 11.06% shares of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Tic. A.Ş. and 5% shares of Anel Yapı Gayrimenkul A.Ş. as of 27 December 2019 which are under the control of the Çelikel Family. The Group has accounted this acquisition in its financial statements in accordance with the principle decision of the Public Oversight, Accounting and Auditing Standards Authority dated 21 July 2013 and this transaction is subject to transaction under common control since it is controlled by the same shareholder before and after the transaction and accounted in accordance with the "pooling of interests" method.

Transaction under common control has been accounted under the equity in accordance with the "pooling of interest" method in the financial statements. Restatement have been applied in order to present this transaction for the periods 31 December 2018 and 31 December 2017 in the accompanying consolidated financial statements.

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS

2.1 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 9 March 2020. 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.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1 Basic Standards of Presentation (Continued)

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.

Going concern

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.

Offsetting

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

Functional and presentation currency

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

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

The foreign exchange rates thosewere used in exchangeing consolidating overseas activities are as follows:

		31 December 2019		31 December 2018	
Name of the Company	**Currency**	**End of the Period**	**Average of the Period**	**End of the Period**	**Average of the Period**
Katar Branch	Qatari Riyal (QAR)	1,6319	1,5579	1,4453	1,3224
Azerbaycan Branch	New Manat	3,4942	3,3358	3,0946	2,8314
Anel Engineering-Technological Company Ltd.Rusya	Russian Ruble	0,0961	0,0917	0,0758	0,0693
Dag-08 Ood, Golden Sun Ood, Anel BG Ltd.	Bulgarian Lev	3,3813	3,2273	3,0649	2,8790
Anel Emirates	United Arab Emirates Dirham	1,6186	1,5452	1,4325	1,3106
Anel Mep	Qatar Riyal (QAR)	1,6319	1,5579	1,4453	1,3224

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

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

2.1 Basic Standards of Presentation (Continued)

Consolidation Principles

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.

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 2019; It contains the financial statements of the Company's subsidiaries that have control over their financial and activity policies. As of 31 December 2019 direct and indirect participation rate of subsidiaries subject to consolidation are as follows:

				Parent Company's Share (%)	
Subsidiaries	**Estahblishment and place of organization**	**Core Business**	**Currency**	**31.12.2019**	**31.12.2018**
Anel Enerji Elek. Üretim San. ve Tic. A.Ş.	Turkey	Enegy	Turkish Lira	74.87	74.87
Anel Marin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş.	Turkey	Marine Electrical, Electronic	Turkish Lira	93.00	93.00
Anel Dar Libya Constructing & Services LLC	Libya	Project Commitment	USD Dolar	65.00	65.00
Anel Engineering-Technological Company Ltd.Rusya	Russia	Project Commitment	USD Dolar	100.00	100.00
Dag-08 Ood	Bulgaria	Enegy	Bulgarian Lev	100.00	100.00
Golden Sun Ood	Bulgaria	Enegy	Bulgarian Lev	100.00	100.00
Anel BG Ltd	Bulgaria	Enegy	Bulgarian Lev	100.00	100.00
Anel Emirates General Contracting LLC	United Arab Emirates	Project Commitment	USD Dolar	100.00	100.00
Anelmep Maintenance and Operations LLC	Qatar	Project Commitment	Qatar Riyal	100.00	100.00
Anel Engineering & Contracting Ltd.	England	Project Commitment	British pound	100.00	100.00
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	Türkiye	Telecommunications	Türk Lirası	87.49	35.87
Anel Yapı Gayrimenkul A.Ş.	Türkiye	Land and Buildings	Türk Lirası	52.50	52.50

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

2.1 Basic Standards of Presentation (Continued)

Consolidation Principles (Continued)

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. Non-controlling shares consist of the amount of the main.non-affiliate shares in the shareholders ' equity changes from the date of purchase, with the amounts belonging to the shares that are not already in the initial purchase date. Non-control power shares with negative balance Even if it is concluded, the total comprehensive revenue is transferred to the shareholders and non-control shares.

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

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

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

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

Elimination Transactions On the Consolidation

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

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

2.1 Basic Standards of Presentation (Continued)

Consolidation Principles (Continued)

Regulatory principles of the consolidated balance sheet and consolidated income statement

Full Consolidation Method:

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

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

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

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

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

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

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

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.

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

2.1 Basic Standards of Presentation (Continued)

Associates (Continued)

As of 31 December 2019, the details of the group's subsidiaries are as follows.

			Effective Share rate in capital (%)	
The title of the participant	**Establishment and place of activity**	**Main activity**	**31.12.2019**	**31.12.2018**
Energina Kompania Bonev	Bulgaria	Energy	50.00	50.00

Summary of significant accounting policies

(a) Amendments in Turkish Financial Reporting Standards

(i) Standards, amendments and interpretations applicable as at 31 December 2019:

- **Amendment to TFRS 9;** 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

- **Amendment to TAS 28;** 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.

- **TFRS 16, 'Leases';** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15 'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

2.1 Basic Standards of Presentation (Continued)

(i) Standards, amendments and interpretations applicable as at 31 December 2019 (Continued):

- **IFRIC 23, 'Uncertainty over income tax treatments';** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

  • TFRS 3, 'Business combinations', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.

  • TFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  • TAS 12, 'Income taxes' - a company accounts for all income tax consequences of dividend payments in the same way.

  • TAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- **Amendments to TAS 19, 'Employee benefits';** on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  • Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement and

  • Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

(ii) Standards issued but not yet effective and not early adopted as of 31 December 2019:

- **Amendments to TAS 1 and TAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:

  (i) Use a consistent definition of materiality throughout TFRS's and the Conceptual Framework for Financial Reporting,
  (ii) Clarify the explanation of the definition of material and
  (iii) Incorporate some of the guidance in IAS 1 about immaterial information.

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

2.1 Basic Standards of Presentation (Continued)

(ii) Standards, amendments and interpretations applicable as at 31 December 2019 (Continued):

- **Amendments to TFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- **Amendments to TFRS 9, IAS 39 and TFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

- **TFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

IFRS 15 Revenue from Contracts with Customers

General model for revenue recognition

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

Step 1: Identifying the contract

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

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

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.

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

2.1 Basic Standards of Presentation (Continued

IFRS 15 Revenue from Contracts with Customers (Continued)

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 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.

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.

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

2.1 Basic Standards of Presentation (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

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:

Business Operations

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

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

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

Service Presentation:

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

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.

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

2.1 Basic Standards of Presentation (Continued)

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.

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.

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 2019 have not changed.

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.

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

2.1 Basic Standards of Presentation (Continued)

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

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.

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.

Financial assets whose fair value is managed and evaluated accordingly are measured as fair value changes reflecting profit or loss.

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

2.1 Basic Standards of Presentation (Continued)

Financial Instruments (Continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

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.

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.

Financial assets - Subsequent measurement and gains and losses:

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

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.

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

2.1 Basic Standards of Presentation (Continued)

Financial Instruments (Continued)

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.

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.

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

2.1 Basic Standards of Presentation (Continued)

Financial Instruments (Continued)

iii. Derecognition

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

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.

Impairment

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.

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

2.1 Basic Standards of Presentation (Continued)

Financial Instruments (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.

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.

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

2.1 Basic Standards of Presentation (Continued)

Inventories

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

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

Net realizable value is the estimated selling price in the ordinary course of business, the estimated costs of completion and the estimated costs necessary to make the sale shall be obtained by deducting total. Stocks in the financial statements, use or sales can not be tracked at a price higher than the amount expected to be achieved as a result. The net realizable value of inventories is less than cost, inventories are reduced to net realizable value and are recognized as an expense in the income statement in the year when the impairment. That caused inventories to be written down to net realizable value before conditions or evidence of an increase in net realizable value because of changed economic circumstances cases, impairment loss is canceled. The previously recognized impairment loss is limited to the amount of the canceled amount (Note 10).

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

Property, Plant and Equipment

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

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

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

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

The useful life and depreciation method are reviewed on a regular basis, depending on the method and period of depreciation on that asset's economic benefits are sought and the necessary corrective action in line with the provision (Note 15).

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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

2.1 Basic Standards of Presentation (Continued)

Property, Plant and Equipment (Continued)

Cost Method

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

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

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

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

Intangible Assets

Purchase of intangible assets

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

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.

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

2.1 Basic Standards of Presentation (Continued)

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.

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

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

2.1 Basic Standards of Presentation (Continued)

Related Parties

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

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

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

- The Group controls, or is controlled by the Group,
- Is under common control with the Group (parent, subsidiaries and fellow subsidiaries, including the same),
- Has an interest in the Group that gives it significant influence over, or has joint control over the Group.

ii) The party is an associate of the Group,

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

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

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

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

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

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

Financial Instruments

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.

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

2.1 Basic Standards of Presentation (Continued)

Financial Instruments (Continued)

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.

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.

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

2.1 Basic Standards of Presentation (Continued)

Financial Instruments (Continued)

v. Impairment

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.

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.

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

2.1 Basic Standards of Presentation (Continued)

Financial Instruments (Continued)

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.

Finacial assets

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

The Group classifies its financial assets as "financial assets at fair value through profit or loss", "investments held to maturity", "available-for-sale financial assets" and "loans and receivables".The classification is determined at the time of initial filing, depending on the purpose and nature of the asset obtained. The Group does not have investments held to maturity.

The effective interest method

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

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

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

2.1 Basic Standards of Presentation (Continued)

Financial Instruments (Continued)

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.

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.

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

2.1 Basic Standards of Presentation (Continued)

Financial Instruments (Continued)

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.

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.

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

2.1 Basic Standards of Presentation (Continued)

Foreign Currency Transactions

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

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

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

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

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 35).

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

2.1 Basic Standards of Presentation (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)

2.1 Basic Standards of Presentation (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.

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.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

2.1 Basic Standards of Presentation (Continued)

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 Payments

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.

2.2 Significant Accounting Valuation, Estimates and Assumptions

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.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

2.2 Significant Accounting Valuation, Estimates and Assumptions (Continued)

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.

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 2019, the group has registered deferred tax assets because it finds adequate indicators that the foreseeable future is a taxable wife.

d) Severance pay liability for actuarial assumptions (discount rates, future salary increases and employee seperation rates)

e) The claims receivable reflects the amounts that the administration believes will meet future damages from receivables, which are present as of the balance sheet date but are at risk of not being charged under current economic conditions. The performance of borrowers who remain outside the associated organization while evaluating the receivables ' impairment in the past company based on the credibility of the market and the date of the financial statements from the balance sheet and re-negotiated conditions are also taken into consideration..

f) When calculating inventory impairment, data for inventory after discount list prices is used. For non-measurable stocks, the sales price is evaluated by the opinions of the goods in stock and the physical status of the technical staff. In cases where the projected net can be accomplished, the value of the inventory is divided by the low cost

g) The possibility of loss of cases and the obligations to be lost in the case of the case in response to litigation, the company's legal advisors and expert opinions are obtained by the company's management evaluated by the Based on the best estimates, company management determines the amount of the litigation response.

h) Company management has made significant assumptions in the direction of the technical team's experience in determining the beneficial economic lifetimes of tangible and intangible assets.

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

2.3 Changes and Errors in the Accounting Policies and Estimates

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

If the changes in the accounting estimates are for only one period, they are applied both in the current period when the change is made and both in the future when the change is made and in the future. The significant accounting estimates used in the current period are consistent with the accounting estimates used in the preparation of the consolidated financial statements for the period ended 31 December 2018.

2.4. Business Combination

The Group accounts for business combinations using the purchase method when control is transferred to the Group. In a business combination, the amount transferred is measured at its fair value; The transferred price is calculated as the sum of the fair values of the assets transferred by the acquirer, the debts undertaken against the previous owners of the acquired business and the equity shares issued by the acquirer. Purchase-related costs are generally accounted as expense when they occur.

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to allow the determination of financial status and performance trends. Comparative information is reclassified, where necessary, in order to comply with the presentation of the current financial statements, and significant differences are disclosed.

The Group has restated its prior period financial statements in order to comply with the presentation of the current period consolidated financial statements. The nature, reason and amount of the important classifications made are explained below.

2.5. Comparative Information and Restatement of Prior Period Financial Statements

The Group has acquired 11.06% shares of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Tic. A.Ş. and 5% shares of Anel Yapı Gayrimenkul A.Ş. as of 27 December 2019 which are under the control of the Çelikel Family. The Group has accounted this acquisition in its financial statements in accordance with the principle decision of the Public Oversight, Accounting and Auditing Standards Authority dated 21 July 2013 and this transaction is subject to transaction under common control since it is controlled by the same shareholder before and after the transaction and accounted in accordance with the "pooling of interests" method. Transaction under common control has been accounted under the equity in accordance with the "pooling of interest" method in the financial statements. Restatement have been applied in order to present this transaction for the periods 31 December 2018 and 31 December 2017 in the accompanying consolidated financial statements. The effects of the regardign the restatement are as follows;

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

2.5. Comparative Information and Restatement of Prior Period Financial Statements (Continued)

ASSETS	Reported Prior Period 31.12.2018	Elimination Included Restatement Effects	Restated (*) Prior Period 31.12.2018
Current Assets	**932,249,504**	**18,418,658**	**950,668,162**
Cash and Cash Equivalents	47,420,822	4,980,908	52,401,730
Financial Investments	-	4,792	4,792
Trade Receivables	363,551,650	12,724,350	376,276,000
- Trade Receivables from Related Parties	*68,352*	*12,481,099*	*12,549,451*
- Trade Receivables from Third Parties	*363,483,298*	*243,251*	*363,726,549*
Other Receivables	24,437,750	290,776	24,728,526
- Other Receivables from Related Parties	*3,513,522*	*129,010*	*3,642,532*
- Other Receivables from Third Parties	*20,924,228*	*161,766*	*21,085,994*
Receivables from Ongoing Construction, Commitments and Service Agreements	293,781,541	-	293,781,541
Inventories	155,880,427	163,931	156,044,358
Prepaid Expenses	36,538,954	82,474	36,621,428
Current Tax Related Assets	2,280,559	236	2,280,795
Other Current Assets	8,357,801	171,191	8,528,992
Non-Current Assets	**180,496,692**	**161,256,987**	**341,753,679**
Other Receivables	6,247	79,790	86,037
- Other Receivables from Third Parties	*6,247*	*79,790*	*86,037*
Investments Accounted with Equity Method	83,611,043	(82,665,521)	945,522
Investment Property	10,828,435	266,290,412	277,118,847
Property, Plant and Equipment	52,938,897	8,752,803	61,691,700
Intangible Assets	230,076	149,794	379,870
Prepaid Expenses	972,158	12,909	985,067
Deferred Tax Assets	31,363,200	(31,363,200)	-
Non-Current Assets Related with Current Period Tax	546,636	-	546,636
TOTAL ASSETS	**1,112,746,196**	**179,675,645**	**1,292,421,841**

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

2.5. Comparative Information and Restatement of Prior Period Financial Statements. (Continued)

	Reported Prior Period 31.12.2018	Elimination Including Restatement Effects	Restated (*) Prior Period 31.12.2018
LIABILITIES			
Short-Term Liabilities	**581,506,332**	**45,495,035**	**627,001,367**
Short-Term Borrowings	69,789,023	-	69,789,023
Short Term Portion of Long Term Financial Liabilities	3,576,435	22,932,153	26,508,588
Trade Payables	230,386,743	568,469	230,955,212
- Trade Payables to Related Parties	*2,860,963*	*55,690*	*2,916,653*
- Trade Payables to Third Parties	*227,525,780*	*512,779*	*228,038,559*
Employee Benefits	7,161,561	531	7,162,092
Other Payables	7,053,373	15,087,298	22,140,671
- Other Payables to Related Parties	*812,844*	*14,020,170*	*14,833,014*
- Other Payables to Third Parties	*6,240,529*	*1,067,128*	*7,307,657*
Payables from Ongoing Construction, Commitments and Service Agreements	19,244,417	-	19,244,417
Deferred Income	223,870,970	2,796,297	226,667,267
Income Tax Liabilities	3,718,861	-	3,718,861
Short-Term Provisions	16,704,949	4,110,287	20,815,236
- Short-Term Provisions for Employee Benefits	*12,479,388*	-	*12,479,388*
- Other Short-Term Provisions	*4,225,561*	*4,110,287*	*8,335,848*
Long Term Liabillities	**54,869,882**	**93,918,453**	**148,788,335**
Long-Term Borrowings	27,200,384	90,211,182	117,411,566
Other Payables	102,966	4,795	107,761
-Other Payables to Third Parties	*102,966*	*4,795*	*107,761*
Deferred Income	-	34,715	34,715
Long-Term Provisions	27,566,532	-	27,566,532
- Long-Term Provisions for Employee Benefits	*27,566,532*	-	*27,566,532*
Deferred Tax Liabilities	-	3,667,761	3,667,761
TOTAL LIABILITIES	**636,376,214**	**139,413,488**	**775,789,702**
		-	
EQUITY	**476,369,982**	**40,262,157**	**516,632,139**
Equity Belongs to Parent Company	**478,575,118**	**14,915,258**	**493,490,376**
Share Capital	110,000,000	0	110,000,000
Share Premium	1,384,433	46,576	1,431,009
The Merge Effectof Business Combinations Under Common Control	(48,314,150)	(14,020,170)	(62,334,320)
Revaluation and Measurement Gain/(Loss)	(1,524,368)	247,263	(1,277,105)
Gains /(Losses) on Revaluation and Remeasurement	*(1,524,368)*	*247,263*	*(1,277,105)*
- Decreases on Revaluation of Property, Plant and Equipment	*(348,487)*	*247,263*	*(101,224)*
- Actuarial Loss Arising From Defined Benefit Plans	*(1,175,881)*	-	*(1,175,881)*
Other Comprehensive Income/(Expense) to be Reclassified to Profit and Loss	174,018,792	(238,273)	173,780,519
- Foreign Currency Conversion Difference	*174,018,792*	*(238,273)*	*173,780,519*
Reserves on Retained Earnings	12,833,158	463,624	13,296,782
- Legal Reserves	*12,833,158*	*463,624*	*13,296,782*
Other Reserves	-	2,393,923	2,393,923
Retained Earnings	213,225,173	21,639,980	234,865,153
Net Profit for the Period	16,952,080	4,382,335	21,334,415
Non-controlling Shares	**(2,205,136)**	**25,346,899**	**23,141,763**
TOTAL LIABILITIES AND EQUITY	**1,112,746,196**	**179,675,645**	**1,292,421,841**

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

2.5. Comparative Information and Restatement of Prior Period Financial Statements. (Continued)

	Reported Prior Period 31.12.2017	Elimination Effects Included Rearrangement Effects	Restated (*) Prior Period 31.12.2017
ASSETS			
Current Assets	**(800,896,409)**	**1,621,781,864**	**820,885,455**
Cash and Cash Equivalents	(56,097,860)	118,057,712	61,959,852
Financial Investments	-	7,922	7,922
Trade Receivables	(278,157,848)	568,320,775	290,162,927
- Trade Receivables from Related Parties	*(706,169)*	*13,784,633*	*13,078,464*
- Trade Receivables from Third Parties	*(277,451,679)*	*554,536,142*	*277,084,463*
Other Receivables	(24,150,684)	49,882,438	25,731,754
- Other Receivables from Related Parties	*(11,162,032)*	*22,103,167*	*10,941,135*
- Other Receivables from Third Parties	*(12,988,652)*	*27,779,271*	*14,790,619*
Receivables from Ongoing Construction, Commitments and Service Agreements	(158,546,300)	317,092,600	158,546,300
Inventories	(235,365,902)	470,950,464	235,584,562
Prepaid Expenses	(37,305,373)	74,699,685	37,394,312
Current Tax Related Assets	(1,973,952)	3,948,281	1,974,329
Other Current Assets	(9,298,490)	18,821,987	9,523,497
Non-Current Assets	**(134,068,573)**	**391,341,793**	**257,273,220**
Other Receivables	(6,247)	92,284	86,037
- Other Receivables from Third Parties	*(6,247)*	*92,284*	*86,037*
Investments Accounted with Equity Method	(56,419,151)	56,860,598	441,447
Investment Property	(2,470,000)	194,654,413	192,184,413
Property, Plant and Equipment	(41,565,008)	92,006,990	50,441,982
Intangible Assets	(238,295)	646,708	408,413
Prepaid Expenses	(2,422,428)	4,845,125	2,422,697
Deferred Tax Assets	(30,093,444)	40,527,675	10,434,231
Non-Current Assets Related with Current Period Tax	(854,000)	1,708,000	854,000
TOTAL ASSETS	**(934,964,982)**	**2,013,123,657**	**1,078,158,675**

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

2.5. Comparative Information and Restatement of Prior Period Financial Statements. (Continued)

	Reported Prior Period 31.12.2017	Elimination Effects Included Rearrangement Effects	Restated (*) Prior Period 31.12.2017
LIABILITIES			
Short-Term Liabilities	**503,505,566**	**38,470,233**	**541,975,799**
Short-Term Borrowings	23,208,716	-	23,208,716
Short Term Portion of Long Term Financial Liabilities	2,558,678	17,788,686	20,347,364
Trade Payables	215,440,133	(165,330)	215,274,803
- Trade Payables to Related Parties	*1,372,081*	*62,891*	*1,434,972*
- Trade Payables to Third Parties	*214,068,052*	*(228,221)*	*213,839,831*
Employee Benefits	1,284,316	4,930	1,289,246
Other Payables	5,104,438	14,698,137	19,802,575
- Other Payables to Related Parties	*586,682*	*14,060,406*	*14,647,088*
- Other Payables to Third Parties	*4,517,756*	*637,731*	*5,155,487*
Payables from Ongoing Construction, Commitments and Service Agreements	44,530,946	-	44,530,946
Deferred Income	194,770,826	1,923,810	196,694,636
Income tax liabilities	4,782,492	-	4,782,492
Short-Term Provisions	11,825,021	4,220,000	16,045,021
- Short-Term Provisions for Employee Benefits	*8,423,865*	-	*8,423,865*
- Other Short-Term Provisions	*3,401,156*	*4,220,000*	*7,621,156*
Long Term Liabillities	**40,155,032**	**81,696,413**	**121,851,445**
Long-Term Borrowings	22,786,980	81,091,320	103,878,300
Other Payables	720,758	32,312	753,070
-Other Payables to Third Parties	*720,758*	*32,312*	*753,070*
Deferred Income	-	572,781	572,781
Long-Term Provisions	16,647,294	-	16,647,294
- Long-Term Provisions for Employee Benefits	*16,647,294*	-	*16,647,294*
Deferred Tax Liabilities	-	-	-
TOTAL LIABILITIES	**543,660,598**	**120,166,646**	**663,827,244**
		-	
EQUITY	**391,304,384**	**23,027,046**	**414,331,430**
Equity Belongs to Parent Company	**393,746,238**	**10,770,972**	**404,517,210**
Share Capital	110,000,000	0	110,000,000
Share Premium	1,384,433	46,576	1,431,009
The Merge Effectof Business Combinations Under Common Control	(48,314,150)	(14,020,170)	(62,334,320)
Revaluation and Measurement Gain/(Loss)	(1,311,860)	247,043	(1,064,817)
Gains /(Losses) on Revaluation and Remeasurement	*(1,311,860)*	*247,043*	*(1,064,817)*
- Decreases on Revaluation of Property, Plant and Equipment	*(348,487)*	*247,043*	*(101,444)*
- Actuarial Loss Arising From Defined Benefit Plans	*(963,373)*	-	*(963,373)*
Other Comprehensive Income/(Expense) to be Reclassified to Profit and Loss	90,181,741	-	90,181,741
- Foreign Currency Conversion Difference	*90,181,741*	-	*90,181,741*
Reserves on Retained Earnings	11,982,429	463,620	12,446,049
- Legal Reserves	*11,982,429*	*463,620*	*12,446,049*
Other Reserves	-	2,393,923	2,393,923
Retained Earnings	159,787,220	22,014,507	181,801,727
Net Profit for the Period	70,036,425	(374,527)	69,661,898
Non-controlling Shares	**(2,441,854)**	**12,256,074**	**9,814,220**
TOTAL LIABILITIES AND EQUITY	**934,964,982**	**143,193,691**	**1,078,158,674**

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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 Note 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 Note 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. Revenue of the Group's reportable operating segments comes largely from project commitment.

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4. SEGMENT REPORTING (Continued)

31.12.2019	Project Commitment	Rent of Land and Buildings	Telecommunications	Ship Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	992,899,795	21,461,334	21,610	6,300,757	7,784,200	-	1,028,467,696
Intra Group Revenue	-	-		-	-	(557,332)	(557,332)
Total Net Revenue	**992,899,795**	**21,461,334**	**21,610**	**6,300,757**	**7,784,200**	**(557,332)**	**1,027,910,364**
Cost of Sales (-)	(966,376,947)	(1,962,530)	(33,775)	(5,655,917)	(4,419,805)	541,030	(977,907,944)
Gross Profit / Loss	**26,522,848**	**19,498,804**	**(12,165)**	**644,840**	**3,364,395**	**(16,302)**	**50,002,420**
General and Administrative Expenses (-)	(39,090,516)	(1,386,979)	(482,585)	(1,052,307)	(496,072)	(91,194)	(42,599,653)
Other Operating Income	107,542,422	3,428,002	710,096	392,982	149,493	(56,614)	112,166,381
Other Operating Expenses	(85,393,813)	(4,688,347)	(430,503)	(349,379)	(72,872)	-	(90,934,914)
Operating Profit	**9,580,941**	**16,851,480**	**(215,157)**	**(363,864)**	**2,944,944**	**(164,110)**	**28,634,234**
Impairment (losses)/gains in accordance with TFRS 9, net	1,242,635	-	-	1,044	-	-	1,243,679
Income from Investment Operations	3,165,292	9,924,000	-	726	1,227	-	13,091,245
Expense from Investment Operations (-)	(119,999)	-	(1,158)	-	-	-	(121,157)
Equity Method Investments Profit/(Loss) 's Shares	270,891	-	-	-	-	-	270,891
Operating Profit / (Loss) before Finance Income and Expense	**14,139,760**	**26,775,480**	**(216,315)**	**(362,094)**	**2,946,171**	**(164,110)**	**43,118,892**
Financing Income	15,732,518	6,840,639	12,942	1,712,706	452	(5,697,207)	18,602,050
Financing Expenses (-)	(38,947,626)	(22,148,284)	(155,185)	(115,915)	(5,727,158)	5,667,403	(61,426,765)
OPERATING PROFIT/(LOSS) BEFORE TAX	**(9,075,348)**	**11,467,835**	**(358,558)**	**1,234,697**	**(2,780,535)**	**(193,914)**	**294,177**
Operating Tax Income/(Loss)							
-Period Tax Income/(Loss)	(582,751)	-	(3,101)	(501,049)	(177,501)	-	(1,264,402)
-Deferred Tax Income/(Expense)	2,516,055	1,423,653	(767)	225,982	(2,378)	-	4,162,545
PROFIT/(LOSS)	**(7,142,044)**	**12,891,488**	**(362,426)**	**959,630**	**(2,960,414)**	**(193,914)**	**3,192,320**
Investment Expenses							
Property, Plant and Equipment	2,950,453	292,759	-	2,527	-	-	3,245,739
Intangible Fixed Assets	508	-	641	61,747	-	-	62,896
Depreciation Expenses	(6,548,404)	(115,472)	(1,838)	(17,277)	(2,003,202)	-	(8,686,193)
Amortisation Expenses	(96,321)	(1,723)	(13,348)	(20,376)	(211)	-	(131,979)
Other Information							
- Total Assets	1,720,682,819	294,671,947	74,027,281	12,254,462	47,097,375	(744,018,936)	1,404,714,948
- Total Liabilities	1,115,883,841	140,786,459	5,012,036	3,448,451	47,299,663	(415,245,199)	897,185,251

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4. SEGMENT REPORTING (Continued)

31.12.2018	Project Commitment	Rent of Land and Buildings	Telecommunications	Ship Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	1,337,049,392	21,884,876	41,823	10,448,920	6,979,073	-	1,376,404,084
Intra Group Revenue	-	-		-	-	(93,364)	(93,364)
Total Net Revenue	**1,337,049,392**	**21,884,876**	**41,823**	**10,448,920**	**6,979,073**	**(93,364)**	**1,376,310,720**
Cost of Sales (-)	(1,336,731,374)	(1,707,762)	(77,551)	(8,118,436)	(4,165,466)	-	(1,350,800,589)
Gross Profit/Loss	**318,018**	**20,177,114**	**(35,728)**	**2,330,484**	**2,813,607**	**(93,364)**	**25,510,131**
General and Administrative Expenses (-)	(36,509,468)	(1,387,641)	(800,275)	(1,097,003)	(1,375,923)	446,515	(40,723,795)
Other Operating Income	98,564,202	3,850,077	365,412	1,722,470	841,376	(457,144)	104,886,393
Other Operating Expenses	(63,037,122)	(1,432,975)	(278,872)	(1,502,458)	(542,098)	-	(66,793,525)
Operating Profit/(Loss)	**(664,370)**	**21,206,575**	**(749,463)**	**1,453,493**	**1,736,962**	**(103,993)**	**22,879,204**
Impairment (losses)/gains in accordance with TFRS 9, net	(38,875)	-	-	20	-	-	(38,855)
Income from Investment Operations	2,520,935	75,483,826	932	363	66	-	78,006,122
Expense from Investment Operations (-)	(14,208)	-	(604,956)	(107)	-	-	(619,271)
Equity Method Investments Profit/(Loss) 's Shares	164,103	-	-	-	-	-	164,103
Operating Profit/(Loss) before Finance Income and Expense	**1,967,585**	**96,690,401**	**(1,353,487)**	**1,453,769**	**1,737,028**	**(103,993)**	**100,391,303**
Financing Income	7,168,289	9,770,524	164,719	1,445,372	4,177,720	(4,013,234)	18,713,390
Financing Expenses (-)	(19,715,305)	(45,423,016)	(40,289)	(242,825)	(4,428,026)	4,013,230	(65,836,231)
OPERATING PROFIT/(LOSS) BEFORE TAX	**(10,579,431)**	**61,037,909**	**(1,229,057)**	**2,656,316**	**1,486,722**	**(103,997)**	**53,268,462**
Operating Tax Income/(Loss)							
-Period Tax Income/(Loss)	(2,660,511)	-	-	(811,003)	-	-	(3,471,514)
-Deferred Tax Income/(Expense)	84,444	(15,371,758)	10	205,279	(21,194)	-	(15,103,219)
PROFIT/(LOSS)	**(13,155,498)**	**45,666,151**	**(1,229,047)**	**2,050,592**	**1,465,528**	**(103,997)**	**34,693,729**
Investment Expenses							
Tangible Fixed Assets	4,793,237	413,424	-	33,639	-	-	5,240,300
Intangible Fixed Assets	184,310	-	-	-	-	-	184,310
Depreciation Expenses	(6,348,128)	(366,394)	(7,090)	(15,681)	(1,794,561)	(14,952)	(8,546,806)
Amortisation Expenses	(247,841)	(1,722)	(18,601)	(49)	(211)	-	(268,424)
Other Information							
- Total Assets	1,525,319,347	293,745,488	67,630,678	10,967,308	44,664,722	(649,905,702)	1,292,421,841
- Total Liabilities	940,101,733	152,751,487	4,376,462	3,097,377	15,341,897	(339,879,254)	775,789,702

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4. SEGMENT REPORTING (Continued)

Geographical Segments

01.01.- 31.12.2019	Turkey	Qatar	England	Holland	Russia	Bulgaria	Azerbaijan	United Arab Emirates	Elimination	Total
Revenue	96,368,372	158,762,409	162,258,169	21,827,052	-	7,784,200	5,838,664	575,628,830	(557,332)	1,027,910,364
Assets Related Ongoing Construction Contracts	43,205,437	45,947,928	52,066,827	4,121,447	-	-	4,616,539	390,775,826	-	540,734,004
Assets according to Segment	926,394,351	522,474,397	89,310,063	10,023,831	47,541	45,840,284	14,597,836	540,045,581	(744,018,936)	1,404,714,948
Investment Expenses	1,064,427	150,548	21,207	6,689	-	-	-	2,065,764		3,308,635

01.01.- 31.12.2018	Turkey	Qatar	England	Holland	Russia	Bulgaria	Azerbaijan	United Arab Emirates	Elimination	Total
Revenue	77,377,505	809,702,259	56,117,822	5,769,173	-	6,972,938	-	420,464,387	(93,364)	1,376,310,720
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	776,401,508	622,206,122	45,759,156	6,847,153	111,505	43,680,958	3,802,198	443,518,943	(649,905,702)	1,292,421,841
Investment Expenses	1,365,681	2,486,354	232,321	-	-	-	-	1,340,254	-	5,424,610

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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.-31.12.2019 and 01.01.-31.12.2018 are as below:

Operating Segment	Activity	Amount in Gross Revenue	01.01. - 31.12.2019 Share in Gross Revenue
Project Commitment	Project Commitment	553,919,434	54%
Project Commitment	Project Commitment	206,873,769	20%
Project Commitment	Project Commitment	82,442,307	8%

Operating Segment	Activity	Amount in Gross Revenue	01.01. - 31.12.2019 Share in Gross Revenue
Ship Electrical and Electronics	Service Sales	4,054,856	64%
Ship Electrical and Electronics	Service Sales	271,872	4%

Operating Segment	Activity	Amount in Gross Revenue	01.01. - 31.12.2018 Share in Gross Revenue
Project Commitment	Project Commitment	407,826,713	31%
Project Commitment	Project Commitment	425,820,839	32%
Project Commitment	Project Commitment	252,329,013	19%

Operating Segment	Activity	Amount in Gross Revenue	01.01. - 31.12.2018 Share in Gross Revenue
Ship Electrical and Electronics	Service Sales	6,855,278	80%
Ship Electrical and Electronics	Service Sales	3,593,642	18%

5. CASH AND CASH EQUIVALENTS

	31.12.2019	31.12.2018	31.12.2017
Cash	1,149,350	575,625	311,210
Banks	103,906,698	51,825,946	61,648,483
- Demand Deposits	103,808,220	51,825,946	41,306,488
- Time Deposit Maturity less than 3 Months	98,478	-	20,341,995
Other Cash and Cash Equivalents	63	159	159
Total	**105,056,111**	**52,401,730**	**61,959,852**

Details of bank deposits are as follows ;

Currency	Interest Rate (%)	31.12.2019	Interest Rate (%)	31.12.2018	Interest Rate (%)	31.12.2017
TL	09.38- 10.28	98,478	-	-	13	2,002,137
US Dollars	-	-	-	-	0,8	15,088,591
Euro	-	-	-	-	0,4	3,251,267
Total Time Deposits		**98,478**		-		**20,341,995**

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5. CASH AND CASH EQUIVALENTS (Continued)

	31.12.2019	31.12.2018
Opening balance	-	20,341,995
Addition	98,478	-
Disposal (-)	-	(20,341,995)
Adjustment on initial application of TFRS 9 (2017)	-	(672)
Reversal for the period under TFRS 9 (2018)	-	672
Closing balance	**98,478**	**-**

There is no blockage on cash and cash equivalents as of the reporting date (31 December 2018: None)

6. FINANCIAL INVESTMENTS

Short Term Financial Investment	31.12.2019	31.12.2018	31.12.2017
Financial investments whose fair value differences are reflected in the income statement.	3,634	4,792	7,922
Total	**3,634**	**4,792**	**7,922**

Financial investments whose fair value differences are reflected to profit / loss.	31.12.2019	31.12.2018	31.12.2017
Shares			
Shares traded on the stock exchange (*)	3,634	4,792	7,922
Total	**3,634**	**4,792**	**7,922**

(*) The shares traded on the stock exchange have depreciated TL 1,158 in the current period (31.12.2018: TL 3.130 depreciation).

7. FINANCIAL BORROWINGS

	31.12.2019	31.12.2018	31.12.2017
Bank Loans	321,560,536	213,491,544	147,271,736
Credit Card Debts	91,443	217,633	162,644
Total	**321,651,979**	**213,709,177**	**147,434,380**

a) Bank Loans:

		31.12.2019			
Currency	Weighted Average Interest Rate (%)	Short Term	Short-Term Portion of Long Term Loans	Long Term	Total
TL	12.00- 28.50	166,094,995	-	-	166,094,995
Euro	4.00-6.80	21,122,531	25,630,072	108,712,938	155,465,541
Total		**187,217,526**	**25,630,072**	**108,712,938**	**321,560,536**

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7. FINANCIAL BORROWINGS (Continued)

			31.12.2018		
Currency	**Weighted Average Interest Rate (%)**	**Short Term**	**Short-Term Portion of Long Term Loans**	**Long Term**	**Total**
TL	29.00- 35.00	57,766,736	-	-	57,766,736
Euro	4.50- 4.75	5,831,178	26,508,588	117,411,566	149,751,332
GBP	-	192,266	-	-	192,266
Qatar Riya	-	5,781,209	-	-	5,781,209
Total		**69,571,389**	**26,508,588**	**117,411,566**	**213,491,543**

			31.12.2017		
Currency	**Weighted Average Interest Rate (%)**	**Short Term**	**Short-Term Portion of Long Term Loans**	**Long Term**	**Total**
TL	15,2-17,5	23,046,072	-	-	23,046,072
Euro	5.85 - 6,8	-	20,347,364	103,878,300	124,225,664
Total		**23,046,072**	**20,347,364**	**103,878,300**	**147,271,736**

	31.12.2019	**31.12.2018**	**31.12.2017**
Payable within one year	212,847,598	96,079,977	43,393,436
Payable within 2 - 3 years	27,551,086	21,336,500	16,329,730
Payable within 3 - 4 years	24,928,540	21,530,970	16,582,999
Payable within 4 - 5 years	25,141,895	21,728,518	16,747,852
Payable within 5 years and longer term	31,091,417	52,815,578	54,217,719
Total	**321,560,536**	**213,491,543**	**147,271,736**

As of 31 December 2019, there are mortgages amounting to TL 22,749,386 on the bank loans (31 December 2018: TL 22,916,258).

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

Short Term Trade Receivables	**31.12.2019**	**31.12.2018**	**31.12.2017**
Customers	118,789,659	272,007,089	181,946,533
Notes Receivables and Postdated Checks	7,502,294	6,817,804	3,727,089
Less: Unrealized Finance Income	(412,659)	(1,708,723)	(272,005)
Income Accruals	5,685,300	51	(523,718)
Adjustment on initial application of TFRS 9	(1,145,483)	(2,259,347)	-
Doubtful Trade Receivables (*)	1,117,593	5,273,235	4,429,682
Less:Dobtful Trade Receivables Provisions	(1,117,593)	(5,273,235)	(4,429,682)
Collaterals held by Employers (**)	81,959,628	88,869,675	92,206,564
Sub Total	**212,378,739**	**363,726,549**	**277,084,463**
Recaivables from Related Parties (Note 30)	8,680,938	12,549,451	13,078,464
Total	**221,059,677**	**376,276,000**	**290,162,927**

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

8. TRADE RECEIVABLES AND PAYABLES (Continued)

a) Trade Receivables (Continued):

As of 31 December 2019, the weighted avarage of interest rate 15.18%, 1.80% and 0.51% used to calculate unearned finance income for short-term trade receivables in terms of TL, US Dollars and Euro and avarage maturity of receivables is 2 months (2018: TL: 23.82%, US Dollars : 2.52%, Euro : 0.36%, 2 months).

As of 31 December 2019, trade receivables’ amounting TL 1,117,593 (2018: TL 5,273,235) 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:

	1 January - 31 December 2019	1 January - 31 December 2018
Beginning of the period	5,273,235	4,429,682
Provisions within the period	10,851	25,520
Less: Collected within the current period	(4,701,964)	(88,504)
Foregin currency exchange differences	535,471	906,537
End of the period	1,117,593	5,273,235

(**) 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.

b) Trade Payables:

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

Short Term Trade Payables	**31.12.2019**	**31.12.2018**	**31.12.2017**
Suppliers	144,449,106	175,128,893	162,577,863
Notes Payable and Postdated Checks	57,859,473	29,572,522	27,519,927
Less: Unrealized Finance Expense	(807,999)	(759,990)	-437,432
Expense Accruals	7,644,152	691	-523,719
Financial Guarantees Given to the Subcontractor (*)	26,015,460	24,096,443	24,703,192
Sub Total	**235,160,192**	**228,038,559**	**213,839,831**
Trade Payables to Related Parties (Note 30)	632,716	2,916,653	1,434,972
Total	**235,792,908**	**230,955,212**	**215,274,803**

As of 31 December 2019, the weighted avarage of interest rates are 11.52%, 1.85%, and 0.49% 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 December 2018: TL : 24.58%, US Dollars : 2.21%, Euro : 0.35% 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".

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8. TRADE RECEIVABLES AND PAYABLES

Long Term Trade Payables:

None (31.12.2018: 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.

9. OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables	**31.12.2019**	**31.12.2018**	**31.12.2017**
Deposits and Guarantees Given	11,692,017	19,265,862	7,536,060
Due From Personel	4,382	3,981	2,988
Doubtful Other Receivables	5,248,443	4,581,553	4,635,820
Less: Provision of Doubtful Other Receivables (*)	(5,248,443)	(4,581,553)	(4,635,820)
Other Receivables	(3,163,810)	617,814	2,184,965
Tax and Social Security Receivables	5,066,606	1,198,337	5,066,606
Sub Total	**13,599,195**	**21,085,994**	**14,790,619**
Other receivables from related parties (Note 30)	10,935,494	3,642,532	10,900,898
Total	**24,534,689**	**24,728,526**	**25,691,517**

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

	31.12.2019	**31.12.2018**
Beginning of the period	4,581,553	4,635,820
Provisions within the period	808,884	-
Less: Collected within the Period	(141,994)	(54,267)
End of the period	**5,248,443**	**4,581,553**

Long-Term Other Receivables	**31.12.2019**	**31.12.2018**	**31.12.2017**
Deposits and Guarantees Given	86,519	86,037	86,037
Total	**86,519**	**86,037**	**86,037**

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9. OTHER RECEIVABLES AND PAYABLES (Continued)

Shorts-Term Other Payables	31.12.2019	31.12.2018	31.12.2017
Deposits and Guarantees Received	372,137	336,957	276,683
Taxes and Charges	8,426,437	5,994,289	4,225,391
Other Payables	12,290	208,091	9,465
Restructed Debts of Public Sector	118,218	768,320	643,948
Sub Total	**8,929,082**	**7,307,657**	**5,155,487**
Other Payables to Related Parties (Note 30)	109,463	14,833,014	14,606,852
Total	**9,038,545**	**22,140,671**	**19,762,339**

Long-Term Other Payables	31.12.2019	31.12.2018	31.12.2017
Restructed Debts of Public Sector	-	107,761	753,070
Total	-	**107,761**	**753,070**

10. INVENTORIES

	31.12.2019	31.12.2018	31.12.2017
Raw Materials and Equipments	130,820,202	156,252,049	235,709,532
Goods	-	-	16,875
Trade Goods	140,874	163,934	234,081
Other Inventories	-	-	(4,301)
Provision for Inventories (-)	(371,625)	(371,625)	(371,625)
Total	**130,589,451**	**156,044,358**	**235,584,562**

Provision for Inventories Movement	01 January - 31 December 2019	01 January - 31 December 2018
Opening Balance	371,625	371,625
Additional During the Period (-)	-	-
Closing Balance	**371,625**	**371,625**

Inventory Impairment Breakdown	01.01.-31.12.2019	01.01.-31.12.2018	01.01.-31.12.2017
Raw Materials and Equipments	371,625	371,625	371,625
Total	**371,625**	**371,625**	**371,625**

The Group has no inventory pledged as collateral for loans used. (31.12.2018: None)

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11. PREPAID EXPENSES AND DEFERRED REVENUES

Short-Term Prepaid Expenses	**31.12.2019**	**31.12.2018**	**31.12.2017**
Advances Given for Inventories	8,195,843	18,025,028	9,665,903
Other Advances Given	2,371,808	9,961,058	19,472,002
Prepaid Expenses for the Fallowing Months	7,936,090	8,635,342	8,256,407
Total	**18,503,741**	**36,621,428**	**37,394,312**

Long-Term Prepaid Expenses	**31.12.2019**	**31.12.2018**	**31.12.2017**
Prepaid expenses to next years	274,818	985,067	2,422,697
Total	**274,818**	**985,067**	**2,422,697**

Short-Term Deferred Income	**31.12.2019**	**31.12.2018**	**31.12.2017**
Advances Received	248,687,654	223,518,539	193,423,555
Other Advances Received	12,449,805	377,278	1,371,565
Prepaid Income to Future Months	1,796,791	2,771,450	1,899,516
Total	**262,934,250**	**226,667,267**	**196,694,636**

Long-Term Deferred Income	**31.12.2019**	**31.12.2018**	**31.12.2017**
Advances received related construction contracts.	-	34,715	572,781
Total	**-**	**34,715**	**572,781**

12. CONSTRUCTION CONTRACTS

	31.12.2019	**31.12.2018**	**31.12.2017**
Assets regarding Construction Contracts In Progress	540,734,004	293,781,541	158,546,300
Total	**540,734,004**	**293,781,541**	**158,546,300**

Assets related to construction projects in progress are as follows:

	31.12.2019	**31.12.2018**	**31.12.2017**
- Assets regarding Domestic Construction Contracts	-	4,695,999	3,961,251
- Unearned Assets regarding Domestic Construction Contracts (*)	43,205,437	1,747,980	1,452,445
- Unearned Assets regarding Overseas Construction Contracts (*)	497,528,567	287,337,562	153,132,604
Assets regarding Construction Contracts In Progress	**540,734,004**	**293,781,541**	**158,546,300**

	31.12.2019	**31.12.2018**	**31.12.2017**
Liabilities Regarding Construction Contracts In Progress	9,734,857	19,244,417	44,530,946
Total	**9,734,857**	**19,244,417**	**44,530,946**

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

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12. CONSTRUCTION CONTRACTS (Continued)

Liabilities related to construction projects in progress are as follows:

	31.12.2019	31.12.2018	31.12.2017
- Over-invoiced Portion regarding Domestic Construction Contracts	1,958,354	1,075,275	561,346
- Over-invoiced Portion regarding Overseas Construction Contracts	7,776,503	18,169,142	43,969,600
Contractual obligations arising from ongoing construction and contracting works.	**9,734,857**	**19,244,417**	**44,530,946**

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

As of 31 December 2019, short-and long-term advances has been received regarding the ongoing construction contracts is amounting to TL 248,687,654 (31 December 2018: TL 223,518,539).

13. INVESTMENTS ACCOUNTED UNDER EQUITY METHOD

Details of subsidiaries and joint ventures according to equity method evaluation as of December 31, 2019 and December 31, 2018 are as follows:

	Participation Rate (%)	31.12.2019	Participation Rate (%)	31.12.2018
Energina Kompania Bonev	50.00	1,326,951	50.00	945,522
Total		**1,326,951**		**945,522**

Assets, liabilities, equity, revenue and profit and loss information of Energina Kompania Bonev, which is accounted under equity method, are given below;

	Assets Total	Payables Total	Equity of Parent	Revenue	31.12.2019 Profit / (Loss)
Energina Kompania Bonev	16,240,385	13,586,483	2,653,902	2,917,461	541,782

	Assets Total	Payables Total	Equity of Parent	Revenue	31.12.2018 Profit / (Loss)
Energina Kompania Bonev	14,981,231	13,090,188	1,891,043	2,504,730	328,206

The fair value of investment property amounting to Turkey at 31 December 2019 and 2018 are as follows::

	Affiliates rate (%)	31.12.2019	Affiliates rate (%)	31.12.2018
Energina Kompania Bonev	50.00	270,891	50.00	164,103
Total		**270,891**		**164,103**

14. INVESTMENT PROPERTY

The Fair Value	1.01.2019 Opening Balance	Additions	Disposals	Transfers	Appreciation	31.12.2019 Closing Balance
Lands and Buildings	277,118,847	-	(4,870,000)	-	10,615,566	282,864,413
Investment Properties	**277,118,847**	**-**	**(4,870,000)**	**-**	**10,615,566**	**282,864,413**

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14. INVESTMENT PROPERTY (Continued)

The Fair Value	**1.01,2018 Opening Balance**	**Additions**	**Disposals**	**Transfers**	**Appreciation**	**31.12.2018 Closing Balance**
Lands and Buildings	192,184,413	7,050,609	-	-	77,883,825	277,118,847
Investment Properties	**192,184,413**	**7,050,609**	**-**	**-**	**77,883,825**	**277,118,847**

The fair value of investment property amounting to Turkey at 31 December 2019 and 2018 are as follows::

	31 December 2019		**31 December 2018**	
Name of real estate	**Expertize Report Date**	**The Fair Value**	**Expertize Report Date**	**The Fair Value**
Plantation (Araban/Gaziantep)		-	28.12.2018	4,870,000
Muğla Milas Residence (*)	6.03.2020	6,650,000		5,958,435
Anel Business Center	14.02.2020	280,500,000	1.03.2019	269,296,000
Land (Koşuyolu)	14.02.2020	3,920,000	31.12.2018	5,200,000

There is a mortgage amount of EUR 37,200,000 and an insurance guarantee of 201,581,961 TL on investment properties as of 31.12.2019.

The Group has revaluated the Anel Business Center building located in Ümraniye, one of its investment properties, by TSKB Gayrimenkul Değerleme A.Ş., an independent valuation company licensed by CMB. The Group management believes that the valuation company has professional knowledge and up-to-date information on the segment and location of investment property.

According to the valuation report dated 14 February 2020 prepared by the valuation company, the fair value was appreciated as 280,500,000 TL. Market approach method used in valuation report. The value of the property was determined by the Market method.

The area used by the Group Companies subject to consolidation within 42 independent area of the property subject to the appraisal, have been accounted in tangible assets amounting to TL 8,205,587 and remaining areas amounting to TL 272,294,413 have been accounted in investment properties.

In addition, the building of the Group, which is outside of Anel Business Center and located in Koşuyolu, has been evaluated by TSKB Gayrimenkul Değerleme A.Ş. and its fair value has been calculated as TL 3,920,000. The value of the property was determined by the Market Approach method.

The fair value of the building located in Muğla Milas which was aqquired as of 28 December 2018, has been determined by the valuation report dated 6 March 2020 and numbered 2020C71amounting to TL 6,650,000 prepared by TSKB.

The Group sold three part of its lands located in Gaziantep in investment properties in 2019.

The Group has generated TL21,083,000 rental income from its investment properties.

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15. TANGIBLE ASSETS

									31.12.2019
Cost	**Lands**	**Buildings**	**Lands Improvements**	**PlantsMachinery and Equipments**	**Vehicles**	**Fixtures**	**Leasehold İmprovements**	**Other Fixed Assets**	**Total**
Opening Balance	**1,475,196**	**8,205,588**	**360,334**	**77,247,633**	**4,511,865**	**32,811,734**	**405,007**	**256,643**	**125,274,000**
Foreign Currency Conversation Adjustments	34,804	-	46,522	8,885,446	512,329	3,205,772	2,339	9,176	12,696,389
Purchases	-	-	-	2,165,586	-	1,080,153	-	-	3,245,739
Disposals	-	-	-	(668,356)	(782,710)	(1,071,733)	-	-	(2,522,799)
Transfers	-	-	-	-	-	-	-	-	-
Closing Balance	**1,510,000**	**8,205,588**	**406,856**	**87,630,309**	**4,241,484**	**36,025,926**	**407,346**	**265,819**	**138,693,329**
Accumulated depreciation									
Opening Balance	**-**	**(328,224)**	**(200,656)**	**(33,612,241)**	**(2,307,181)**	**(26,544,052)**	**(384,166)**	**(205,780)**	**(63,582,300)**
Foreign Currency Conversation Adjustments	-	-	(26,834)	(3,882,833)	(309,714)	(2,673,263)	(2,339)	(8,065)	(6,903,049)
Charge for the period	-	(164,112)	(19,474)	(5,322,058)	(880,994)	(2,291,007)	(5,321)	(3,227)	(8,686,193)
Disposal	-	-	-	218,629	560,945	709,189	-	-	1,488,763
Closing Balance	**-**	**(492,336)**	**(246,964)**	**(42,598,503)**	**(2,936,944)**	**(30,799,133)**	**(391,826)**	**(217,072)**	**(77,682,779)**
Tangible assets, net	**1,510,000**	**7,713,252**	**159,892**	**45,031,806**	**1,304,540**	**5,226,793**	**15,520**	**48,747**	**61,010,551**

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15. TANGIBLE ASSETS (Continued)

									31.12.2018
Cost	**Lands**	**Buildings**	**Lands Improvements**	**PlantsMachinery and Equipments**	**Vehicles**	**Fixtures**	**Leasehold İmprovements**	**Other Fixed Assets**	**Total**
Opening Balance	1,390,595	8,205,588	258,349	54,391,923	3,093,856	24,766,837	405,007	229,207	92,741,362
Foreign Currency Conversation Adjustments	84,601	-	101,985	19,788,419	1,123,009	6,915,018	-	27,436	28,040,468
Purchases	-	-	-	3,067,291	295,000	1,878,009	-	-	5,240,300
Disposal	-		-	-	-	(748,130)	-	-	(748,130)
Transfers	-	-	-	-	-	-	-	-	-
Closing Balance	**1,475,196**	**8,205,588**	**360,334**	**77,247,633**	**4,511,865**	**32,811,734**	**405,007**	**256,643**	**125,274,000**
Accumulated depreciation									
Opening Balance	-	(164,112)	(130,911)	(21,836,818)	(1,145,436)	(18,471,684)	(374,658)	(175,760)	(42,299,379)
Foreign Currency Conversation Adjustments	-		(53,216)	(7,351,056)	(448,967)	(5,115,844)	(4,187)	(24,262)	(12,997,532)
Charge for the period	-	(164,112)	(16,529)	(4,424,367)	(712,778)	(3,217,941)	(5,321)	(5,758)	(8,546,806)
Disposal	-		-	-	-	261,417	-	-	261,417
Closing Balance	**-**	**(328,224)**	**(200,656)**	**(33,612,241)**	**(2,307,181)**	**(26,544,052)**	**(384,166)**	**(205,780)**	**(63,582,300)**
Tangible fixed assets	**1,475,196**	**7,877,364**	**159,678**	**43,635,392**	**2,204,684**	**6,267,681**	**20,841**	**50,863**	**61,691,700**

Total depreciation expense for the current period is TL 8,686,193 (December 31, 2018: TL 8,546,806). This amount is TL 8,194,616 TL (31 December 2018: TL 7,987,066) which is part of the cost of goods sold (Note 22) and TL 491,577 (31 December 2018: TL 559,740) are included in general administrative expenses (Note 23) marketing expenses have not been paid (31 December 2018:None).

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15. TANGIBLE ASSETS (Continued)

Useful lives of tangible fixed assets are as follows:

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

16. INTANGIBLE ASSETS

		31.12.2019
Cost	**Rights**	**Total**
Opening Balance	6,595,202	6,595,202
Translation Difference	347,833	347,833
Additions	62,896	62,896
Disposal	-	-
Closing Balance	**7,005,931**	**7,005,931**
Accumulated Amortization and Impairment		
Opening Balance	**(6,215,332)**	**(6,215,332)**
Translation Difference	(343,708)	(343,708)
Charge for the period	(131,979)	(131,979)
Disposal	-	-
Closing Balance	**(6,691,019)**	**(6,691,019)**
Intangible Assets, net	**314,912**	**314,912**

		31.12.2018
Cost	**Rights**	**Total**
Opening Balance	5,652,876	5,652,876
Translation Difference	758,016	758,016
Additions	184,310	184,310
Closing Balance	**6,595,202**	**6,595,202**
Accumulated Amortization and Impairment		
Opening Balance	**(5,244,463)**	**(5,244,463)**
Translation Difference	(702,445)	(702,445)
Charge for the period	(268,424)	(268,424)
Closing Balance	**(6,215,332)**	**(6,215,332)**
Intangible Assets,net	**379,870**	**379,870**

The sum of the current period redemption is TL 131,979. (31 December 2018: TL 268,424). The amount of this amount TL 45,710 (31 December 2018:TL 234,010) is included in the cost of the sold goods (note 22), part of the TL 86,269 (31 December 2018 TL 34,414) amount included in the general administrative expenses (note 23).

Economic lives of intangible assets are as follows:

	Useful Life	
Rights	3-14	Year

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17. LEASING OPERATIONS

Operating Leases

The Group as lessee

Leasing Contracts:

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

Payments accounted for as expenses	**31.12.2019**	**31.12.2018**
Minumum lease payments	16,862,724	18,365,584
Total	**16,862,724**	**18,365,584**

The Group has operational lease commitments that cannot be canceled within the framework of other real estate leasing transactions at the end of the reporting period. The maturity of these commitments is as follows.

	31.12.2019	**31.12.2018**
in one year	18,358,437	12,061,536
in two years	1,243,941	1,724,704
in three years	-	111,188
Total	**19,602,378**	**13,897,428**

18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	**31.12.2019**	**31.12.2018**	**31.12.2017**
Litigation provisions	7,194,942	8,335,848	7,621,156
Sales for Non-Controlling Interest Option Valuation Fund (Note 21)	8,691,856	-	-
Total	**15,886,798**	**8,335,848**	**7,621,156**

The details of litigation provisions are as follows:

	31.12.2019	**31.12.2018**
Begining of period	8,335,848	7,621,156
Provision in period	1,330,173	1,767,962
Negative: canceled in period	(2,471,079)	(1,053,270)
End of period	**7,194,942**	**8,335,848**

Contingent Liabilities

As of December 31, 2019, there are 58 lawsuits against the Group amounting to TL 8,743,507 and USD 278,300 (TL equivalent 1,653,159 TL). (31.12.2018: 75 lawsuits TL 11,460,379 and USD 513,556 / equivalent TL 2,701,767) . Group has been made provision amounting TL 7,194,942 (31.12.2018: TL 8,335,848) regarding to this lawsuits.

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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails

As of 31 December 2019 and 31 December 2018, the Group's colateral/pledge/mortgage position statements are as follows:

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

				31.12.2019
	US Dollar	Euro	TL	TL Equivalent
Letters of Guarantees Received	484,652	1,013,380	2,725,054	12,343,568
Guarenteed Bill Received	793,979	531,968	5,438,328	13,692,628
Guaranteed Cheques Received	863,000	16,400	2,471,309	7,706,771
Total	**2,141,631**	**1,561,748**	**10,634,691**	**33,742,967**

				31.12.2018
	US Dollar	Euro	TL	TL Equivalent
Letters of Guarantees Received	-	217,630	979,851	2,291,725
Guarenteed Bill Received	793,979	531,968	3,889,190	11,272,939
Guaranteed Cheques Received	863,000	16,400	2,471,309	7,110,325
Total	**1,656,979**	**765,998**	**7,340,350**	**20,674,989**

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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)								
31.12.2019	**US Dollars**	**Euro**	**TL**	**GBP**	**AED**	**QATARİ RİYAL**	**BGN**	**TL Equivalent**
A) CPMB's given for Company's own legal personality	9,438,496	40,504,152	36,605,414	2,580,000	147,208,505	18,638,074	6,728,000	673,546,740
B) CPMB's given on behalf of fully consolidated companies	83,652,088	1,311,545	4,050,845	-	-	-	-	509,683,539
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-	-	-	-
D) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-	-	-	-	-
i) Total amount of CPMB's given on behalf of majotary shareholder	-	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
TOTAL	**93,090,584**	**41,815,697**	**40,656,259**	**2,580,000**	**147,208,505**	**18,638,074**	**6,728,000**	**1,183,230,279**

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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	39,989,665	14,851,660	5,160,000	148,113,468	39,491,668	7,477,000	582,580,393
B) CPMB's given on behalf of fully consolidated companies	91,978,510	1,311,545	4,112,715	-	-	-	-	495,908,452
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-	-	-	-
D) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-	-	-	-	-
i) Total amount of CPMB's given on behalf of majotary shareholder	-	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
TOTAL	**92,013,350**	**41,301,210**	**18,964,375**	**5,160,000**	**148,113,468**	**39,461,668**	**7,477,000**	**1,078,488,845**

Other groups of CPM is given by the Group's equity ratio as of 31.12.2019 is 0% (31.12.2018:%0).

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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (continued)

The distribution of TRIKs by type as of 31 December 2019 and 31 December 2018 is shown below.

		31.12.2019						
Colleterals,Pledges,Mortgages and Bails	**Total TL Equivalent**	**US Dollars**	**Euro**	**AED**	**Qatari Riyal**	**GBP**	**BGN**	**TL**
Colleterals	913,078,573	93,090,584	4,615,697	147,208,505	18,638,074	2,580,000	-	40,656,259
Pledges	-	-	-	-	-	-	-	-
Mortgages	270,151,706	-	37,200,000	-	-	-	6,728,000	-
Total	**1,183,230,279**	**93,090,584**	**41,815,697**	**147,208,505**	**18,638,074**	**2,580,000**	**6,728,000**	**40,656,259**

		31.12.2018						
Colleterals,Pledges,Mortgages and Bails	**Total TL Equivalent**	**US Dollars**	**Euro**	**AED**	**Qatari Riyal**	**GBP**	**BGN**	**TL**
Colleterals	831,330,987	92,013,350	4,101,210	148,113,468	39,491,668	5,160,000	-	18,964,375
Pledges	-	-	-	-	-	-	-	-
Mortgages	247,157,857	-	37,200,000		-	-	7,477,000	-
Total	**1,078,488,845**	**92,013,350**	**41,301,210**	**148,113,468**	**39,491,668**	**5,160,000**	**7,477,000**	**18,964,375**

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

19. EMPLOYEE BENEFITS

Provisions for Short Term Employee Benefits	**31.12.2019**	**31.12.2018**	**31.12.2017**
Unused Vacation Rights	9,597,017	12,479,388	8,423,865

The movements of unused vacation rights during the year are as follows:

	1 January - 31 December 2019	**1 January - 31 December 2018**
Provisions as of 1 January	12,479,388	8,423,865
Additional provision	4,323,366	3,060,292
Using in period	(8,489,530)	(2,030,160)
Foreign currency conversion adjustments	1,283,793	3,025,391
End of the period	**9,597,017**	**12,479,388**

Employee Benefits Liabilities	**31.12.2019**	**31.12.2018**	**31.12.2017**
Due To Personnel	10,279,710	6,293,645	750,567
Social Security Withholdings Payable	1,107,377	868,447	538,678
Total	**11,387,087**	**7,162,092**	**1,289,246**

Provisions for Long Term Employee Benefits	**31.12.2019**	**31.12.2018**	**31.12.2017**
Provisions for Employee Termination Benefits	20,047,227	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 % 8,5 expected salary increasing rate and % 12 discount rate and approximately % 4.19 real discount rate and retiring assumption as follows. (December 31, 2018: % 4.11). The severence provisions for the employees that works Group’s Qatar and United Arab Emirates branches are not subject to any discount due to local laws of these countries where the units are.

	31.12.2019	**31.12.2018**
Annual Discount Rate (%)	4.19	4.11
Probability of Retirement (%)	91.72	90.04

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 6,380 (31.12.2018: TL 5,434) used on calculation of retirement pay provision with effect from 1 January 2018.

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19. EMPLOYEE BENEFITS (Continued)

The movement of provision for severance pay as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Provision as of 1 January	27,566,532	16,647,294
Service Cost	9,931,502	6,273,005
Interest Cost	91,360	62,259
Employee Termination Paid	(20,762,540)	(1,604,135)
Actuarial Gain/Loss	398,348	265,635
Foreign Currency Exchage Differences	2,822,025	5,922,474
Provision as of 31 December	**20,047,227**	**27,566,532**

20. OTHER ASSETS AND LIABILITIES

Other Current Assets	31.12.2019	31.12.2018	31.12.2017
Deferred VAT	13,266,140	3,371,337	5,135,290
Other VAT	-	-	41,378
Work Advance	454,020	781,989	1,022,108
Personel Advances	693,643	3,690,879	2,661,965
Other Current Assets	696,307	684,787	662,755
Total	**15,110,110**	**8,528,992**	**9,523,497**

21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

a) Capital

The Company's issued share capital as at 31 December 2019, 31 December 2018 and 31 December 2017 dates are as follows:

	31.12.2019		31.12.2018		31.12.2017	
Shareholders	Share Amount TL	Share Percentage (%)	Share Amount TL	Share Percentage (%)	Share Amount TL	Share Percentage (%)
Rıdvan Çelikel	48,780,773	44.35	48,780,773	44.35	47,142,089	42.86
Avniye Mukaddes Çelikel	5,677,038	5.16	5,677,038	5.16	5,677,039	5.16
Capital Strategy Funds Spc-The Opportunistic Series Segregateg Portfolio	18,360,845	16.69	10,980,862	9.98	8,803,498	8.00
Other	37,181,344	33.80	44,561,327	40.51	48,377,374	43.98
Pain in Capital	**110,000,000**	**100.00**	**110,000,000**	**100.00**	**110,000,000**	**100.00**

As at 31.12.2019, % 31.82 (31.12.2018: %38.31) of Company shares are being traded in ISE (Istanbul Stock Exchange) according to Central Registry Agency (CRA) report.

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. (31.12.2018: TL 110,000,000) which is consisted of authorized and fully paid 22,188,841 pcs of A-group shares and 87,811,159 pcs of B-group shares shares and each having TL 1 nominal value. A-group shareholders have two voting rights and B-group shareholders have one voting rights for each share owned at the General Assembly meeting. All of the A-group shares are owned by Rıdvan Çelikel.

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

b) Premiums/(Discounts) Related with Shares

	31.12.2019	31.12.2018	31.12.2017
Premiums/(Discounts) Related with Shares	1,498,280	1,431,009	1,431,009
Total	**1,498,280**	**1,431,009**	**1,431,009**

c) Effect of Common Controlled Entities or Enterprises Mergers

	31.12.2019	31.12.2018	31.12.2017
Effect of Common Controlled Entities or Enterprises Mergers	(62,334,320)	(62,334,320)	(62,334,320)
Total	**(62,334,320)**	**(62,334,320)**	**(62,334,320)**

(*) TL 48,314,150 consist of the difference between the net book value and the payment regarding the additional share purchase of Anelmep Maintenance and Operations LLC which is previously controlled by the Group as of 30 December 2016. TL 14,020,170 consist of the difference between the net book value and the payment regarding the preference share purchases of 11.06% and 5% respectively for Anel Telekomünikasyon Elektronik Sis. San. ve Tic. A.Ş. and Anel Yapı Gayrimenkul A.Ş. which is previously controlled by Çelikel family.

d) Revalution and Measurement Gain/(Loss)

	31.12.2019	31.12.2018	31.12.2017
Tengible Assets Revaluation Gain/(Loss)	(101,224)	(101,224)	(101,444)
Total	**(101,224)**	**(101,224)**	**(101,444)**

e) Foreign Currency Translation Differences

	31.12.2019	31.12.2018	31.12.2017
Forign Currency Translation Differences	201,605,115	173,780,519	90,181,741
Total	**201,605,115**	**173,780,519**	**90,181,741**

f) Defined Benefit Plans Revalution and Measurement Gain/(Loss)

	31.12.2019	31.12.2018	31.12.2017
Defined Benefit Plans Revalution and Measurement Gain/ (Loss)	(1,494,559)	(1,175,881)	(963,373)
Total	**(1,494,559)**	**(1,175,881)**	**(963,373)**

g) Restricted Reserves

	31.12.2019	31.12.2018	31.12.2017
Restricted Reserves	13,960,750	13,296,782	12,446,049
Total	**13,960,750**	**13,296,782**	**12,446,049**

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

h) Retained Earnings

	31.12.2019	31.12.2018	31.12.2017
Accounting for expected credit losses in accordance with TFRS 9	(1,828,789)	(1,740,458)	-
Retained Earnings	258,028,357	236,605,611	181,801,727
Total	**256,199,568**	**234,865,153**	**181,801,727**

ı) Non-controlling Shares

	31.12.2019	31.12.2018
1st January Balance	23,141,763	9,814,220
The effect of the change in the share rate of the minority	(21,454,715)	(31,695)
Accounting for expected credit losses in accordance with TFRS 9	-	(76)
Minority Share Profit/(Loss)	(351,014)	13,359,314
Total	**1,336,034**	**23,141,763**

j) Other Equity Shares

	31.12.2019	31.12.2018	31.12.2017
Other Equity Shares (*)	(13,842,938)	-	-
Total	**(13,842,938)**	**-**	**-**

(*) Consists of the difference between the Anel Elektrik Proje Taahhüt A.Ş.'s voluntary share purchase cost and minority shares which were previously accounted in non controlling interests of Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. amounting to 51.75%.

k) Other Reserves

	31.12.2019	31.12.2018	31.12.2017
Other Reserves (**)	5,851,513	2,393,923	2,393,923
Total	**5,851,513**	**2,393,923**	**2,393,923**

(**) Consists of the capital increase and capital decrease of Anel Telekomünikasyon Elektronik Sis. San. ve Tic. A.Ş. in 2012.

l) Sales Option Valuation Fund on Non-Controlling Interest

	31.12.2019	31.12.2018
Balance at 1 January	-	-
Put optionliability fund on non-controlling shares (***)	(8,691,856)	-
Total	**(8,691,856)**	**-**

(***) Anel Elektrik Proje Taahhüt A.Ş. has applied to the Capital Markets Board for the approval of the share purchase offer form for Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş. under the provisions of the Procurement Notice (II-26.1) for the collection of 6,253,133.50 shares other than the share it owns at a price of TL 1.39.

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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.

It has been decided on 2018's General Assembly Meeting dated on 19 September 2019 that not to distribute the net profit after the legal deductions, taxes and funds and transfer the balance to Extraordinary Reserves Account.

22. REVENUE/COST OF SALES

Sales Revenues (Net)	**01.01.-31.12.2019**	**01.01.-31.12.2018**
Domestic Sales	95,367,229	75,373,833
Export Sales	952,156,391	1,301,992,240
Other Revenues	4,880,718	164,927
Total Revenues	**1,052,404,338**	**1,377,531,000**
Sales Returns (-)	(24,493,974)	(1,220,280)
Sales Revenues (Net)	1,027,910,364	1,376,310,720
I- Cost of Goods Sold	(5,946,755)	(1,479,770)
II- Cost of Services Sold	(963,720,862)	(1,341,099,743)
III- Depreciation Expenses	(8,194,622)	(7,987,066)
IV- Redemption Expenses	(45,705)	(234,010)
Cost of Sales (I+II+III+IV)	**(977,907,944)**	**(1,350,800,589)**
GROSS PROFIT/LOSS	**50,002,420**	**25,510,131**

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

	01.01.-31.12.2019	01.01.-31.12.2018
General Administrative Expenses	42,599,653	40,723,795
Total	**42,599,653**	**40,723,795**

General Administrative Expenses	01.01.-31.12.2019	01.01.-31.12.2018
Employee Expenses	15,378,836	14,517,947
Department Share (*)	14,771,025	13,995,264
Non-deductible Expenses (**)	4,147,811	3,318,386
Travel and Accomadaiton Expenses	1,837,066	2,066,800
Counselling Expenses	1,090,916	1,517,768
Information and Processing Expenses	1,088,845	1,098,858
Rent Expenses	812,442	573,822
Litigation and Execution Expenses	685,871	224,874
Depreciation Expenses	491,577	559,740
Other Expenses	396,974	183,984
Insurance Expenses	346,909	426,029
Employee Termination Expenses	290,523	1,058,777
Communication expenses	162,204	30,509
Food Expenses	135,917	160,402
Cleaning Expenses	132,296	115,184
Electric, water , heating expenses	114,670	99,192
Vehicle Rent Expenses	113,078	128,900
Dues Expenses	108,976	26,929
Maintenance and Repair expenses	92,448	81,658
Redemption and exhaustion shares	86,269	34,414
Tax Fees	85,439	187,761
Vehicles Expenses	52,810	43,597
Trademark and registration expenses	46,999	86,099
Representation and Entertainment Expenses	35,459	66,474
Forwarding Expenses	25,604	43,717
Advertising Expenses	24,805	10,430
Cargo expenses	20,042	14,854
Bank Expenses	10,921	2,346
Stationary Expenses	8,870	3,352
Subcontracted Labour Expenses	4,051	45,728
Total	**42,599,653**	**40,723,795**

(*) 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.

(**) Non-deductible expenses made basis on the Law No. 6736 Say Restructuring of Some Receivables consist of the installment payments, donations and charities and bad debts.

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24. EXPENSES BY NATURE

Depreciation Expenses	01.01.-31.12.2019	01.01.-31.12.2018
Cost of Good Sold	8,194,616	7,987,066
General Administration Expenses	491,577	559,740
Total	**8,686,193**	**8,546,806**

Amortization Expenses	01.01.-31.12.2019	01.01.-31.12.2018
Cost of Good Sold	45,710	234,010
General Administrative Expenses	86,269	34,414
Total	**131,979**	**268,424**

Personnel Expenses	01.01.-31.12.2019	01.01.-31.12.2018
Salary and Wages	209,430,298	374,129,898
Social Security Expenses	6,729,736	4,834,816
Severance Pay Expenses	8,197,468	10,919,238
Vacation Provision Expenses	303,424	4,055,523
Total	**224,660,926**	**393,939,475**

25. INCOME/EXPENSES FROM MAIN OPERATIONS

Other Income from Main Operations	01.01.-31.12.2019	01.01.-31.12.2018
Exchange Differences Income Related to Main Operations (*)	96,081,719	92,017,763
Provisions No Longer Required	6,212,238	8,146,884
Other Income and Profits	9,872,424	4,721,746
Total	**112,166,381**	**104,886,393**

Other Expenses from Main Operations	01.01.-31.12.2019	01.01.-31.12.2018
Exchange Differences Expenses Related to Main Operations (*)	89,350,564	62,562,564
Other Expenses (-)	1,484,127	3,313,274
Provision Expenses (-)	100,223	917,687
Total	**90,934,914**	**66,793,525**

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

26. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES

Income from Investing Activities	01.01.-31.12.2019	01.01.-31.12.2018
Investment Property Revaluation Gain (Note 14)	10,615,566	77,883,825
Sharing Profit	2,270,270	-
Fixed Assets Sales Revenue	168,728	67
Interest Income on Term Deposits	36,681	122,230
Total	**13,091,245**	**78,006,122**

(*) Anel Group's profit for the Amsterdam branch office in 2019.

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26. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES (Continued)

Expenses from Investing Activities (-)	01.01.-31.12.2019	01.01.-31.12.2018
Investment Property Sales Loss (-)	119,999	-
Financial Investment Sales Loss (-)	1,158	3,130
Liquidation Loss (-)	-	587,172
Fixed Assets Sales Loss (-)	-	28,969
Total	**121,157**	**619,271**

27. FINANCIAL INCOME/(EXPENSES)

Financing Income	01.01.-31.12.2019	01.01.-31.12.2018
Exchange Differences Income	12,049,765	6,531,608
Interest Income	6,459,282	12,143,012
Unearned İnterest İncome	93,003	38,770
Total	**18,602,050**	**18,713,390**

Financing Expenses (-)	01.01.-31.12.2019	01.01.-31.12.2018
Loan Interest Expenses (-)	34,391,850	18,264,152
Exchange Differences Income	27,032,964	47,569,527
Unearned İnterest İncome	1,951	2,552
Total	**61,426,765**	**65,836,231**
Financing Expenses (-)	**(42,824,715)**	**(47,122,841)**

28. INCOME TAXES

Current Assets Related with Current Tax	31.12.2019	31.12.2018
Prepaid Taxes and Funds	529,367	2,280,795

Non-Current Assets Related with Current Tax	31.12.2019	31.12.2018
Prepaid Taxes and Funds	2,035,997	546,636

Income Tax Liabilities	31.12.2019	31.12.2018
Current Tax Liabilities	1,114,583	3,718,861
Less:Prepaid Taxes and Funds	(529,367)	(2,280,795)
Income Tax Liabilities	**585,216**	**1,438,066**

Tax Provision	31.12.2019	31.12.2018
Current Period Corporate Tax Provision (-)	(1,264,402)	(3,471,514)
Provision for Deffered Tax Expenses/(Income)	4,162,545	(15,103,219)
Income Tax Liabilities	**2,898,143**	**(18,574,733)**
Taxes on other comprehensive income that will not be reclassified on profit or loss.	79,670	53,127
Total Comprehensive Tax Income/(Losses), Net	**2,977,813**	**(18,521,606)**

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28. INCOME TAXES (Continued)

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% (2018: 22%) to be calculated and paid based on earnings generated for each quarter for the period ended 31 December 2018. Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred.

In Turkey, corporate tax rate is 22% as of 31 December 2019 (2017: 22%). 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 2018 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 22% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 22%.

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 2019 and 31 December 2018, the Group has respectively TL 146,220,293 and TL 125,494,854 unused tax losses to be offset against future profits. Unused tax losses could be usable within the dates stated below.

	31.12.2019	31.12.2018
Will be expired in 2020	3,803,491	9,125,606
Will be expired in 2021	110,648,817	110,648,817
Will be expired in 2022	4,150,332	4,150,332
Will be expired in 2023	9,993,092	1,570,099
Will be expired in end of 2024	17,624,561	-
Total	**146,220,293**	**125,494,854**

As of 31 December 2019 and 2018, the recoverability of previous year losses amounting to TL 7,423,320 and TL 6,632,296, respectively, has not been reflected in the financial statements due to the improbable future situation.

As at 2019, effective corporate tax rate is 22%. (2018: %22).

As of 31 December 2019, provisional tax is payable at the rate of 22% (2018: 22%) 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%.

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28. INCOME TAXES (Continued)

Corporate Tax (Continued)

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayed is exempt from corporation tax. In addition, the participation in the assets of the institutions for at least two full years 75% of the profits arising from the sale of founders' shares, redeemed shares and preferential rights of real estate (immovables) in the same period as their shares are exempt from corporate tax as of December 31, 2018. 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:

	1 January – 31 December 2019	1 January – 31 December 2018
01 January	3,718,861	4,782,492
The Current Period Tax Expense	1,114,583	3,718,861
Taxes Paid	(3,718,861)	(4,782,492)
Current Profit Tax Liability	**1,114,583**	**3,718,861**

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%.

	31.12.2019	31.12.2018
Profit Before Tax	294,177	53,268,462
The effective tax rate (% 22)	(64,719)	(11,719,062)
Foreign Branches and Subsidiary Impact on Tax Rate	1,973,736	(6,580,365)
Non-deductible expenses	(1,951,370)	(1,344,862)
Unused tax losses of the current period	1,719,577	786,305
Impact of Loss from Equity Method	59,596	36,103
Impact of Changable on Tax Rates	1,161,323	247,147
Total	**2,898,143**	**(18,574,733)**

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28. INCOME TAXES (Continued)

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

	Cumulative Timing Difference		Deferred Tax Asset/ (Liability)	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Deferred Tax Asset				
Trade Receivables	17,332,690	22,445,438	1,943,712	2,996,517
Reversal of Capitalised Leasing Interest Expense	914,851	914,851	182,970	182,970
The Difference Between Book Value and Tax Assessment of Tangible and Intangible Fixed Assets	18,791,507	18,973,769	3,049,250	3,034,126
Long-Term Provisions for Employee Benefits	6,294,752	13,292,774	603,346	1,209,515
Short-Term Provisions for Employee Benefits	2,251,153	5,159,777	269,582	443,171
Stocks	371,625	371,625	81,758	81,758
Unused Prior Year's Losses	138,796,973	118,862,558	30,535,335	26,149,764
Investment Property Valuation	670,629	670,629	134,126	134,126
Other Short Term Provisions	3,423,537	4,351,804	753,461	957,396
Other Adjustment	1,169,834	8,180,171	919,356	883,846
Total	**190,017,551**	**193,223,396**	**38,472,896**	**36,073,189**
Deferred Tax Liabilities				
Tangible and Intangible Fixed Assets and Investments Re-measurement Of Objectives and Reasonable Value Adjustment	(211,822,562)	(203,492,572)	(42,220,948)	(40,646,851)
Trade Payables	(469,869)	(538,504)	(95,886)	(67,318)
Adjustments Regarding Using Percentage Complete Method on Projects	(13,395,051)	(18,192,743)	5,002,518	1,462,565
Other Adjustment	(2,177,183)	(2,226,126)	(478,576)	(489,346)
Total	**(227,864,665)**	**(224,449,945)**	**(37,792,892)**	**(39,740,950)**
Deferred Tax Asset/ (Liability), net	**(37,847,114)**	**(31,226,549)**	**680,004**	**(3,667,761)**

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

	1 January - 31 December 2019	1 January - 31 December 2018
Beginning of Period	**(3,941,443)**	**10,222,019**
Total adjustment of changing accounting policy	273,682	212,212
Beginning Period- revised	**(3,667,761)**	**10,434,231**
Debt / (Receivable) Record to Current Period Income Statement	4,162,545	(15,103,219)
Impact of Foreign Currency Exchange Differences	(9,365)	674,418
Adjustment on initial application of TFRS 9 (*)	114,915	273,682
The Amounts deducted from Losses of Remeasurement Gains Of Defined Benefit Plans	79,670	53,127
End of Period as of 31 December	**680,004**	**(3,667,761)**

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29. EARNINGS PER SHARE

Earnings Per Share	**01.01.-31.12.2019**	**01.01.-31.12.2018**
Net Profit/(Loss) of the Parent Company	3,543,334	21,334,415
Weighted Average Number of Shares	110,000,000	110,000,000
Earning Per Share Profit\(Loss) from Ongoing Activities	0.03	0.19

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)

	31.12.2019			
	Receivables		Payables	
	Short Term		Short Term	
Balances with Related Parties	**Trade**	**Other**	**Trade**	**Other**
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	2,327,296	-	117,000	109,463
Anelnet Teknik Hizmetler Ltd. Şti. (*)	5,491,961	171,154	144,269	-
EKB(Energinia Compania) (**)	374,948	3,507,204	-	-
Anel Holding A.Ş.	514,190	7,257,136	385,812	-
Anel Yapı Gayrimenkul A.Ş. (*)	-	-		-
Unpaid Interest Income / Expense (-)	(27,457)	-	(14,365)	-
Total	**8,680,938**	**10,935,494**	**632,716**	**109,463**

(*) 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 20.46%.

(**) 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)

	31.12.2018			
	Receivables		Payables	
	Short Term		Short Term	
Balances with Related Parties	**Trade**	**Other**	**Trade**	**Other**
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	231,857	-	522,060	-
Anelnet Teknik Hizmetler Ltd. Şti. (*)	3,628,691	334,647	592,893	-
Köpük Turizm ve Yatçılık Ltd. Şti.	37,518	129,011	-	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş. (*)	262	-	-	-
EKB(Energinia Compania) (**)	68,373	3,178,874	-	-
Anel Holding A.Ş.	8,597,414	-	1,961,404	812,844
Çelikel Vakfı	5,041	-	-	-
Epsinom Teknik Hizmetler Ltd.	1,682	-	-	-
Unearned interest income (-)	(21,387)	-	(159,704)	-
Impact of Transactions Involving Joint Control or Enterprises (Note 21)	-	-	-	14,020,170
Total	**12,549,451**	**3,642,532**	**2,916,653**	**14,833,014**

(*) 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 28.27% as of the year end.

(**) 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)

	31.12.2017			
	Receivables		Payables	
	Short Term		Short Term	
Related Party Transactions	**Trade**	**Other**	**Trade**	**Other**
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	289,424	-	423,244	-
Tasfiye Halinde Anelmep Mekanik	960	-	-	-
Tasfiye Halinde Doğa Çevre Teknolojileri A.Ş.	399,622	150,567	-	-
Anelnet Teknik Hizmetler Ltd. Şti. (*)	4,718,444	264,330	547,120	-
Köpük Turizm ve Yatçılık Ltd. Şti.	239,968	586,916	-	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş. (*)	92,372	5,909,249	-	-
EKB(Energinia Compania) (**)	-	2,634,136	-	-
Anel Holding A.Ş.	7,350,282	1,355,700	500,350	586,682
Çelikel Vakfı	1,186	-	-	-
Tasfiye Halinde KRTY Enerji	236	-	-	-
Unearned interest income	(14,031)	-	(35,742)	-
Impact of Transactions Involving Joint Control or Enterprises (Note 21)	-	-	-	14,020,170
Total	**13,078,464**	**10,900,898**	**1,434,972**	**14,606,852**

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30. RELATED PARTY DISCLOSURES (Continued)

Operations between related parties for the period 01.01.- 31.12.2019 and 01.01.- 31.12.2018 are as follows;

	01.01-31.12.2019						
Related Party Transactions	**Stock Purchases**	**Interest Income**	**Interest Expense**	**Service Sales**	**Service Purchase**	**Exchange Difference Expense**	**Exchange Difference Income**
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	1,058,800	-	-	3,951	301,523	252	-
Anelnet Teknik Hizmetler Ltd. Şti.	-	20,964	-	3,868	460,511	63,734	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	-	4,383,367	9,108	9,028	9,635	-	-
Köpük Turizm ve Yatçılık Ltd. Şti.	-	6,956	-	-	7,171	-	-
EKB(Energinia Compania)	-	253,443	-	-	-	-	-
Epsinom Teknik Hizmetler Ltd.Şti.	-	-	-	859	25,055	-	-
Anel Holding A.Ş.	-	551,656	84,796	5,523	18,352,044	-	-
Total	**1,058,800**	**5,216,386**	**93,904**	**23,229**	**19,155,939**	**63,986**	**-**

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30. RELATED PARTY DISCLOSURES (Continued)

	01.01-31.12.2018						
Related Party Transactions	**Stock Purchases**	**Trading good Sales**	**Interest Income**	**Interest Expense**	**Service Sales**	**Service Purchase**	**Income from Purchase Of Tangible Assets**
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	9,812,858	-	-	272,791	133,656	179,411	49,866
Anelnet Teknik Hizmetler Ltd. Şti.	-	117,634	69,242	39,705	508,807	-	-
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	-	5,100,353	11,144	5,428	221	-	-
Çelikel Vakfı	-	-	-	5,438	10,000	-	-
Epsinom Teknik Hizmetler Ltd.	-	-	-	1,425	-	-	-
Köpük Turizm ve Yatçılık Ltd. Şti.	-	150,452	-	2,556	-	-	-
EKB(Energinia Compania)	-	233,510	-	-	-	-	-
Tasfiye Halinde Krty Enerji Üretim ve Ticaret Ltd. Şti.	-	-	-	100	-	-	-
Tasfiye Halinde Anelmep Mekanik Ele	-	-	-	300	-	-	-
Anel Holding A.Ş.	3,400	36,978	153,922	1,939,286	13,852,706	460,635	1,582,186
Total	**9,816,258**	**5,638,927**	**234,308**	**2,267,029**	**14,505,390**	**640,046**	**1,632,052**

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30. RELATED PARTY DISCLOSURES (Continued)

Related party transactions between 01.01.- 31.12.2019 and 01.01.- 31.12.2018 are as follows;- Product sales consist of electrical supplies - Service purchases consist of department attandence fee, building maintanence fee, electricity and water expense, food expense, security expense, transportation expense, labour service expenses. - Service sales cosist of labour service income, building maintanence fee, consultancy, electricity and water expense, food expense, security expense, transportation expense and department attandence fee.

Group's key management personnels are Board Chairman and Members and vice general manager. Benefits supplied to key management personnel as of 01.01.- 31.12.2019 and 01.01.-31.12.2018 as are as follows;

Benefits Provided by Top-Level Management	**01.01.-31.12.2019**	**01.01.-31.12.2018**
Employee Short Term Benefits	10,030,094	9,336,594
Total	**10,030,094**	**9,336,594**

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31. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

a) Equity Risk Method

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

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

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

Equity rate to depts as of 31 December 2019 and 31 December 2018 are as follows:

	31.12.2019	31.12.2018
Total Debt	321,651,979	213,709,177
Less: Cash and Cash Equivalents	(105,056,111)	(52,401,730)
Net Debt	216,595,868	161,307,447
Total Equity	507,529,697	516,632,139
Liability/Equity Rate	0,427	0,312

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

b) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.
The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

b.1) Credit Risk

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

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

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

31.12.2019

	Receivables				Cash and Cash Equivalents		
	Trade Receivables		Other Receivables				
Prior Period	**Related Parties**	**3 th Parties**	**Related Parties**	**3 th Parties**	**Banks Deposits**	**Receivables from Ongoing Construction, Contracting or Service Contracts**	**Financial Investment**
The maximum amount of exposure to credit risk at the end of the reporting (A+B+C+D+E) (1)	**8,680,938**	**212,378,739**	**10,935,494**	**13,685,714**	**103,906,698**	**540,734,004**	**3,634**
-Total receivables that have been secured with collateras other credit enhancements etc. (*)	-	89,461,922	-	-	-	-	-
A. Financial assets that are neither past due nor impaired the net book value (2)	8,060,190	81,679,476	10,935,494	13,685,714	103,906,698	540,734,004	3,634
B. The amount of financial assets that are past due as at the end of the reporting period but not impaired	620,748	41,237,341	-	-	-	-	-
C. The amount of financial assets that are impaired. (3)	-	-	-	-	-	-	-
-Past due (Gross book value)	-	1,117,593	-	5,248,443	-	-	-
-The amount of impairment (-)	-	(1,117,593)	-	(5,248,443)	-	-	-
-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)

b) Financial risk factors (Continued)

31.12.2018

	Receivables				Cash and Cash Equivalents		
	Trade Receivables		Other Receivables				
Prior Period	**Releated Parties**	**3 th Parties**	**Releated Parties**	**3 th Parties**	**Banks Deposits**	**Receivables from Ongoing Construction, Contracting or Service Contracts**	**Financial Investment**
The maximum amount of exposure to credit risk at the end of the reporting (A+B+C+D+E) (1)	**12,549,451**	**363,726,549**	**3,642,532**	**21,172,031**	**51,825,946**	**293,781,541**	**4,792**
-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)	661,272	121,647,529	3,642,532	21,172,031	51,825,946	293,781,541	4,792
B. The amount of financial assets that are past due as at the end of the reporting period but not impaired	11,888,179	146,391,541	-	-	-	-	-
C. The amount of financial assets that are impaired. (3)	-	-	-	-	-	-	-
-Past due (Gross book value)	-	5,273,235	-	4,581,553	-	-	-
-The amount of impairment (-)	-	(5,273,235)	-	(4,581,553)	-	-	-
-Net value garanteed with coleteral etc.	-	-	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
- Net Value garanteed with colleteral etc.	-	-	-	-	-	-	-
D. Off financial statement credit risk amount	-	-	-	-	-	-	-

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

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

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

b) Financial risk factors (continued)

b.2) Liquidity Risk Management

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

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

The tables on liquidity risk are listed below:

Current Period

Terms According to Agreements	Book Value	According to Contract Total Cash Outflows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	Over 5 years (IV)	Demand
Non Drivatives Financial Liabilities	**566,483,432**	**567,400,895**	**75,602,628**	**382,328,785**	**77,621,521**	**31,091,417**	**756,544**
Bank Loans	321,651,979	321,651,980	12,353,148	200,585,894	77,621,521	31,091,417	-
Trade Payables	235,792,908	236,600,907	54,210,935	181,742,891	-	-	647,081
Other Payables	9,038,545	9,148,008	9,038,545	-	-	-	109,463

Prior Period

Terms According to Agreements	Book Value	According to Contract Total Cash Outflows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	Over 5 years (IV)	Demand
Non Drivatives Financial Liabilities	**466,912,821**	**474,722,582**	**293,765,364**	**37,100,507**	**112,845,449**	**27,122,060**	**3,889,202**
Bank Loans	213,709,177	217,522,885	64,347,167	27,487,458	98,566,200	27,122,060	-
Trade Payables	230,955,212	234,951,265	222,261,858	9,613,049	-	-	3,076,358
Other Payables	22,248,432	22,248,432	7,156,339	-	14,279,249	-	812,844

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.

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

b) Financial risk factors (Continued)

b.3) Foreign Exchange Risk Management (Continued)

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

FOREIGN CURRENCY POSITION TABLE							
31.12.2019							
	TL Equivalent	US Dollars	Euro	GBP	AED	CHF	BGN
1. Trade Receivables	1,186,076	107,743	82,107	-	-	-	-
2.Montetary Financial Assets	9,954,286	1,188,981	369,366	55,937	-	-	-
3. Other	6,154,063	434,839	540,168	(2,753)	-	-	-
4. Current Assets (1+2+3)	**17,294,425**	**1,731,563**	**991,641**	**53,184**	**-**	**-**	**-**
5. Total Assets (4)	**17,294,425**	**1,731,563**	**991,641**	**53,184**	**-**	**-**	**-**
6. Trade Payables	32,841,998	3,732,643	1,514,168	77,056	-	-	-
7. Financial Liabilities	23,961,857	-	3,166,229	-	-	-	859,000
8 Other Non Monetary Liabilities	35,294,286	3,810,368	1,890,598	-	-	14,168	-
9. Short Term Liabilities (6+7+8)	**92,098,141**	**7,543,011**	**6,570,995**	**77,056**	**-**	**14,168**	**859,000**
10. Financial Liabilities	26,245,498	-	962,417	-	-	-	5,869,000
11. Long Term Liabilities (10)	**26,245,498**	**-**	**962,417**	**-**	**-**	**-**	**5,869,000**
12. Total Liabilities (9+11)	**118,343,639**	**7,543,011**	**7,533,412**	**77,056**	**-**	**14,168**	**6,728,000**
13. Net Foreign Currency Assets / (Liabities)(5-13)	**(101,049,214)**	**(5,811,448)**	**(6,541,770)**	**(23,872)**	**-**	**(14,168)**	**(6,728,000)**
15. Monetary Items Net Foreign Currency Assets / Liability Position (1+2-6-7-10)	**(71,908,991)**	**(2,435,918)**	**(5,191,341)**	**(21,119)**	**-**	**-**	**(6,728,000)**

b.3.2) Currency Risk Management

FOREIGN CURRENCY POSITION TABLE							
31.12.2018							
	TL Equivalent	US Dollars	Euro	GBP	AED	CHF	BGN
1. Trade Receivables	17,153,044	1,282,911	1,725,909	-	-	-	-
2.Montetary Financial Assets	8,706,347	604,819	911,029	4,926	-	-	-
3. Other	26,692,585	845,071	3,690,569	-	-	-	-
4. Current Assets (1+2+3)	**52,551,976**	**2,732,801**	**6,327,507**	**4,926**	**-**	**-**	**-**
5. Total Assets (4)	**52,551,976**	**2,732,801**	**6,327,507**	**4,926**	**-**	**-**	**-**
6. Trade Payables	51,085,904	6,168,132	2,731,733	326,042	-	-	-
7. Financial Liabilities	28,268,094	-	4,271,524	-	-	-	822,000
8 Other Non Monetary Liabilities	18,220,388	1,544,629	1,650,428	-	48,784	14,168	-
9. Short Term Liabilities (6+7+8)	**97,574,386**	**7,712,761**	**8,653,685**	**326,042**	**48,784**	**14,168**	**822,000**
10. Financial Liabilities	120,634,382	-	16,628,645	-	-	-	6,655,000
11. Long Term Liabilities (10)	**120,634,382**	**-**	**16,628,645**	**-**	**-**	**-**	**6,655,000**
12. Total Liabilities (9+11)	**218,208,767**	**7,712,761**	**25,282,331**	**326,042**	**48,784**	**14,168**	**7,477,000**
13. Net Foreign Currency Assets / (Liabities)(5-13)	**(165,656,791)**	**(4,979,960)**	**(18,954,823)**	**(321,116)**	**(48,784)**	**(14,168)**	**(7,477,000)**
15. Monetary Items Net Foreign Currency Assets / Liability Position (1+2-6-7-10)	**(174,128,989)**	**(4,280,402)**	**(20,994,963)**	**(321,116)**	**-**	**-**	**(7,477,000)**

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

b) Financial risk factors (Continued)

b.3.2) Currency Risk Management

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.

Exchange Rate Sensitivity Analysis Table				
31.12.2019				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciates	Foreign currency appreciation	Foreign currency depreciates
10% change in US Dollars against TL:				
1- U S Dollar net assets / liabilities	(3,452,116)	3,452,116	-	-
2- U S Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	**(3,452,116)**	**3,452,116**	-	-
10% change in Euro against TL:				
4- Euro net assets / liabilities	(4,350,670)	4,350,670	-	-
5- Euro Hedged (-)	-	-	-	-
6- Euro Net Effect (4+5)	**(4,350,670)**	**4,350,670**	-	-
10% change in GBP against TL:				
7- GBP net assets / liabilities	(18,564)	18,564	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	**(18,564)**	**18,564**	-	-
10% change in CHF against TL:				
10- CHF net assets / liabilities	(8,633)	8,633	-	-
11- CHF Hedged(-)	-	-	-	-
12- CHF Net Effect(10+11)	**(8,633)**	**8,633**	-	-
10% change in BGN against TL:				
13- BGN net assets / liabilities	(2,274,939)	2,274,939	-	-
14- BGN Hedged(-)	-	-	-	-
15- BGN Net Effect(10+11)	**(2,274,939)**	**2,274,939**	-	-
TOTAL(3+6+9+12)	**(10,104,920)**	**10,104,920**	-	-

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

b) Financial risk factors (Continued)

b.3.2) Currency Risk Management

Exchange Rate Sensitivity Analysis Table				
31.12.2018				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciates	Foreign currency appreciation	Foreign currency depreciates
10% change in US Dollars against TL:				
1- U S Dollar net assets / liabilities	(2,619,907)	2,619,907	-	-
2- U S Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	**(2,619,907)**	**2,619,907**	-	-
10% change in Euro against TL:				
4- Euro net assets / liabilities	(11,425,967)	11,425,967	-	-
5- Euro Hedged (-)	-	-	-	-
6- Euro Net Effect (4+5)	**(11,425,967)**	**11,425,967**	-	-
10% change in GBP against TL:				
7- GBP net assets / liabilities	(213,632)	213,632	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	**(213,632)**	**213,632**	-	-
10% change in BAE Dirhem against TL:				
10- AED net assets / liabilities	(6,988)	6,988	-	-
11- AED Hedged(-)	-	-	-	-
12- AED Net Effect(10+11)	**(6,988)**	**6,988**	-	-
10% change in CHF against TL:				
13- CHF net assets / liabilities	(7,559)	7,559	-	-
14- CHFHedged(-)	-	-	-	-
15- CHF Net Effect(10+11)	**(7,559)**	**7,559**	-	-
10% change in BGN against TL:				
16- BGN net assets / liabilities	(2,291,626)	2,291,626	-	-
17- BGN Hedged(-)	-	-	-	-
18- BGN Net Effect(10+11)	**(2,291,626)**	**2,291,626**	-	-
TOTAL(3+6+9+12+15+18)	**(16,565,678)**	**16,565,678**	-	-

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

b.3.3) 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 2018: Not available.)

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

Group management believes that the carrying values of financial instruments present their fair values.

31 December 2019	Financial Assets Carried at Fair Value	Credits and Receivables (Cash and Cash Equivalents)	Available for sale Financial Assets	Other Financial Valued at Amortized Cost Value	Book Value	Note
Financial Assets						
Cash and Cash Equivalents	-	105,056,111	-	-	105,056,111	5
Trade Receivables	-	221,059,677	-	-	221,059,677	8.30
Finanial Liabilities						
Financial Liabilities	-	-	-	321,651,979	321,651,979	7
Trade Payables	-	-	-	235,792,908	235,792,908	8.30
Other Financial Liabilities	-	-	-	1,114,583	1,114,583	28
31 December 2018						
Financial Assets						
Cash and Cash Equivalents	-	52,401,730	-	-	52,401,730	5
Trade Payables	-	376,276,000	-	-	376,276,000	8.30
Finanial Liabilities						
Financial Liabilities	-	-	-	213,709,177	213,709,177	7
Trade Payables	-	-	-	230,955,212	230,955,212	8.30
Other Financial Liabilities	-	-	-	3,718,861	3,718,861	28

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

Financial Instrument fair values determine as follows;

- First Level: Financial assets and liabilities are valued at the market prices traded on the active market for the same assets and liabilities..

- Second Level: Financial assets and liabilities may be found on the market as a direct or indirect price other than the market price of the relevant asset or liability at the first leve is valued from the entries used.

- Third Level: Financial assets and liabilities are valued from inputs that are not based on an observable data in the market used to find the value of the asset or obligation to be true.

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

		The level of the fair value at the reporting date		
Financial Assets	**31.12.2019**	**First Level (TL)**	**Second Level (TL)**	**Third Level (TL)**
Real Estate for Investment	282,864,413	-	282,864,413	-
Total	**282,864,413**	**-**	**282,864,413**	**-**

		The level of the fair value at the reporting date		
Financial Assets	**31.12.2018**	**First Level (TL)**	**Second Level (TL)**	**Third Level (TL)**
Real Estate for Investment	277,118,847	-	277,118,847	-
Total	**277,118,847**	**-**	**277,118,847**	**-**

33. EXPLANATIONS ON CASH FLOW STATEMENT

Other Explanations

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

			Non-cash movements			
	31 December 2018	**Monotory Transactions**	**Addition**	**Exchange rate change**	**Non-Monotory Transactions**	**31 December 2019**
Financial liability	213,709,177	93,719,457	-	14,223,345	-	321,651,979
Total liabilities from financing activities	**213,709,177**	**93,719,457**	**-**	**14,223,345**	**-**	**321,651,979**

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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019
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33. EXPLANATIONS ON CASH FLOW STATEMENT (Continued)

				Non-cash movements		
	31 December 2017	Monotory Transactions	Addition	Exchange rate change	Non-Monotory Transactions	31 December 2018
Financial liability	147,434,380	30,449,633	-	35,825,164	-	213,709,177
Total liabilities from financing activities	**147,434,380**	**30,449,633**	**-**	**35,825,164**	**-**	**213,709,177**

34. EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

For the year ended 31 December 2019, the Group's shareholders 'equity amounting to TL 506,193,663 consists of shareholders' equity of the Parent Company TL 1,336,034 (31 December 2018: TL 493,490,376 and TL(23,141,763).

35. EVENTS AFTER THE REPORTING PERIOD

The Group has sold its subsidiaries Dag-08 EOOD, Golden Sun EOOD and its subsidiary Energinia Kompania Bonev EOOD, which was established to produce electricity from solar energy in the first quarter of 2020. Sales price of the Dag-08 EOOD and Golden Sun EOOD companies and the receivable amount from these companies have been collected, the amount of the receivables from the company and the amount of receivables from the company have been deposited into the common account, and the registration process for share transfer is expected to be completed as of the publication date of the report. Buyer of these shares have no relationship with the Group.

Anel Elektrik Proje Taahhüt A.Ş. has applied to the Capital Markets Board for the approval of the mandatory share purchase offer form of Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş. in accordance with the Procurement Notice (II-26.1) for the collection of 6,253,133.50 shares with a price of TL 1.39.

General Information

Accounting Period to which the Report is Related	: 01.01.2019- 31.12.2019
Company Name	: Anel Elektrik Proje Taahhüt ve Ticaret A.Ş.
Registered Address	: Saray Mah. Site Yolu Caddesi Anel İş Merkezi No: 5 / 4 Ümraniye/ İSTANBUL
Trade Register Office-No	: İstanbul Trade Register Office No: 222590
Date of Registration on Trade Register	: 12.03.1986
Website	: www.anelgroup.com
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