

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR’S REVIEW REPORT
FOR THE PERIOD 30 JUNE 2020

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
THE INDEPENDENT AUDITOR'S REVIEW REPORT ON
CONDENSED INTERIM FINANCIAL INFORMATION
(ORIGINALLY ISSUED IN TURKISH)**

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2020 and the related condensed consolidated statements of comprehensive income, consolidated changes in equity and consolidated cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

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

A handwritten signature in blue ink, appearing to read 'B. Özpoyraz'.

Burak Özpoyraz, SMMM
Partner

Istanbul, 18 August 2020

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2020 AND 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed Current Period 30.06.2020	Audited Previous Period 31.12.2019
ASSETS			
Current Assets		1,209,599,214	1,056,120,784
Cash and Cash Equivalents	5	30,371,387	105,056,111
Financial Investments	6	9,992	3,634
Trade Receivables		222,608,229	221,059,677
- Trade Receivables from Related Parties	8,22	7,798,217	8,680,938
- Trade Receivables from Third Parties	8	214,810,012	212,378,739
Other Receivables		13,364,124	24,534,689
- Other Receivables from Related Parties	22	184,485	10,935,494
- Other Receivables from Third Parties		13,179,639	13,599,195
Receivables from Ongoing Construction, Commitments and Service Agreements	11	786,621,985	540,734,004
Inventories	9	113,926,477	130,589,451
Prepaid Expenses	10	17,729,064	18,503,741
- Prepaid Expenses from Related Parties		697,008	-
- Prepaid Expenses from Third Parties		17,032,056	18,503,741
Current Tax Related Assets		37,225	529,367
Other Current Assets		24,930,731	15,110,110
Non-Current Assets		310,688,276	348,594,164
Other Receivables		87,787	86,519
- Other Receivables from Third Parties		87,787	86,519
Investments Accounted with Equity Method	12	-	1,326,951
Investment Property	13	282,864,413	282,864,413
Tangible Fixed Assets	14	23,033,150	61,010,550
Intangible Fixed Assets	15	179,659	314,912
Prepaid Expenses	10	35,913	274,818
Deferred Tax Assets		-	680,004
Non-Current Assets Related with Current Period Tax		4,487,354	2,035,997
TOTAL ASSETS		1,520,287,490	1,404,714,948

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2020 AND 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Dipnot	Reviewed Current Period 30.06.2020	Audited Previous Period 31.12.2019
LIABILITIES			
Short-Term Liabilities		846.304.840	768.425.086
Short-Term Borrowings	7	259.429.838	187.308.969
Short Term Portion of Long Term Financial Liabilities	7	40.753.700	25.630.072
Trade Payables		194.107.059	235.792.908
- Trade Payables to Related Parties	8,22	5.410.022	632.716
- Trade Payables to Third Parties	8	188.697.037	235.160.192
Employee Benefits	17	33.920.498	11.387.087
Other Payables		13.485.143	9.038.545
- Other Payables to Related Parties	22	731.862	109.463
- Other Payables to Third Parties		12.753.281	8.929.082
Payables from Ongoing Construction, Commitments and Service Agreements	11	9.060.565	9.734.857
Deferred Income	10	278.449.955	262.934.250
Income Tax Payable		703.125	1.114.583
Short-Term Provisions		16.394.957	25.483.815
- Short-Term Provisions for Employee Benefits	17	9.675.781	9.597.017
- Other Short-Term Provisions	16	6.719.176	15.886.798
Long Term Liabilities		112.841.954	128.760.165
Long-Term Borrowings	7	90.378.671	108.712.938
Long-Term Provisions		17.512.729	20.047.227
- Long-Term Provisions for Employee Benefits	17	17.512.729	20.047.227
Deferred Tax Liabilities		4.950.554	-
Total Liabilities		959.146.794	897.185.251
EQUITY			
Equity Belongs to Parent Company		561.140.696	507.529.697
Equity Belongs to Parent Company		566.781.106	506.193.663
Paid-in Capital	18	110.000.000	110.000.000
Premiums/Discounts related with Shares	18	1.498.280	1.498.280
The Merge Effect of Business Combinations Under Common Control	18	(62.334.320)	(62.334.320)
Sales Option Valuation Fund Regarding Non-controlling	18	-	(8.691.856)
Other Comprehensive Income (Expense) Items not to be Reclassified to Profit (Loss)		(1.787.664)	(1.595.783)
Revaluation and Measurement (Losses)		(1.787.664)	(1.595.783)
- Increase / (Decrease) from Revaluation of Tangible Assets	18	(101.224)	(101.224)
- Defined Benefit Plans Remeasurement Gains / Losses	18	(1.686.440)	(1.494.559)
Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss)		259.453.138	201.605.115
- Foreign Currency Conversion Difference	18	259.453.138	201.605.115
Restricted Reserves Allocated from Profits		13.960.750	13.960.750
- Legal Reserves	18	13.960.750	13.960.750
Other Equity Shares	18	(13.842.938)	(13.842.938)
Other reserves	18	5.851.513	5.851.513
Retained Earnings/(Losses)	18	259.742.902	256.199.568
Net Profit / (Loss) for the Period	21	(5.760.555)	3.543.334
Non-Controlling Shares	18	(5.640.410)	1.336.034
TOTAL LIABILITIES		1.520.287.490	1.404.714.948

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED 30 JUNE 2020 AND 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed		Not Reviewed	
		Current Period 01.01.-30.06.2020	Previous Period 01.01.-30.06.2019	Current Period 01.04.-30.06.2020	Previous Period 01.04.-30.06.2019
PROFIT OR LOSS					
Revenue	4	449.422.696	537.895.197	189.803.925	267.247.437
Cost of Sales (-)	4	(420.923.841)	(518.311.632)	(178.200.327)	(261.398.640)
GROSS PROFIT/LOSS		28.498.855	19.583.565	11.603.598	5.848.797
General Administrative Expense (-)	4	(17.574.274)	(16.394.141)	(9.500.604)	(6.553.268)
Other Operating Income	4	40.391.652	41.572.254	16.733.192	16.452.952
Other Operating Expense (-)	4	(33.155.854)	(25.881.329)	(12.782.291)	(9.677.434)
OPERATING PROFIT/LOSS		18.160.379	18.880.349	6.053.895	6.071.047
Impairment (losses) / gains in accordance with TFRS 9, net		1.171.611	1.053.609	29.995	372.643
Income From Investing Activities	4	6.928.622	37.803	659	17.937
Expense From Investing Activities (-)	4	(538.160)	(2.878)	732.293	(5.441)
Shares from Income / (Loss) of Investments Valuated with Equity Method	12	-	246.278	-	218.409
OPERATING PROFIT/LOSS BEFORE FINANCING INCOME AND EXPENSES		25.722.452	20.215.161	6.816.842	6.674.595
Financing Income	4	9.395.607	12.576.149	3.521.481	8.744.185
Financing Expenses (-)	4	(36.993.212)	(33.695.174)	(18.030.033)	(19.136.506)
PROFIT/LOSS BEFORE TAX FROM ONGOING ACTIVITIES		(1.875.153)	(903.864)	(7.691.710)	(3.717.726)
Sürdürülen Faaliyetler Vergi Gelir/(Gideri)		(4.457.624)	892.391	(461.606)	1.699.591
-Tax Income/ (Expense) For Period	4	(7.242)	-	35.772	-
-Deferred Tax Income/ (Expense)	4	(4.450.382)	892.391	(497.378)	1.699.591
PERIOD PROFIT / (LOSS) FROM ONGOING ACTIVITIES		(6.332.777)	(11.473)	(8.153.316)	(2.018.135)
PROFIT/ (LOSS) FOR THE PERIOD		(6.332.777)	(11.473)	(8.153.316)	(2.018.135)
Distribution of the Profit / (Loss) for the Year					
Non-controlling Shares	18	(572.222)	(750.812)	(300.199)	209.407
Parent Company Shares	21	(5.760.555)	739.339	(7.853.117)	(2.227.542)
Earnings Per Share					
Earnings Per Share	21	(0,1)	0,01	(0,07)	(0,02)

*The effects of rearrangement are explained in note 2.

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 30 JUNE 2020 AND 2
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Reviewed		Not Reviewed	
	Current Period	Previous Period	Current Period	Previous Period
	01.01.-30.06.2020	01.01.-30.06.2019	01.04.-30.06.2020	01.04.-30.06.2019
PROFIT/(LOSS) FOR THE PERIOD	(6.332.777)	(11.473)	(8.153.316)	(2.018.135)
OTHER COMPREHENSIVE INCOME				
Items not to be Reclassified to Profit or Loss :				
Defined Benefit Plans Remeasurement Gains / (Losses)	(191.881)	(349.375)	(89.196)	(117.128)
Taxes Related to Other Comprehensive Income (expenses) Items not to be Reclassified to Profit	(239.851)	(436.719)	(111.495)	(146.410)
Deferred Tax Income (Expenses)	47.970	87.344	22.299	29.282
Items to be Reclassified to Profit or Loss:				
Gain / (Loss) from Foreign Currency Conversion Differences	47.970	87.344	22.299	29.282
Yabancı Para Alım Satım Marjlarındaki Değişikliklere İlişkin Diğer Kapsamlı Gelir (Gider)	57.848.023	27.213.982	20.612.972	6.226.339
	57.848.023	27.213.982	20.612.972	6.226.339
	-	-		
OTHER COMPREHENSIVE INCOME/ EXPENSES	57.656.142	26.864.607	20.523.776	6.109.211
TOTAL COMPREHENSIVE INCOME	51.323.365	26.853.134	12.370.460	4.091.076
Appropriation of Total Comprehensive Income:				
Non-Controlling Interests	(572.222)	(750.812)	(300.199)	209.407
Parent Company Share	51.895.587	27.603.946	12.670.659	3.881.669

*The effects of rearrangement are explained in note 2.

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 JUNE 2020 AND 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Notes												Equity Attributable to Parent Company	Non-controlling Shares	Equity		
	Paid-in Capital	Premiums /Discounts Related with Shares	The Merge Effect of Business Combinations Under Common Control	Sales Option Valuation Fund Regarding Non- controlling	Other Comprehensive Income (expenses) Items not to ve Reclassified to Profit (Loss)		Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss)	Restricted Reserves Allocated from Profits	Other Equity Shares	Other Reserves	Retained Earnings/(Losses)				Net Profit /(Loss) for the Period	
																Foreign Currency Conversion Differences
					Increase / (Decrease) from Revaluation of Tangible Assets	Defined Benefit Plans Remeasurement Gains / Losses										
Balances as of 1 January 2019 (beginning of period)	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/Expenses	-	-	-	-	-	(349.375)	27.213.982	-	-	-	-	739.339	27.603.946	(750.812)	26.853.134	
Transactions with Non-Controlling Shareholders	-	67.271	-	-	-	-	-	663.968	(13.842.938)	3.457.590	-	-	(9.654.109)	(21.454.715)	(31.108.824)	
Balance as of 30 June 2019 (end of period)	18	110.000.000	1.498.280	(62.334.320)	-	(101.224)	(1.525.256)	200.994.501	13.960.750	(13.842.938)	5.851.513	256.199.568	739.339	511.440.213	512.376.449	
Balances as of 1 January 2020 (beginning of period)	18	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	507.529.697	
Transfers	-	-	-	-	-	-	-	-	-	-	3.543.334	(3.543.334)	-	-	-	
Total Comprehensive Income/Expenses	-	-	-	-	-	(191.881)	57.848.023	-	-	-	-	(5.760.555)	51.895.587	(572.222)	51.323.365	
Increase / Decrease due to Share Rate Changes in Subsidiaries that do not result in a loss of control	-	-	-	8.691.856	-	-	-	-	-	-	-	-	8.691.856	-	8.691.856	
Transactions with Non-Controlling Shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.404.222)	(6.404.222)	
Balance as of 30 June 2020 (end of period)	18	110.000.000	1.498.280	(62.334.320)	-	(101.224)	(1.686.440)	259.453.138	13.960.750	(13.842.938)	5.851.513	259.742.902	(5.760.555)	566.781.106	561.140.696	

*The effects of rearrangement are explained in note 2.

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2020 AND 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed	
		Current Period 01.01.-30.06.2020	Prior Period 01.01.-30.06.2019
A. CASHFLOWS FROM OPERATING ACTIVITIES		(132.827.398)	64.867.120
Profit/(Loss) for the period		(6.332.777)	(11.473)
Profit/(Loss) from Ongoing Activities		(6.332.777)	(11.473)
Adjustments to reconcile net profit to cash provided by operating activities		114.037.403	48.019.114
Depreciation and Amortisation Expenses	14,15	3.285.481	4.687.195
Adjustments for Provisions		4.293.143	11.804.520
Adjustments for Provisions / (Reversals) of Employee Benefits	17	5.940.520	14.316.041
Adjustments for Provisions / (Reversals) of Lawsuits or Fine	16	(475.766)	(1.457.912)
Adjustments for General Provisions / (Reversals)		(1.171.611)	(1.053.609)
Financial income / expense net		16.138.659	13.022.752
Interest income adjustments		(2.465.450)	(2.766.936)
Interest expense adjustments		18.604.109	15.789.688
Adjustments related to undistributed profits of associates		-	246.278
Adjustments related to undistributed profits of associates	12	-	246.278
Corrections on Tax (Revenue) Movement		4.457.624	(892.391)
Corrections related to losses (gains) arising from the disposal of tangible fixed assets		166.554	-
Adjustments for Arising from the Disposal of Tangible Fixed Assets Losses (Gains)		166.554	-
Adjustments for Losses (Gains) Arising from the Disposal of Subsidiaries or Joint Operations		(6.933.847)	-
Adjustments for Other Items That Cause Cash Flows From Investing or Financing Activities		37.664.611	-
Adjustments for Unrealized Foreign Currency Translation Differences		54.965.178	19.150.760
Changes in Net Working Capital		(227.307.989)	42.824.032
Financial Investment Increases / (Decreases)	6	(6.358)	1.787
Increases / (Decreases) in Trade Receivables		(1.548.552)	143.265.820
-Increases / (Decreases) in Trade Receivables from Related Parties	8,22	882.721	793.282
-Increases / (Decreases) in Trade Receivables from Third Parties	8	(2.431.273)	142.472.538
Increases / (Decreases) in Other Receivables		11.169.297	5.613.960
-Increases / (Decreases) in Other Receivables from Related Parties	22	10.751.009	(1.605.448)
-Increases / (Decreases) in Other Receivables from Third Parties		418.288	7.219.408
Increases / (Decreases) in Receivables from Ongoing Construction, Commitment, and Service Agreements		(245.887.981)	(136.399.332)
Increases / (Decreases) in Inventories	9	16.662.974	40.284.150
Increases / (Decreases) in Prepaid Expenses	10	1.013.582	(26.269.482)
Increases / (Decreases) in Trade Payables		(41.685.849)	(34.011.048)
-Increases / (Decreases) in Trade Payables to Related Parties	8,22	4.777.306	(2.355.508)
-Increases / (Decreases) in Trade Payables to Third Parties	8	(46.463.155)	(31.655.540)
Increases / (Decreases) in Employee Benefits	17	22.533.411	11.214.496
Increases / (Decreases) in Payables from Ongoing Construction, Commitment, and Service Agreements	11	(674.292)	(423.233)
Increases / (Decreases) in Other Payables		4.446.598	(2.094.679)
-Increases / (Decreases) in Other Payables to Related Parties	22	622.399	(812.844)
-Increases / (Decreases) in Other Payables to Third Parties		3.824.199	(1.281.835)
Increases / (Decreases) in Deferred Income	10	15.515.705	30.814.230
Adjustments for (Gains)/Losses from Changes in Capitals		(8.846.524)	10.827.363
-Increases / (Decreases) in Other Assets		(11.779.836)	1.883.513
-Increases / (Decreases) in Other Liabilities		2.933.312	8.943.850
Cash Flows from Operating Activities		(119.603.363)	90.831.673
Payments in the coverage of benefits provided to employees	17	(12.072.227)	(24.526.485)
Tax Returns (Payments)		(1.151.808)	(1.438.068)
B. CASH FLOW FROM INVESTING ACTIVITIES		(50.128)	(33.978.212)
Cash Inflows From Sales That Will Cause Loss of Control of Subsidiaries		6.933.847	-
Cash Outflows from Purchase of Subsidiary Share		(6.420.773)	-
Cash Outflows from Share Purchase or Capital Increase in Subsidiaries and / or Business Partnerships		-	(32.517.290)
Cash Inflows from Tangible and Intangible Asset Sales		323.403	285.965
-Cash Inflows from Intangible Asset Sales		123.921	285.457
-Cash Inflows from Tangible Asset Sales		199.482	508
Cash Outflows from Tangible and Intangible Asset Purchases		(886.605)	(1.746.887)
-Cash Outflows from Intangible Asset Purchases		(885.374)	(1.685.140)
-Cash Outflows from Tangible Asset Purchases		(1.231)	(61.747)
C. CASH FLOWS FROM FINANCING ACTIVITIES		57.871.593	17.814.247
Proceeds From Borrowing		182.549.320	45.869.887
Cash Inflows from Loans	7	182.549.320	45.869.887
Repayment of Borrowings		(108.539.068)	(15.032.888)
Cash Outflows on Credit Repayments	7	(108.539.068)	(15.032.888)
Paid interest		(18.604.109)	(15.789.688)
Received interest		2.465.450	2.766.936
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)		(75.005.933)	48.703.155
D. FOREIGN CURRENCY CONVERSION DIFFERENCES IMPACT ON CASH AND CASH EQUIVALENTS		321.209	2.303.746
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(74.684.724)	51.006.901
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	105.056.111	52.401.730
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	30.371.387	103.408.631

*The effects of rearrangement are explained in note 2.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

1. ORGANIZATION AND ACTIVITIES

The Company was first established in 1986 by the title of "Anel Elektrik Proje Taahhüt ve Ticaret Limited Şirketi". The Company's commercial type has been changed to "Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi" (The 'Company-Anel Elektrik') in 26/12/2006. The Company's head Office is located in Saray Mahallesi Site Yolu Caddesi No:5/4 34768 Anel İş Merkezi, Ümraniye/İstanbul

Branch Addresses:

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

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

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

Holland 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

The Company's shares were offered to public in 2010, and as of 2 August 2020, % 27.17 of shares are traded in Istanbul Stock exchange, INC. (BIST) according to Central Registry Agency (CRA) records. (31 December 2019: %31.82) (Note :18).

As of 30 June 2020, the number of employees of Group is 1.014 (31 December 2019: 1,894).

The ultimate parent and ultimate controlling party of the Group is Çelikel Family. The information regarding the subsidiaries of the Company is given below.

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 26 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 period 30 June 2019 in the accompanying consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

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

1. ORGANIZATION AND ACTIVITIES (Continued)

Subsidiaries included to full consolidation are as follows:

<u>Name of Company</u>	<u>Field of Company</u>	<u>Activity Type</u>	<u>Foundation of Company</u>	<u>Foundation of Year</u>
Tasfiye Halinde 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	Libia	2010
Anel Engineering- Technological Company LLC (*)	Project Commitment	Service	Russia	2009
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.	Real Estate	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

(*) The liquidation process of "Anel Engineering-Technological Company LLC" as of on June 4, 2020 was completed and its legal personality was terminated.

The Company does not have any subsidiaries traded on any stock exchange. Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.S. that the Company's subsidiary, has the status of public joint stock companies whose shares are not traded on the stock exchange.

The Company and its subsidiaries will be referred to as the “Group” in these consolidated financial statements.

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS

2.1. Basic Standards of Presentation

Basis of Presentation of Financial Statements in the Interim Consolidation

Statement of compliance with Turkish Financial Reporting Standards (“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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

Preparation of financial statements (Continued)

The Group prepared its interim financial statements for the period ended 30 June 2020 in accordance with the TAS 34 "Interim financial reporting" in the framework of the Communiqué Serial: XII and numbered 14.1 and its related announcements.

The financial statements were approved by the Board of Directors on 18 August 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. The methods used to measure the fair values are discussed further.

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.

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 26 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 period 30 June 2019 in the accompanying consolidated financial statements.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

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 ("TRY").

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

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

<u>Name of the Company</u>	<u>Currency</u>	<u>30 June 2020</u>		<u>31 December 2019</u>	
		<u>End of the Period</u>	<u>Average of the Period</u>	<u>End of the Period</u>	<u>Average of the Period</u>
Katar Branch	Qatari Riyal (QAR)	1.8797	1.7750	1.6319	1.5579
Azerbaycan Branch	New Manat	4.0248	3.8007	3.4942	3.3358
Anel Engineering-Technological Company Ltd.	Russian Ruble	0.0978	0.0923	0.0961	0.0917
Anel BG Ltd.	Bulgarian Lev	3.9188	3.6210	3.3813	3.2273
	United Arab Emirates				
Anel Emirates	Dirham	1.8644	1.7605	1.6186	1.5452
Anel Mep	Qatar Riyal (QAR)	1.8797	1.7750	1.6319	1.5579

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

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

Subsidiaries

Consolidated financial statements as of 30 June 2019; It contains the financial statements of the Company's subsidiaries that have control over their financial and activity policies.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

Consolidation Principles (Continued)

As of 30 June 2020 direct and indirect participation rate of subsidiaries subject to consolidation are as follows.

<u>Subsidiaries</u>	<u>Establishment and place of organization</u>	<u>Core Business</u>	<u>Currency</u>	<u>Parent Company's Share (%)</u>	
				<u>30 June 2020</u>	<u>31 December 2019</u>
Tasfiye Halinde Anel Enerji Elek. Üretim San. ve Tic. A.Ş.	Turkey	Energy	Turkish Lira	75.32	74.87
Anel Marin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş.	Turkey	Marine Electrical, Electronic Project	Turkish Lira	93.00	93.00
Anel Dar Libya Constructing & Services LLC	Libia	Commitment Project	US Dollar	65.00	65.00
Anel Engineering-Technological Company LLC (*)	Russia	Commitment	US Dollar	-	100.00
Dag-08 Ood (**)	Bulgaria	Enerji	Bulgarian Lev	-	100.00
Golden Sun Ood (**)	Bulgaria	Enerji	Bulgarian Lev	-	100.00
Anel BG Ltd	Bulgaria	Enerji Project	Bulgarian Lev	100.00	100.00
Anel Emirates General Contracting LLC	United Arab Emirates	Commitment Project	US Dollar	100.00	100.00
Anelmep Maintenance and Operations LLC	Qatar	Commitment Project	Qatari Riyal British	100.00	100.00
Anel Engineering & Contracting Ltd.	England	Commitment	Sterling	100.00	100.00
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	Turkey	Telecommunicatio ns	Turkish Lira	96.61	87.49
Anel Yapı Gayrimenkul A.Ş.	Turkey	Real Estate	Turkish Lira	52.50	52.50

(*) The liquidation process of (Anel Engineering-Technological Company LLC) was completed on 4 June 2020 and its legal entity was terminated.

(**) Sold in the first quarter of 2020.

Control is deemed to exist if the parent company has control over more than half of the voting rights, directly or indirectly, in an association and has the authority to manage the entity's financial and operating policies. In the consolidation of financial statements, all profits and losses, including intercompany balances, transactions and unrealized profits and losses, are offset. Consolidated financial statements are prepared by applying consistent accounting policies for similar transactions and accounts. The financial statements of the subsidiaries are prepared for the same accounting period as the parent. Subsidiaries include the controlling party the console will start to be consoled and the console will be terminated when the control is removed from the group. Income and expenses of subsidiaries purchased or disposed of during the year are included in profit or loss in the consonant and other comprehensive income statement until the date of elimination from the date of purchase.

Revaluates 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

Even if non-controlling interests result in a negative balance, total comprehensive income is transferred to the parent shareholders and non-controlling inter.

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

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

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

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

Elimination Transactions on the Consolidation

Unrealized gains and expenses arising from intra-group transactions, intra-group balances and intra-group transactions are eliminated on a straight-line basis in preparation of the financial statements. Profits and Losses arises from transactions between parent and subsidiaries subject to consolidation offsets as far as parent's share on subsidiary. Unrecognized losses are deleted in the same way as unrealized gains unless there is evidence of impairment.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

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

Full Consolidation Method (Continued)

- 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
- 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

Associates (Continued)

As of 30 June 2020, the details of the group's subsidiaries are as follows.

<u>The title of the participant</u>	<u>Establishment and place of activity</u>	<u>Main Activity</u>	<u>Effective share rate in capital</u>	
			<u>30 June2020</u>	<u>31 December 2019</u>
Energina Kompania Bonev	Bulgaria	Energy	-	50.00

The new standards, amendments and interpretations

a. Standards, amendments and interpretations applicable as at 30 June 2020:

- **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
- **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, TAS 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

- **TFRS 16, 'Leases'**– Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- b. Standards, amendments and interpretations that are issued but not effective as at 30 June 2020:*
 - **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.
 - **Amendments to TAS 1, Presentation of financial statements' on classification of liabilities**; effective from 1 January 2022. These narrow-scope amendments to TAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability.
 - **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 17 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16**; effective from Annual periods beginning on or after 1 January 2022.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

- **Amendments to TFRS 3**, 'Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
- **Amendments to TAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

2.2. Changes in Accounting Estimates and Errors

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

If the changes in accounting estimates are related to only one period, they are applied in the current period when the change is made and if it is related to the future periods, they are applied both in the period in which the change is made and prospectively. 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 2019.

2.3. 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Business Combination (Continued)

If the changes in accounting estimates are related to only one period, they are applied in the current period when the change is made and if it is related to the future periods, they are applied both in the period in which the change is made and prospectively. 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 30 June 2020.

2.4 Significant Changes Regarding the Current Period

Necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the Group's activities and financial status. Due to the COVID-19 epidemic, in parallel with the developments / slowdowns in the sectors in which the Group is involved and in the general economic activity, there were disruptions in the supply and sales processes in the countries where the Group operates, and production activities were temporarily suspended, especially during the periods of curfews. Meanwhile, actions were taken by the Group to minimize investment expenditures and operational expenses, and the cash management strategy was revised to strengthen its liquidity position. With the reduction of restrictions to prevent the spread of the epidemic, especially the recovery in demand had a positive effect on the Group's activities. While preparing the consolidated financial statements dated June 30, 2020, the Group evaluated the possible effects of the COVID-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, the group tested possible impairment in the values of financial assets, stocks, tangible fixed assets, investment properties included in the interim consolidated financial statements dated June 30, 2020 and no impairment was detected.

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 Şirketi and Energia Kompania Bonev TAS-28 "Investments in Associates and Joint Ventures".

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.

Information on business segments based on the internal reporting of the Group is as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

4. SEGMENT REPORTING (Continued)

30 June 2020	Project Commitment	Rent of Land and Buildings	Telecommunication:	Ship Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	434,896,060	9,431,416	23,799	5,879,038	654,659	-	450,884,972
Intra Group Revenue	-	-	-	-	-	(1,462,276)	(1,462,276)
Total Net Revenue	434,896,060	9,431,416	23,799	5,879,038	654,659	(1,462,276)	449,422,696
Cost of Sales (-)	(414,337,105)	(1,283,109)	(120,342)	(4,650,916)	(532,418)	49	(420,923,841)
Gross Profit / Loss	20,558,955	8,148,307	(96,543)	1,228,122	122,241	(1,462,227)	28,498,855
General and Administrative Expenses (-)	(16,869,875)	(686,354)	(274,357)	(567,582)	(101,808)	925,702	(17,574,274)
Other Operating Income	39,821,629	164,077	53,615	220,645	17,509	114,177	40,391,652
Other Operating Expenses	(32,103,423)	(550,883)	(165,980)	(249,007)	(86,561)	-	(33,155,854)
Operating Profit	11,407,286	7,075,147	(483,265)	632,178	(48,619)	(422,348)	18,160,379
Impairment (losses)/gains in accordance with TFRS 9, net	1,171,713	-	-	(102)	-	-	1,171,611
Income from Investment Operations	6,922,264	-	6,358	-	-	-	6,928,622
Expense from Investment Operations (-)	(438,842)	-	(96,264)	-	(3,054)	-	(538,160)
Equity Method Investments Profit/(Loss) 's Shares	-	-	-	-	-	-	-
Operating Profit / (Loss) before Finance Income and Expense	19,062,421	7,075,147	(573,171)	632,076	(51,673)	(422,348)	25,722,452
Financing Income	10,467,942	456,047	2,659	678,182	3,142	(2,212,365)	9,395,607
Financing Expenses (-)	(18,471,077)	(18,840,793)	(154,363)	(179,521)	(1,559,823)	2,212,365	(36,993,212)
OPERATING PROFIT/(LOSS) BEFORE TAX	11,059,286	(11,309,599)	(724,875)	1,130,737	(1,608,354)	(422,348)	(1,875,153)
Operating Tax Income/(Loss)							
-Period Tax Income/(Loss)	-	-	-	-	(7,242)	-	(7,242)
-Deferred Tax Income/(Expense)	(3,433,842)	(344,609)	369	(676,590)	4,290	-	(4,450,382)
PROFIT/(LOSS)	7,625,444	(11,654,208)	(724,506)	454,147	(1,611,306)	(422,348)	(6,332,777)
Investment Expenses							
Property, Plant and Equipment	469,359	405,090	-	10,924	-	-	885,374
Intangible Fixed Assets	1,231	-	-	-	-	-	1,231
Depreciation Expenses	(3,138,776)	(85,751)	(774)	(9,293)	(670)	-	(3,235,264)
Amortization Expenses	(34,820)	(862)	(4,259)	(10,188)	(88)	-	(50,217)
Other Information							
- Total Assets	2,088,142,782	304,369,683	73,453,278	26,301,811	1,447,146	(973,427,210)	1,520,287,490
- Total Liabilities	1,395,543,048	162,138,403	5,162,541	17,063,992	20,744,734	(641,505,924)	959,146,794

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4. SEGMENT REPORTING (Continued)

30 June 2019	Project Commitment	Rent of Land and Buildings	Telecommunication	Ship Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	519,420,408	11,319,041	8,475	3,073,954	4,078,966	-	537,900,844
Intra Group Revenue	-	-	-	-	-	(5,647)	(5,647)
Total Net Revenue	519,420,408	11,319,041	8,475	3,073,954	4,078,966	(5,647)	537,895,197
Cost of Sales (-)	(512,773,298)	(844,957)	(16,834)	(2,476,246)	(2,201,072)	775	(518,311,632)
Gross Profit	6,647,110	10,474,084	(8,359)	597,708	1,877,894	(4,872)	19,583,565
General and Administrative Expenses (-)	(14,527,210)	(612,277)	(232,309)	(541,848)	(407,404)	(73,093)	(16,394,141)
Other Operating Income	38,315,655	2,442,187	254,487	388,050	175,966	(4,091)	41,572,254
Other Operating Expenses (-)	(22,172,025)	(3,173,737)	(22,426)	(321,397)	(191,744)	-	(25,881,329)
Operating Profit	8,263,530	9,130,257	(8,607)	122,513	1,454,712	(82,056)	18,880,349
Impairment (losses) / gains in accordance with TFRS 9, net	1,053,609	-	-	-	-	-	1,053,609
Income from Investment Operations	34,060	-	1,787	726	1,230	-	37,803
Expense from Investment Operations (-)	(2,878)	-	-	-	-	-	(2,878)
Equity Method Investments Profit / (Loss) 's Shares	246,278	-	-	-	-	-	246,278
Operating Profit / (Loss) before Finance Income and Expense	9,594,599	9,130,257	(6,820)	123,239	1,455,942	(82,056)	20,215,161
Financing Income	8,537,592	6,064,286	43,498	867,677	256	(2,937,160)	12,576,149
Financing Expenses (-)	(15,834,786)	(17,890,447)	(132,854)	(23,142)	(2,751,105)	2,937,160	(33,695,174)
OPERATING PROFIT / (LOSS) BEFORE TAX	2,297,405	(2,695,904)	(96,176)	967,774	(1,294,907)	(82,056)	(903,864)
Operating Tax Income / (Loss)							
-Period Tax Income / (Loss)	-	-	-	-	-	-	-
-Deferred Tax Income/(Expense)	853,045	(81,010)	(776)	111,428	9,704	-	892,391
PROFIT / (LOSS)	3,150,450	(2,776,914)	(96,952)	1,079,202	(1,285,203)	(82,056)	(11,473)
Investment Expenses							
Tangible Fixed Assets	1,638,322	46,818	-	-	-	-	1,685,140
Intangible Fixed Assets	-	-	-	61,747	-	-	61,747
Depreciation Expenses	(3,168,161)	(52,624)	(925)	(8,618)	(1,383,494)	-	(4,613,822)
Amortization	(55,553)	(862)	(6,664)	(10,188)	(106)	-	(73,373)
Other Information							
-Total Assets	1,569,667,312	291,103,438	67,066,371	11,030,899	47,006,050	(668,685,952)	1,317,188,118
-Total Liabilities	980,626,712	152,886,349	5,228,142	2,106,991	46,067,165	(382,103,689)	804,811,670

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4. SEGMENT REPORTING (Continued)

Geographical Segments

<u>1 January.- 30 June 2020</u>	<u>Turkey</u>	<u>Qatar</u>	<u>England</u>	<u>Netherland</u>	<u>Russia</u>	<u>Bulgaria</u>	<u>Azerbaijan</u>	<u>United Arab Emirates</u>	<u>Elimination</u>	<u>Total</u>
Revenue	146,734,484	23,413,988	50,551,807	12,313,693	-	659,030	37,621,840	179,594,501	(1,466,647)	449,422,696
Assets Related Ongoing Construction										
Contracts	67,376,532	73,286,830	86,167,213	3,447,463	-	-	14,350,841	541,993,106	-	786,621,985
Assets according to Segment	1,074,775,817	593,278,063	107,021,894	14,609,225	50,812	951,536	39,919,050	663,108,303	(973,427,210)	1,520,287,490
Investment Expenses	590,576	35,449	-	4,769	-	-	-	255,812	-	886,606
<u>1 January.- 30 June 2019</u>	<u>Turkey</u>	<u>Qatar</u>	<u>England</u>	<u>Netherland</u>	<u>Russia</u>	<u>Bulgaria</u>	<u>Azerbaijan</u>	<u>United Arab Emirates</u>	<u>Elimination</u>	<u>Total</u>
Revenue	31,652,686	126,348,718	70,312,082	7,793,193	-	4,078,966	-	297,715,199	(5,647)	537,895,197
Assets Related Ongoing Construction										
Contracts	8,836,702	60,872,907	34,074,531	6,951,039	-	-	-	319,445,694	-	430,180,873
Assets according to Segment	815,472,372	551,968,786	64,980,517	11,200,553	149,355	45,984,218	4,122,511	521,586,881	(698,277,075)	1,317,188,118
Investment Expenses	495,699	(135,325)	15,130	-	-	-	-	1,100,733	-	1,746,887

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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 1 January – 30 June 2020 and 2019 are as below:

<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>1 January.- 30 June 2020</u> <u>Share in Gross Revenue</u>
Project Commitment	Project Commitment	50,551,808	12%
Project Commitment	Project Commitment	39,264,791	9%
Project Commitment	Project Commitment	33,274,573	8%
Project Commitment	Project Commitment	22,868,858	5%
<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>1 January.- 30 June 2020</u> <u>Share in Gross Revenue</u>
Ship Electrical and Electronics	Service Sales	554,919	9%
<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>1 January.- 30 June 2019</u> <u>Share in Gross Revenue</u>
Project Commitment	Project Commitment	285,787,462	54%
Project Commitment	Project Commitment	58,702,313	11%
Project Commitment	Project Commitment	56,947,318	11%
<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>1 January.- 30 June 2019</u> <u>Share in Gross Revenue</u>
Ship Electrical and Electronics	Service Sales	2,313,190	75%
Ship Electrical and Electronics	Service Sales	39,261	1%

5. CASH AND CASH EQUIVALENTS

	<u>30 June 2020</u>	<u>31 December 2019</u>
Cash	149,919	1,149,350
Banks	30,217,038	103,906,698
- Demand Deposits	30,116,902	103,808,220
- Time Deposit Maturity less than 3 Months	100,136	98,478
Other Cash and Cash Equivalents	4,430	63
Total	30,371,387	105,056,111

Details of time deposits maturity less than 3 months are as follows:

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>30 June 2020</u>	<u>Interest Rate (%)</u>	<u>31 December ,2019</u>
TRY	6.61- 7.94	100,136	9.38- 10.28	98,478
Total Time Deposit		100,136		98,478

	<u>30 June 2020</u>	<u>31 December 2019</u>
Opening balance	98,478	-
Addition	1,658	98,478
Disposal (-)	-	-
Time deposit at the end of the period	100,136	98,478

There is no blockage on cash and cash equivalents as of the reporting date (31 December 2019: None).

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6. FINANCIAL INVESTMENTS

Short Term Financial Investment

Financial investments whose fair value differences are reflected in the income statement

Total

30 June 2020 **31 December 2019**

9,992 3,634

9,992 **3,634**

Financial investments whose fair value differences are reflected to profit / loss.

Shares

Shares traded on the stock exchange (*)

Total

30 June 2020 **31 December 2019**

9,992 3,634

9,992 **3,634**

(*) The shares traded on the stock exchange have appreciated TRY6,358 in the current period (31 December 2019: TRY1,158 depreciation).

7. FINANCIAL BORROWINGS

	30 June 2020	31 December 2019
Bank Loans	390,464,852	321,560,536
Credit Card Debts	97,357	91,443
Total	390,562,209	321,651,979

a) Bank Loans:

30 June 2020

<u>Currency</u>	<u>Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Short-Term Portion of Long Term Loans</u>	<u>Long Term</u>	<u>Total</u>
TRY	9.50- 24.25	245,147,102	-	-	245,147,102
Euro	4.00-6.80	11,555,545	40,753,700	90,378,671	142,687,916
QAR	-	2,629,834	-	-	2,629,834
Total		259,332,481	40,753,700	90,378,671	390,464,852

31 December 2019

<u>Currency</u>	<u>Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Short-Term Portion of Long Term Loans</u>	<u>Long Term</u>	<u>Total</u>
TL	12.00- 28.50	166,094,995	-	-	166,094,995
Avro	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

	30 June 2020	31 December 2019
Payable within one year	300,086,181	212,847,598
Payable within 2 - 3 years	25,313,121	27,551,086
Payable within 3 - 4 years	25,412,011	24,928,540
Payable within 4 - 5 years	25,517,799	25,141,895
Payable within 5 years and longer term	14,135,740	31,091,417
Total	390,464,852	321,560,536

As of 30 June 2019, there are no mortgages (31 December 2019: 22,749,386 TL).

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. TRADE RECEIVABLES AND PAYABLES**a) Trade Receivables:**

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

<u>Short Term Trade Receivables</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Customers	124,684,893	118,789,659
Notes Receivables and Postdated Checks	5,195,474	7,502,294
Less: Unrealized Finance Income	(148,954)	(412,659)
Income Accruals	52	5,685,300
Adjustment on initial application of TFRS 9	(68,583)	(1,145,483)
Doubtful Trade Receivables (*)	1,177,054	1,117,593
Less: Doubtful Trade Receivables Provisions	(1,177,054)	(1,117,593)
Collaterals held by Employers (**)	85,147,130	81,959,628
<u>Sub Total</u>	<u>214,810,012</u>	<u>212,378,739</u>
Receivables from Related Parties (Note 22)	7,798,217	8,680,938
Total	<u>222,608,229</u>	<u>221,059,677</u>

As of 30 June 2020, the weighted average of interest rate 7.53%, 0.16% and 0.48 % used to calculate unearned finance income for short-term trade receivables in terms of TL, US Dollars and Euro and average maturity of receivables is 2 months (2019: TRY 15.18%, US Dollars 1.80%, Euro : 0.51%, 2 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".

As of 30 June 2020, trade receivables' amounting TRY 1,117,054 (2019: TRY 1,117,593) is a provision for doubtful receivables.

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

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

	<u>1 January – 30 June 2020</u>	<u>1 January – 30 June 2019</u>
Beginning of the period	1,117,593	5,273,235
Provisions within the period	-	-
Less: Collected within the current period	-	(4,343,696)
Foreign currency exchange differences	59,461	401,271
End of the period	<u>1,177,054</u>	<u>1,330,810</u>

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8. TRADE RECEIVABLES AND PAYABLES (Continued)**b) Trade Payables:**

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

Short Term Trade Payables	30 June2020	31 December,2019
Suppliers	134,914,302	144,449,106
Notes Payable and Postdated Checks	24,199,220	57,859,473
Less: Unrealized Finance Expense	(174,877)	(807,999)
Expense Accruals	90,106	7,644,152
Financial Guarantees Given to the Subcontractor (*)	29,668,286	26,015,460
Sub Total	188,697,037	235,160,192
Trade Payables to Related Parties (Note 22)	5,410,022	632,716
Total	194,107,059	235,792,908

As of 30 June 2020, the weighted average of interest rates are 8.41%, 0.24%, and 0.44% 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 2019: 11.52 %, US Dollars: 1.85 %, Euro: 0.49% 3 months).

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

Long Term Trade Payables

None. (31 December2019: None).

Details of receivables from related parties and due to related parties are disclosed in Note 22.

9. INVENTORIES

	30 June2020	31 December2019
Raw Materials and Equipments	114,275,871	130,820,202
Trade Goods	22,231	140,874
Provision for Inventories (-)	(371,625)	(371,625)
Total	113,926,477	130,589,451

	01 January - 30 June 2020	01 January - 30 June 2019
Provision for Inventories Movement		
Opening Balance	371,625	371,625
Additional During the Period (-)	-	-
Closing Balance	371,625	371,625

	01 January - 30 June 2020	01 January - 30 June 2019
Inventory Impairment Breakdown		
Raw Materials and Equipments	371,625	371,625
Total	371,625	371,625

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10. PREPAID EXPENSES AND DEFERRED REVENUES

<u>Short-Term Prepaid Expenses</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Advances Given for Inventories	5,924,093	8,195,843
Other Advances Given	3,351,013	2,371,808
Prepaid Expenses for the Following Months	8,453,958	7,936,090
Total	17,729,064	18,503,741

<u>Long-Term Prepaid Expenses</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Prepaid expenses to next years	35,913	274,818
Total	35,913	274,818

<u>Short-Term Deferred Income</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Advances Received	273,732,727	248,687,654
Other Advances Received	1,041,703	12,449,805
Prepaid Income to Future Months	3,675,525	1,796,791
Total	278,449,955	262,934,250

11. CONSTRUCTION CONTRACTS

	<u>30 June 2020</u>	<u>31 December 2019</u>
Assets regarding Construction Contracts In Progress	786,621,985	540,734,004
Total	786,621,985	540,734,004

Assets related to construction projects in progress are as follows:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Unearned Assets regarding Domestic Construction Contracts (*)	67,376,532	43,205,437
Unearned Assets regarding Overseas Construction Contracts (*)	719,245,453	497,528,567
Assets regarding Construction Contracts In Progress	786,621,985	540,734,004

	<u>30 June 2020</u>	<u>31 December 2019</u>
Liabilities Regarding Construction Contracts In Progress	9,060,565	9,734,857
Total	9,060,565	9,734,857

(*) 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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11. CONSTRUCTION CONTRACTS (Continued)

Liabilities related to construction projects in progress are as follows:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Over-invoiced Portion regarding Domestic Construction Contracts	551,109	1,958,354
Over-invoiced Portion regarding Overseas Construction Contracts	8,509,456	7,776,503
Contractual obligations arising from ongoing construction and contracting works	9,060,565	9,734,857

Guarantees given and received for the projects described in Note 16.

As of 30 June 2020, short-and long-term advances has been received regarding the ongoing construction contracts is amounting to TRY273,732,727 (31 December 2019: TRY248,687,654).

12. INVESTMENTS ACCOUNTED UNDER EQUITY METHOD

Energina Kompania Bonev, the subsidiary of the Group valued according to the equity method, was sold on 13 March 2020 for EUR 354,689 (TRY 2,487,750).

	<u>Affiliates rate (%)</u>	<u>30 June 2020</u>	<u>Affiliates rate (%)</u>	<u>31 December 2019</u>
Energina Kompania Bonev	0.00	-	50.00	1,326,951
Total		-		1,326,951

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

	<u>Assets</u>	<u>Payables</u>	<u>Equity of</u>		<u>31 December 2019</u>
	<u>Total</u>	<u>Total</u>	<u>Parent</u>	<u>Revenue</u>	<u>Profit / (Loss)</u>
Energina Kompania Bonev	16,240,385	13,586,483	2,653,902	2,917,461	541,782

The details of the interests earned from the profits of the associates and joint ventures are as follows:

	<u>Affiliates rate (%)</u>	<u>30 June 2020</u>	<u>Affiliates rate (%)</u>	<u>30 June 2019</u>
Energina Kompania Bonev	0.00	-	50.00	246,278
Total		-		246,278

13. INVESTMENT PROPERTY

The Group did not purchase investment property during the interim period (30 June 2019: None). Group did not sell investment property during the interim period (30 June 2019: None).

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14. TANGIBLE ASSETS

The Group has purchased property, plant and equipment in the amount of TRY 885,375 during the interim period (30 June 2019: TRY 1,685,140). During the interim period, sale of property, plant and equipment amounting to TRY497,253 was made. (30 June 2019: TRY285,457). During the interim period, there was an outflow of tangible fixed assets amounting to TR 53,653,028 due to the sale of subsidiaries.

Total depreciation expenses of current period is TRY 3,235,264. (30 June 2019: TRY4,613,822). Depreciation expenses amounting to TRY 3,017,314 (30 June 2019: TRY4,434,902) is included in cost of goods sold (Note 19), amounting to TRY217,950 (30 June 2019: TRY178,920) is included in general administrative expense.

15. INTANGIBLE ASSETS

The Group has purchased intangible assets in the amount of TRY1,231 during the interim period (30 June 2019: TRY61,747). Intangible assets have been sold in the amount of TRY199,482 during the interim period (30 June 2019: TRY508).

Total amortization expenses of current period is TRY50,217 (30 June 2019: TRY73,373). Amortization expenses amounting to TRY10,562 (30 June 2019: TRY30,457) is included in cost of goods sold (Note 19), amounting to TRY 39,655 (30 June 2019: TRY42,916) is included in general administrative expense.

16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

<u>Other short-term provisions</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Litigation provisions	6,719,176	7,194,942
Sales for Non-Controlling Interest		
Option Valuation Fund (Note 18)	-	8,691,856
Total	6,719,176	15,886,798

The details of litigation provisions are as follows:

	<u>30 June 2020</u>	<u>30 June 2019</u>
Beginning of period	7,194,942	8,335,848
Provision in period	258,024	753,451
Negative: canceled in period	(733,790)	(2,211,364)
End of period	6,719,176	6,877,935

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16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)**Contingent Liabilities**

As of 30 June 2020, there are 62 lawsuits against the Group amounting to TRY9,418,369 and USD 278,300 (TRY equivalent 1,904,185). (31 December 2019: 58 lawsuits TRY8,743,507 and USD 278,300 / equivalent TRY1,653,159). Group has been made provision amounting TRY6,719,176 (31 December 2019: TRY7,194,942) regarding to this lawsuits.

Collaterals-Pledge-Mortgages-Bails

As of 30 June 2020, and 31 December 2019, the Group's collateral/pledge/mortgage position statements are as follows:

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

	<u>US Dollar</u>	<u>EUR</u>	<u>TRY</u>	<u>30 June 2020</u> <u>TRY Equivalent</u>
Letters of Guarantees Received	485,821	902,874	1,342,974	11,626,592
Guaranteed Bill Received	793,979	531,968	5,460,567	14,993,646
Guaranteed Cheques Received	863,000	4,000	2,496,309	8,431,960
Total	2,142,800	1,438,842	9,299,850	35,052,198

	<u>US Dollar</u>	<u>EUR</u>	<u>TRY</u>	<u>31 December 2019</u> <u>TRY Equivalent</u>
Letters of Guarantees Received	484,652	1,013,380	2,725,054	12,343,568
Guaranteed 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

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16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (Continued)

CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)								
30 June 2020	US Dollars	Euro	TRY	GBP	AED	QATARI RIYAL	BGN	TRY Equivalent
A) CPMB's given for Company's own legal personality	28,432,344	40,585,881	38,633,977	2,580,000	147,208,505	89,360,074	-	1,010,188,273
B) CPMB's given on behalf of fully consolidated companies	86,943,268	3,965,008	5,996,895	-	-	-	-	631,443,198
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 majority shareholder	-	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
TOTAL	115,375,612	44,550,889	44,630,872	2,580,000	147,208,505	89,360,074	-	1,641,631,471

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16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (continued)

CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)								
31 December 2019	US Dollars	Euro	TRY	GBP	AED	QATARI RIYAL	BGN	TRY 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 majority shareholder	-	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
TOTAL	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

Other groups of CPM is given by the Group's equity ratio is 0% (31 December 2019:%0).

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16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (Continued)

The distribution of TRIKs by type as of 30 June 2020 and 31 December 2019 is shown below.

30 June 2020

Collaterals,Pledges,

<u>Mortgages and Bails</u>	<u>Total TRY Equivalent</u>	<u>US Dollars</u>	<u>Euro</u>	<u>AED</u>	<u>Qatari Rival</u>	<u>GBP</u>	<u>BGN</u>	<u>TRY</u>
Collaterals	1,354,886,431	115,375,612	7,350,889	147,208,505	89,360,074	2,580,000	-	44,630,872
Pledges	-	-	-	-	-	-	-	-
Mortgages	286,745,040	-	37,200,000	-	-	-	-	-
Total	1,641,631,471	115,375,612	44,550,889	147,208,505	89,360,074	2,580,000	-	44,630,872

31 December 2019

Collaterals,Pledges,

<u>Mortgages and Bails</u>	<u>Total TRY Equivalent</u>	<u>US Dollars</u>	<u>Euro</u>	<u>AED</u>	<u>Qatari Rival</u>	<u>GBP</u>	<u>BGN</u>	<u>TRY</u>
Collaterals	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

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17. EMPLOYEE BENEFITS

<u>Provisions for Short Term Employee Benefits</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Unused Vacation Rights	9,675,781	9,597,017

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

	<u>1 January - 30 June 2020</u>	<u>1 January - 30 June 2019</u>
Provisions as of 1 January	9,597,017	12,479,388
Additional provision	1,793,864	7,474,971
Using in period	(2,962,243)	(9,732,942)
Foreign currency conversion adjustments	1,247,143	1,084,646
End of the period	9,675,781	11,306,063

<u>Employee Benefits Liabilities</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Due to Personnel	30,282,078	10,279,710
Social Security Withholdings Payable	3,638,420	1,107,377
Total	33,920,498	11,387,087

<u>Provisions for Long Term Employee Benefits</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Provisions for Employee Termination Benefits	17,512,729	20,047,227

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 (31 December 2019: % 4.19). The severance provisions for the employees that works Group's Qatar and United Arab Emirates branches are not subject to any discount due to local laws of these countries where the units are.

	<u>30 June 2020</u>	<u>31 December 2019</u>
Annual Discount Rate (%)	4.19	4.19
Probability of Retirement (%)	93.20	91.72

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 30 June 2020 the accompanying financial statements provisions for the future probably obligation arising from the retirement of employees is calculated by estimating the present value.

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17. EMPLOYEE BENEFITS (Continued)

Severance pay ceiling amounting to TRY7,117 (31 December 2019: TRY6,380) used on calculation of retirement pay provision with effect from 1 January 2020.

The movement of provision for severance pay as follows:

	<u>1 January – 30 June 2020</u>	<u>1 January – 30 June 2019</u>
Provision as of 1 January	20,047,227	27,566,533
Service Cost	3,866,679	6,257,158
Interest Cost	40,126	147,194
Employee Termination Paid	(9,109,984)	(14,793,543)
Actuarial Gain/Loss	239,851	436,719
Foreign Currency Exchange Differences	2,428,830	2,394,263
Provision as of 30 June	17,512,729	22,008,324

18. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS**a) Capital**

The Company's issued share capital as at 30 June 2020 and 31 December 2019 dates are as follows:

	<u>30 June 2020</u>		<u>31 December 2019</u>	
	<u>Share</u>	<u>Share</u>	<u>Share</u>	<u>Share</u>
<u>Shareholders (*)</u>	<u>Amount TRY</u>	<u>Percentage (%)</u>	<u>Amount TL</u>	<u>Percentage (%)</u>
Rıdvan Çelikel	48,780,773	44.35	48,780,773	44.35
Avniye Mukaddes Çelikel	5,677,038	5.16	5,677,038	5.16
Capital Strategy Funds Spc-The				
Opportunistic Series Segregated Portfolio	23,223,483	21.11	18,360,845	16.69
Other	32,318,706	29.38	37,181,344	33.80
Paid in Capital	110,000,000	100.00	110,000,000	100.00

(*) As published on 12 August 2020 at kap.gov.tr.

As at 12 August, % 27.17 (31 December 2019: %31.82) 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 TRY200,000,000. The Company's issued share capitals' historical value is TRY110,000,000. (31 December 2019: TRY110,000,000) which is consisted of authorized and fully paid 22,188,841 pcs of A-group shares and 87,811,159 pcs of B-group shares and each having TRY1 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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18. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (Continued)**b) Premiums/(Discounts) Related with Shares**

	<u>30 June 2020</u>	<u>31 December 2019</u>
Premiums/(Discounts) Related with Shares	1,498,280	1,498,280
Total	<u>1,498,280</u>	<u>1,498,280</u>

c) Effect of Common Controlled Entities or Enterprises Mergers

	<u>30 June 2020</u>	<u>31 December 2019</u>
Effect of Common Controlled Entities or Enterprises Mergers (*)	(62,334,320)	(62,334,320)
Total	<u>(62,334,320)</u>	<u>(62,334,320)</u>

(*) TRY48,314,150 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. TRY14,020,170 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) Revaluation and Measurement Gain/(Loss)

	<u>30 June 2020</u>	<u>31 December 2019</u>
Tangible Assets Revaluation Gain/(Loss)	(101,224)	(101,224)
Total	<u>(101,224)</u>	<u>(101,224)</u>

e) Foreign Currency Translation Differences

	<u>30 June 2020</u>	<u>31 December 2019</u>
Foreign Currency Translation Differences	259,453,138	201,605,115
Total	<u>259,453,138</u>	<u>201,605,115</u>

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

	<u>30 June 2020</u>	<u>31 December 2019</u>
Defined Benefit Plans Revaluation and Measurement Gain/(Loss)	(1,686,440)	(1,494,559)
Total	<u>(1,686,440)</u>	<u>(1,494,559)</u>

g) Restricted Reserves

	<u>30 June 2020</u>	<u>31 December 2019</u>
Restricted Reserves	13,960,750	13,960,750
Total	<u>13,960,750</u>	<u>13,960,750</u>

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18. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (Continued)**h) Retained Earnings**

	<u>30 June 2020</u>	<u>31 December 2019</u>
Accounting for expected credit losses in accordance with TFRS 9	(1,828,789)	(1,828,789)
Retained Earnings	261,571,691	258,028,357
Total	<u>259,742,902</u>	<u>256,199,568</u>

i) Non-controlling Shares

	<u>30 June 2020</u>	<u>31 December 2019</u>
1st January Balance	1,336,034	23,141,763
The effect of the change in the share rate of the minority	(6,404,222)	(21,454,715)
Minority Share Profit/(Loss)	(572,222)	(351,014)
Total	<u>(5,640,410)</u>	<u>1,336,034</u>

j) Other Equity Shares

	<u>30 June 2020</u>	<u>31 December 2019</u>
Other Equity Shares (*)	(13,842,938)	(13,842,938)
Total	<u>(13,842,938)</u>	<u>(13,842,938)</u>

(*) 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

	<u>30 June 2020</u>	<u>31 December 2019</u>
Other Reserves (**)	5,851,513	5,851,513
Total	<u>5,851,513</u>	<u>5,851,513</u>

(**) 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

	<u>30 June 2020</u>	<u>31 December 2019</u>
Balance at 1 January	(8,691,856)	-
Put option liability fund on non-controlling shares (***)	6,420,773	(8,691,856)
Outstanding fund provision	2,271,083	-
Total	<u>-</u>	<u>(8,691,856)</u>

(***) Anel Elektrik Proje Taahhüt A.Ş. Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. ("ANELT"), one of its subsidiaries, for the dates of 20.03.2020 -02.04.2020, for Group A shares of TRY 1.47023 and TRY 1.40939 for Group B shares. 138 investors participated in the mandatory share purchase proposal with a nominal value of TRY 4,555,711, with a total participation of TRY 6,420,773.

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18. 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 cannot 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.

At the 2019 Ordinary General Assembly Meeting held on 29 May 2020; as a result of 2019 activities; in the financial statements for the period 01.01.2019-31.12.2019 was a profit of TRY 4,046,096.49 according to prepared of the Tax Procedure Law was obtained as a result of 2019 activities, while a profit of TRY 3,543,334 was obtained in the consolidated financial statements of 2019.

As of March 31, 2020 dated Turkey Chambers and Stock Exchanges Association ("TOBB") have sent to text by The Ministry of Commerce and profit distribution policy in mind, It has been decided to distribute TRY 885,833.50, calculated at the rate of 25% over the profit amount of 3,543,334 TL, which is also included in the consolidated financial statements of 2019, to the partners as of 4 August 2020.

19. REVENUE/COST OF SALES

	<u>01 January - 30 June 2020</u>	<u>01 January - 30 June 2019</u>	<u>01 April - 30 June 2020</u>	<u>01 April - 30 June 2019</u>
Sales Revenues (Net)				
Domestic Sales	142,788,589	31,685,466	51,625,700	16,662,647
Export Sales	301,747,319	517,821,875	136,547,198	261,981,809
Other Revenues	5,191,181	2,956,111	1,723,326	2,939,162
Total Revenues	449,727,089	552,463,452	189,896,224	281,583,618
Sales Returns (-)	(304,393)	(14,568,255)	(92,299)	(14,336,181)
Sales Revenues (Net)	449,422,696	537,895,197	189,803,925	267,247,437
I- Cost of Goods Sold	(17,964,788)	(13,028,654)	(7,863,271)	(12,497,208)
II- Cost of Services Sold	(399,931,177)	(500,817,619)	(168,760,407)	(250,716,791)
III- Depreciation Expenses	(3,017,314)	(4,434,902)	(1,572,027)	1,821,184
IV- Redemption Expenses	(10,562)	(30,457)	(4,622)	(5,825)
Cost of Sales (I+II+III+IV)	(420,923,841)	(518,311,632)	(178,200,327)	(261,398,640)
GROSS PROFIT/LOSS	28,498,855	19,583,565	11,603,598	5,848,797

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20. FINANCIAL INCOME / (EXPENSES)

	<u>1 January - 30 June 2020</u>	<u>1 January - 30 June 2019</u>	<u>1 April - 30 June 2020</u>	<u>01 April - 30 June 2019</u>
Financing Income				
Exchange Differences Income	6,930,157	9,809,213	2,536,408	7,272,119
Interest Income	2,465,450	2,792,973	985,073	1,498,704
Unearned Interest Income	-	(26,037)	-	(26,638)
Total	9,395,607	12,576,149	3,521,481	8,744,185
	<u>1 January - 30 June 2020</u>	<u>1 January - 30 June 2019</u>	<u>1 April - 30 June 2020</u>	<u>1 April - 30 June 2019</u>
Financing Expenses (-)				
Loan Interest Expenses (-)	18,451,587	15,789,735	9,615,648	8,450,291
Exchange Differences Expenses (-)	18,389,103	17,905,486	8,389,704	10,686,262
Unearned Interest Expense (-)	152,522	(47)	24,681	(47)
Total	36,993,212	33,695,174	18,030,033	19,136,506
Financial income/expense, net	(27,597,605)	(21,119,025)	(14,508,552)	(10,392,321)

21. EARNINGS PER SHARE

	<u>1 January - 30 June 2020</u>	<u>1 January - 30 June 2019</u>	<u>1 April - 30 June 2020</u>	<u>1 April - 30 June 2019</u>
Earnings Per Share /				
Net Profit\Loss) of the Parent Company	(5,760,555)	739,339	(7,853,117)	(2,227,542)
Weighted Average Number of Shares	110,000,000	110,000,000	110,000,000	110,000,000
Earning Per Share Profit\Loss) from Ongoing Activities	(0.05)	0.01	(0.07)	(0.02)

22. 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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22. RELATED PARTY DISCLOSURES (Continued)

	30 June 2020			
	Receivables		Payables	
	Short Term		Short Term	
	Trade	Other	Trade	Other
Balances with Related Parties				
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	19,923	-	4,566,789	-
Anelnet Teknik Hizmetler Ltd. Şti. (*)	7,572,420	184,115	-	-
Anel Holding A.Ş. (*)	220,649	370	846,693	731,862
Unpaid Interest Income / Expense (-)	(14,775)	-	(3,460)	-
Total	7,798,217	184,485	5,410,022	731,862

(*) 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 12.72% as of 30 June 2020.

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22. RELATED PARTY DISCLOSURES (Continued)

	31 December 2019			
	Receivables		Payables	
	Short Term		Short Term	
	Trade	Other	Trade	Other
Balances with Related Parties				
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	-
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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22. RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties between 1 January- 30 June 2020 and 1 January - 30 June 2019 are as follows:

Related Party Transactions	1 January-30 June 2020						Exchange Difference Income
	Stock Purchases	Interest Income	Interest Expense	Service Sales	Service Purchase	Exchange Difference Expense	
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	12,703,296	-	-	178,396	750	143,808	-
Anelnet Teknik Hizmetler Ltd. Şti.	-	10,984	30,065	17,899	547,871	-	31,091
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	2,695	1,682,114	3,404	20,099	2,707	-	-
Çelikel Eğitim Vakfı	-	-	-	2,967	-	-	-
EKB(Energia Kompania Bonev)	-	29,197	-	-	-	-	-
Epsinom Teknik Hizmetler Ltd.Şti.	-	-	-	1,678	-	-	-
Anel Holding A.Ş.	-	452,715	-	662,905	9,683,529	-	-
Total	12,705,991	2,175,010	33,469	883,944	10,234,857	143,808	31,091

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22. RELATED PARTY DISCLOSURES (Continued)

	1 January-30 June 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.	250,050	-	-	121,038	816	3,156	-
Anelnet Teknik Hizmetler Ltd. Şti.	-	20,964	-	9,653	353,630	81,325	59,487
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	-	2,604,364	6,483	1,641	-	-	-
Çelikel Eğitim Vakfı	-	-	-	3,456	-	-	-
Köpük Turizm ve Yatçılık Ltd. Şti.	-	23,193	-	1,278	-	-	-
EKB(Energia Kompania Bonev)	-	126,218	-	-	-	-	-
Epsinom Teknik Hizmetler Ltd.Şti.	-	2,353	-	1,500	-	-	-
Anel Holding A.Ş.	-	6,074	18,409	916,318	9,430,717	-	1,999,132
Anel Telekomünikasyon Elk. Sist. San. ve Tic. A.Ş.	-	-	-	1,783	-	-	-
Anel Yapı Gayrimenkul A.Ş.	-	29,950	-	-	2,011	-	-
E Sistem Elektronik A.Ş.	-	-	-	2,308	-	-	-
Total	250,050	2,813,116	24,892	1,058,975	9,787,174	84,481	2,058,619

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22. RELATED PARTY DISCLOSURES (Continued)

Related party transactions between 1 January - 30 June 2020 and 1 January - 30 June 2019 are as follows; - Product sales consist of electrical supplies - Service purchases consist of department attendance fee, building maintenance fee, electricity and water expense, food expense, security expense, transportation expense, labour service expense, - Service sales consist of labour service income, building maintenance fee, consultancy, electricity and water expense, food expense, security expense, transportation expense and department attendance fee.

Group's key management personnel are Board Chairman and Members and vice general manager. Benefits supplied to key management personnel as of 1 January - 30 June 2020 and 1 January - 30 June 2019 as are as follows:

<u>Benefits Provided by Top-Level Management</u>	<u>1 January.- 30 June 2020</u>	<u>1 January.- 30 June 2019</u>
Employee Short Term Benefits	4,572,340	2,981,256
Total	4,572,340	2,981,256

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

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23. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Equity Risk Method

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 minimize potential adverse effects on the Company's financial performance.

a.1) Credit Risk

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

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

a.1.1) Currency Risk Management

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

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

FOREIGN CURRENCY POSITION TABLE						
30 June 2020						
	TRY Equivalent	US Dollars	Euro	GBP	AED	CHF
1. Trade Receivables	7,408,402	659,445	343,845	-	52,376	-
2. Monetary Financial Assets	2,421,292	199,635	128,981	7,254	-	-
3. Other	2,154,665	115,623	176,896	-	-	-
4. Current Assets (1+2+3)	11,984,359	974,703	649,722	7,254	52,376	-
5. Total Assets (4)	11,984,359	974,703	649,722	7,254	52,376	-
6. Trade Payables	41,950,322	3,898,016	1,925,760	51,633	-	-
7. Financial Liabilities	12,887,563	-	1,671,929	-	-	-
8. Other Non-Monetary Liabilities	43,254,149	3,316,354	2,654,414	-	-	14,168
9. Short Term Liabilities (6+7+8)	98,092,034	7,214,370	6,252,103	51,633	-	14,168
10. Financial Liabilities	6,744,698	-	875,003	-	-	-
11. Long Term Liabilities (10)	6,744,698	-	875,003	-	-	-
12. Total Liabilities (9+11)	104,836,732	7,214,370	7,127,106	51,633	-	14,168
13. Net Foreign Currency Assets / (Liabilities)(5-12)	(92,852,373)	(6,239,667)	(6,477,384)	(44,379)	52,376	(14,168)
14. Monetary Items Net Foreign Currency Assets / Liability Position	(51,752,889)	(3,038,936)	(3,999,866)	(44,379)	52,376	-

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23. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

a.1.1) Currency Risk Management (Continued)

FOREIGN CURRENCY POSITION TABLE							
31 December 2019							
	TRY Equivalent	US Dollars	Euro	GBP	AED	CHF	BGN
1. Trade Receivables	1,186,076	107,743	82,107	-	-	-	-
2. Monetary 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 / (Liabilities) (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)

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				
30 June 2020				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciates	Foreign currency appreciation	Foreign currency depreciates
10% change in US Dollars against TRY				
1- US Dollar net assets / liabilities	(4,269,305)	4,269,305	-	-
2- US Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	(4,269,305)	4,269,305	-	-
10% change in EUR against TRY:				
4- Euro net assets / liabilities	(4,992,897)	4,992,897	-	-
5- Euro Hedged (-)	-	-	-	-
6- Euro Net Effect (4+5)	(4,992,897)	4,992,897	-	-
10% change in GBP against TRY:				
7- GBP net assets / liabilities	(37,404)	37,404	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	(37,404)	37,404	-	-
10% change in BAE Dirham against TRY:				
10- AED net assets / liabilities	24,592	(24,592)	-	-
11- AED Hedged (-)	-	-	-	-
12- AED Net Effect (10+11)	24,592	(24,592)	-	-
10% change in CHF against TRY:				
13- CHF net assets / liabilities	(10,224)	10,224	-	-
14 - CHF Hedged (-)	-	-	-	-
15- CHF Net Effect (13+14)	(10,224)	10,224	-	-
TOTAL (3+6+9+12+15)	(9,285,238)	9,285,238	-	-

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23. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

a.1.1) Currency Risk Management (Continued)

Exchange Rate Sensitivity Analysis Table				
31 December 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	-	-

The Group does not hedge its foreign currency liability by using derivative financial instruments.

a.1.2) Interest Rate Risk Management

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

All of the financial obligations of the Group consist of fixed interest loans. Therefore, there is no interest rate risk calculation for interest changes (31 December 2019: Not applicable.)

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

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

	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
30 June 2020						
Financial Assets						
Cash and Cash Equivalents	-	30,371,387	-	-	30,371,387	5
Trade Receivables	-	222,608,229	-	-	222,608,229	8.22
Financial Liabilities						
Financial Liabilities	-	-	-	390,562,209	390,562,209	7
Trade Payables	-	-	-	194,107,059	194,107,059	8.22
Other Financial Liabilities	-	-	-	703,125	703,125	
31 December 2019						
Financial Assets						
Cash and Cash Equivalents	-	105,056,111	-	-	105,056,111	5
Trade Receivables	-	221,059,677	-	-	221,059,677	8.22
Financial Liabilities						
Financial Liabilities	-	-	-	321,651,979	321,651,979	7
Trade Payables	-	-	-	235,792,908	235,792,908	8.22
Other Financial Liabilities	-	-	-	1,114,583	1,114,583	

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

Financial Instrument fair values determine as follows;

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

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

Financial Assets	30 June 2020	The level of the fair value at the reporting date		
		First Level (TRY)	Second Level (TRY)	Third Level (TRY)
Real Estate for Investment	282,864,413	-	282,864,413	-
Total	282,864,413	-	282,864,413	-

Financial Assets	31 December 2019	The level of the fair value at the reporting date		
		First Level (TRY)	Second Level (TRY)	Third Level (TRY)
Real Estate for Investment	282,864,413	-	282,864,413	-
Total	282,864,413	-	282,864,413	-

25. EXPLANATIONS ON CASH FLOW STATEMENT

Other Explanations

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

			Non-cash movements			
			Additions	Exchange rate change	Non-Monotory Transactions	
31 December 2019	Monotory Transactions					30 June 2020
Financial liability	321,651,979	74,010,252	-	17,649,365	(22,749,387)	390,562,209
Total liabilities from financing activities	321,651,979	74,010,252	-	17,649,365	(22,749,387)	390,562,209

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25. EXPLANATIONS ON CASH FLOW STATEMENT (Continued)

	31 December 2018	Monotory Transactions	Non-cash movements			31 December 2019
			Additions	Exchange rate change	Non-Monotory Transactions	
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

26. EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

For the period ended 31 December 2019, the Group's shareholders' equity amounting to TRY566,781,106 consists of shareholders' equity of the Parent Company TRY(5,640,410) (31 December 2019: TRY506,193,663 and TRY1,336,034).

27. EVENTS AFTER THE REPORTING PERIOD

None.