

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 30 SEPTEMBER 2020**

(ORIGINALLY ISSUED IN TURKISH)

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

	Notes	Not Reviewed	
		Current Period 30.09.2020	Previous Period 31.12.2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	80.640.630	105.056.111
Financial Investments	6	8.796	3.634
Trade Receivables		271.222.030	221.059.677
- Trade Receivables from Related Parties	8,22	8.722.122	8.680.938
- Trade Receivables from Third Parties	8	262.499.908	212.378.739
Other Receivables		5.600.601	24.534.689
- Other Receivables from Related Parties	22	191.633	10.935.494
- Other Receivables from Third Parties		5.408.968	13.599.195
Receivables from Ongoing Construction, Commitments and Service Agreements	11	856.582.864	540.734.004
Inventories	9	122.346.331	130.589.451
Prepaid Expenses	10	21.016.430	18.503.741
- Prepaid Expenses from Related Parties		1.410.600	-
- Prepaid Expenses from Third Parties		19.605.830	18.503.741
Current Tax Related Assets		37.514	529.367
Other Current Assets		31.503.321	15.110.110
Non-Current Assets		306.036.567	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	276.214.413	282.864.413
Tangible Fixed Assets	14	23.858.760	61.010.550
Intangible Fixed Assets	15	165.083	314.912
Prepaid Expenses	10	615.372	274.818
Deferred Tax Assets		-	680.004
Non-Current Assets Related with Current Period Tax		5.095.152	2.035.997
TOTAL ASSETS		1.694.995.084	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 SEPTEMBER 2020 AND 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Not Reviewed	
		Current Period 30.09.2020	Previous Period 31.12.2019
LIABILITIES			
Short-Term Liabilities		1.058.862.420	768.425.086
Short-Term Borrowings	7	264.641.007	187.308.969
Short Term Portion of Long Term Financial Liabilities	7	49.656.528	25.630.072
Trade Payables		199.896.880	235.792.908
- Trade Payables to Related Parties	8,22	5.723.624	632.716
- Trade Payables to Third Parties	8	194.173.256	235.160.192
Employee Benefits	17	27.851.105	11.387.087
Other Payables		17.987.351	9.038.545
- Other Payables to Related Parties	22	3.317.323	109.463
- Other Payables to Third Parties		14.670.028	8.929.082
Payables from Ongoing Construction, Commitments and Service Agreements	11	11.304.931	9.734.857
Deferred Income	10	469.691.663	262.934.250
Income Tax Payable		802.374	1.114.583
Short-Term Provisions		17.030.581	25.483.815
- Short-Term Provisions for Employee Benefits	17	9.832.693	9.597.017
- Other Short-Term Provisions	16	7.197.888	15.886.798
Long Term Liabilities		127.521.426	128.760.165
Long-Term Borrowings	7	106.617.843	108.712.938
Long-Term Provisions		15.437.516	20.047.227
- Long-Term Provisions for Employee Benefits	17	15.437.516	20.047.227
Deferred Tax Liabilities		5.466.067	-
TOTAL LIABILITIES		1.186.383.846	897.185.251
EQUITY			
Equity Belongs to Parent Company		508.611.238	507.529.697
Equity Belongs to Parent Company		514.937.866	506.193.663
Paid-in Capital	18	200.000.000	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)		(1.776.242)	(1.595.783)
Revaluation and Measurement (Losses)		(1.776.242)	(1.595.783)
- Increase / (Decrease) from Revaluation of Tangible Assets	18	(101.224)	(101.224)
- Defined Benefit Plans Remeasurement Gains / Losses	18	(1.675.018)	(1.494.559)
Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss)		300.656.998	201.605.115
- Foreign Currency Conversion Difference	18	300.656.998	201.605.115
Restricted Reserves Allocated from Profits		13.950.112	13.960.750
- Legal Reserves	18	13.950.112	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	168.857.068	256.199.568
Net Profit / (Loss) for the Period	21	(97.922.605)	3.543.334
Non-Controlling Shares	18	(6.326.628)	1.336.034
TOTAL LIABILITIES		1.694.995.084	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 SEPTEMBER 2020 AND 2019
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Not Reviewed			
		Revised (*)		Current Period 01.07.-30.09.2020	Previous Period 01.07.-30.09.2019
		Current Period 01.01.-30.09.2020	Previous Period 01.01.-30.09.2019		
PROFIT OR LOSS					
Revenue	4	566.602.775	822.158.661	117.180.079	284.263.464
Cost of Sales (-)	4	(605.409.738)	(779.628.720)	(184.485.897)	(261.317.088)
GROSS PROFIT/LOSS		(38.806.963)	42.529.941	(67.305.818)	22.946.376
General Administrative Expense (-)	4	(25.593.040)	(26.721.707)	(8.018.766)	(10.327.566)
Other Operating Income	4	100.719.302	37.136.841	60.327.650	(4.435.413)
Other Operating Expense (-)	4	(85.652.639)	(26.385.798)	(52.496.785)	(504.469)
OPERATING PROFIT/LOSS		(49.333.340)	26.559.277	(67.493.719)	7.678.928
Impairment (losses) / gains in accordance with TFRS 9, net		1.218.241	981.684	46.630	(71.925)
Income From Investing Activities	4	9.499.298	91.186	2.570.676	53.383
Expense From Investing Activities (-)	4	(137.670)	(6.324)	400.490	(3.446)
Shares from Income / (Loss) of Investments Valuated with Equity Method	12	-	460.471	-	214.193
OPERATING PROFIT/LOSS BEFORE FINANCING INCOME AND EXPENSES		(38.753.471)	28.086.294	(64.475.923)	7.871.133
Financing Income	4	14.706.719	14.870.420	5.311.112	2.294.271
Financing Expenses (-)	4	(70.914.266)	(38.295.133)	(33.921.054)	(4.599.959)
PROFIT/LOSS BEFORE TAX FROM ONGOING ACTIVITIES		(94.961.018)	4.661.581	(93.085.865)	5.565.445
Continuing Operations Tax Income / (Expense)		(4.261.854)	(1.582.775)	195.770	(2.475.166)
-Tax Income/ (Expense) For Period	4	(7.688)	(1.959.626)	(446)	(1.959.626)
-Deferred Tax Income/ (Expense)	4	(4.254.166)	376.851	196.216	(515.540)
PERIOD PROFIT / (LOSS) FROM ONGOING ACTIVITIES		(99.222.872)	3.078.806	(92.890.095)	3.090.279
PROFIT/ (LOSS) FOR THE PERIOD		(99.222.872)	3.078.806	(92.890.095)	3.090.279
Distribution of the Profit / (Loss) for the Year					
Non-controlling Shares	18	(1.300.267)	(486.388)	(728.045)	264.424
Parent Company Shares	21	(97.922.605)	3.565.194	(92.162.050)	2.825.855
Earnings Per Share					
- Earnings Per Share	21	(0,5)	0,03	(0,44)	0,03

*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 SEPTEMBER 2020 AND 2019
 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Not Reviewed			
	Current Period 01.01.-30.09.2020	Revised (*) Previous Period 01.01.-30.09.2019	Current Period 01.07.-30.09.2020	Previous Period 01.07.-30.09.2019
PROFIT/ (LOSS) FOR THE PERIOD	(99.222.872)	3.078.806	(92.890.095)	3.090.279
OTHER COMPREHENSIVE INCOME				
Items not to be Reclassified to Profit or Loss	(180.459)	(343.075)	11.422	6.300
Defined Benefit Plans Remeasurement Gains / (Losses)	(225.574)	(428.844)	14.277	7.875
Taxes Related to Other Comprehensive Income (expenses) Items not to be Reclassified to Profit	45.115	85.769	(2.855)	(1.575)
Deferred Tax Income (Expenses)	45.115	85.769	(2.855)	(1.575)
Items to be Reclassified to Profit or Loss	99.051.883	22.010.670	41.203.860	(5.203.312)
Gain / (Loss) from Foreign Currency Conversion Differences	99.051.883	22.010.670	41.203.860	(5.203.312)
OTHER COMPREHENSIVE INCOME/ EXPENSES	98.871.424	21.667.595	41.215.282	(5.197.012)
TOTAL COMPREHENSIVE INCOME	(351.448)	24.746.401	(51.674.813)	(2.106.733)
Appropriation of Total Comprehensive Income				
Non-Controlling Interests	(1.300.267)	(486.388)	(728.045)	264.424
Parent Company Share	948.819	25.232.789	(50.946.768)	(2.371.157)

*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 TAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 be 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				
																Increase / (Decrease) from Revaluation of Tangible Assets	Defined Benefit Plans Remeasurement Gains / Losses	Foreign Currency Conversion Differences	
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/ (Loss)	-	-	-	-	-	(343.075)	22.010.670	-	-	-	-	3.565.194	25.232.789	(486.388)	24.746.401				
Transactions with Non-Controlling Shareholders	-	67.271	-	-	-	-	-	663.968	(13.842.938)	3.457.590	-	-	(9.654.109)	(21.454.716)	(31.108.825)				
Revised Balances as of 30 September 2019 (*) (end of period)	18	110.000.000	1.498.280	(62.334.320)	-	(101.224)	(1.518.956)	195.791.189	13.960.750	(13.842.938)	5.851.513	256.199.568	3.565.194	509.069.056	1.200.659	510.269.715			
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	1.336.034	507.529.697			
Transfers	-	-	-	-	-	-	-	-	-	-	3.543.334	(3.543.334)	-	-	-				
Total Comprehensive Income/ (Loss)	-	-	-	-	-	(180.459)	99.051.883	-	-	-	-	(97.922.605)	948.819	(1.300.267)	(351.448)				
Issue of equity	90.000.000	-	-	-	-	-	-	-	-	-	(90.000.000)	-	-	-	-				
Effect of Merger or Liquidation or Division	-	-	-	-	-	-	-	(10.638)	-	-	-	-	(10.638)	-	(10.638)				
Dividends Paid	-	-	-	-	-	-	-	-	-	-	(885.834)	-	(885.834)	-	(885.834)				
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	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.362.395)	(6.362.395)				
Balances as of 30 September 2020 (end of period)	18	200.000.000	1.498.280	(62.334.320)	-	(101.224)	(1.675.018)	300.656.998	13.950.112	(13.842.938)	5.851.513	168.857.068	(97.922.605)	514.937.866	(6.362.628)	508.611.238			

*The effects of rearrangement are explained in Note 2.

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

	Notes	Not Reviewed	
		Current Period	Revised (*)
		01.01.-30.09.2020	01.01.-30.09.2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		(76.098.605)	(16.479.643)
Profit/(Loss) for the period		(99.222.872)	3.078.806
Adjustments to reconcile net profit to cash provided by operating activities		209.723.399	63.750.437
Depreciation and Amortisation Expenses	14,15	5.034.165	6.561.244
Adjustments for Provisions		11.995.731	19.145.815
Adjustments for Provisions / (Reversals) of Employee Benefits	17	13.211.026	21.092.704
Adjustments for Provisions / (Reversals) of Lawsuits or Fine	16	2.946	(965.205)
Adjustments for General Provisions / (Reversals)		(1.218.241)	(981.684)
Financial income / expense net		25.308.827	23.424.713
Interest income adjustments		(3.077.129)	(14.870.420)
Interest expense adjustments		28.385.956	38.295.133
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		-	460.471
Adjustments related to undistributed profits of associates	12	-	460.471
Corrections on Tax (Revenue) Movement		4.261.854	1.582.775
Corrections related to losses (gains) arising from the disposal of tangible fixed assets		(1.493.880)	-
Adjustments for Arising from the Disposal of Tangible Fixed Assets Losses (Gains)		57.552	-
-Adjustments for Losses (Gains) Arised From Sale of Investment Property	13	(1.551.432)	-
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		37.670.762	-
Adjustments for Unrealized Foreign Currency Translation Differences		133.879.787	12.575.419
Changes in Net Working Capital		(160.035.880)	(47.270.870)
Financial Investments Increases / (Decreases)	6	(5.162)	752
Increases / (Decreases) in Trade Receivables		(50.162.353)	114.092.677
-Increases / (Decreases) in Trade Receivables from Related Parties	8,22	(61.184)	995.219
-Increases / (Decreases) in Trade Receivables from Third Parties	8	(50.121.169)	113.097.458
Increases / (Decreases) in Other Receivables		18.932.820	5.957.674
-Increases / (Decreases) in Other Receivables from Related Parties	22	10.743.861	(2.114.986)
-Increases / (Decreases) in Other Receivables from Third Parties		8.188.959	8.072.660
Increases / (Decreases) in Receivables from Ongoing Construction, Commitment, and Service Agreements	11	(315.848.860)	(209.833.811)
Increases / (Decreases) in Inventories	9	8.243.120	47.334.562
Increases / (Decreases) in Prepaid Expenses	10	(2.853.243)	3.870.251
Increases / (Decreases) in Trade Payables		(35.896.028)	(41.767.898)
-Increases / (Decreases) in Trade Payables to Related Parties	8,22	5.090.908	(2.525.315)
-Increases / (Decreases) in Trade Payables to Third Parties	8	(40.986.936)	(39.242.583)
Increases / (Decreases) in Employee Benefits	17	16.464.018	6.458.981
Increases / (Decreases) in Payables from Ongoing Construction, Commitment, and Service Agreements	11	1.570.074	(5.504.001)
Increases / (Decreases) in Other Payables		8.948.806	51.873
-Increases / (Decreases) in Other Payables to Related Parties	22	3.207.860	(812.844)
-Increases / (Decreases) in Other Payables to Third Parties		5.740.946	864.717
Increases / (Decreases) in Deferred Income	10	206.757.413	27.705.027
Adjustments for (Gains)/Losses from Changes in Capitals		(16.186.485)	4.363.043
-Increases / (Decreases) in Other Assets		(18.960.513)	(5.149.133)
-Increases / (Decreases) in Other Liabilities		2.774.028	9.512.176
Cash Flows from Operating Activities		(49.535.353)	19.558.373
Dividends Paid		(885.834)	-
Payments in the coverage of benefits provided to employees	17	(24.525.320)	(34.599.948)
Tax Returns (Payments)		(1.152.097)	(1.438.068)
B. CASH FLOW FROM INVESTING ACTIVITIES		9.519.145	(33.886.231)
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		1.995.980	958.302
-Cash Inflows from Tangible Asset Sales		1.796.499	957.794
-Cash Inflows from Intangible Asset Sales		199.481	508
Cash Outflows from Tangible and Intangible Asset Purchases		(1.191.341)	(2.327.243)
-Cash Outflows from Tangible Asset Purchases		(1.187.007)	(2.264.855)
-Cash Outflows from Intangible Asset Purchases		(4.334)	(62.388)
Cash Inflows From Sale of Investment Property	13	8.201.432	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		40.529.994	87.140.277
Proceeds From Borrowing		269.395.095	125.826.873
Cash Inflows from Loans	7	269.395.095	125.826.873
Repayment of Borrowings		(203.556.274)	(21.850.336)
Cash Outflows on Credit Repayments	7	(203.556.274)	(21.850.336)
Paid interest		(28.385.956)	(21.469.093)
Received interest		3.077.129	4.632.833
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)		(26.049.465)	36.774.403
D. FOREIGN CURRENCY CONVERSION DIFFERENCES IMPACT ON CASH AND CASH EQUIVALENTS		1.633.984	847.804
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(24.415.481)	37.622.207
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	80.640.630	90.023.937

*The effects of rearrangement are explained in Note 2.

CONTENTS**PAGE**

1.	COMPANY'S ORGANIZATION AND ACTIVITIES	1-2
2.	BASIC OF PRESENTATION FINANCIAL STATEMENTS	2-11
3.	BUSINESS COMBINATIONS	12
4.	SEGMENT REPORTING	12-16
5.	CASH AND CASH EQUIVALENTS	16
6.	FINANCIAL INVESTMENTS	17
7.	FINANCIAL BORROWINGS	17
8.	TRADE RECEIVABLES AND PAYABLES	18-19
9.	INVENTORIES	19
10.	PREPAID EXPENSES AND DEFERRED REVENUES	20
11.	CONSTRUCTION CONTRACTS	20-21
12.	INVESTMENTS ACCOUNTING UNDER EQUITY METHOD	21
13.	INVESTMENT PROPERTY	21
14.	TANGIBLE ASSETS	22
15.	INTANGIBLE ASSETS	22
16.	PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES	22-26
17.	EMPLOYEE BENEFITS	27-28
18.	CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS	28-31
19.	REVENUE	31
20.	FINANCIAL INCOME / (EXPENSES)	32
21.	EARNINGS PER SHARE	32
22.	RELATED PARTY DISCLOSURES	32-37
23.	THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	38-41
24.	FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES)	42-43
25.	EXPLANATIONS ON CASH FLOW STATEMENT	43-44
26.	EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY	44
27.	EVENTS AFTER THE REPORTING PERIOD	44

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT PERIOD ENDED 30 SEPTEMBER 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 five divisions just as; project construction, ship electricity and electronics, real estate, telecommunication 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.

Real estate - Real estate purchase and sale.

Telecommunication - Although there are projects for telecommunication and renewable energy systems, there are no projects actually carried out in these areas as of the current period.

The Company’s shares were offered to public in 2010, and as of 4 November 2020, %26.36 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 September 2020, the number of employees of Group is 853 (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 September 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 PERIOD ENDED 30 SEPTEMBER 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 4 June 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. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basic Standards of Presentation

Basis of Presentation of Consolidated Financial Statements

Statement of compliance with Turkish Financial Reporting Standards (“TFRS”)

The accompanying consolidated 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 consolidated 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 PERIOD ENDED 30 SEPTEMBER 2020

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

2. BASIS OF PRESENTATION CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

Preparation of financial statements (Continued)

The financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) (hereinafter will be referred to as “the CMB Accounting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

The financial statements were approved by the Board of Directors on 6 November 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.

Comparative Information and Adjustment of Prior Period Consolidated 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 2020 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 September 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 PERIOD ENDED 30 SEPTEMBER 2020

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

2. BASIS OF PRESENTATION CONSOLIDATED 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 September 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>
Qatar Branch	Qatar Riyal (QAR)	2,1451	1,8441	1,6319	1,5579
Azerbaijan Branch	New Manat	4,5929	3,9486	3,4942	3,3358
Russia Branch	Russian Ruble	0,0984	0,0846	0,0961	0,0917
Anel BG Ltd.	Bulgarian Lev	4,6407	3,8439	3,3813	3,2273
Anel Emirates	United Arab Emirates Dirham	2,1275	1,8291	1,6186	1,5452
Anel Mep	Qatar Riyal (QAR)	2,1451	1,8441	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 September 2020; 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 PERIOD ENDED 30 SEPTEMBER 2020

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

2. BASIS OF PRESENTATION CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

Consolidation Principles (Continued)

As of 30 September 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 September 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	Energy	Bulgarian Lev	-	100.00
Golden Sun Ood (**)	Bulgaria	Energy	Bulgarian Lev	-	100.00
Anel BG Ltd	Bulgaria	Energy 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	100.00	100.00
Anel Engineering & Contracting Ltd.	England	Commitment	British Sterling	100.00	100.00
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	Turkey	Telecommunic ations	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 PERIOD ENDED 30 SEPTEMBER 2020

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

2. BASIS OF PRESENTATION CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

Consolidation Principles (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 consolidated financial statements. Profits and Losses arises from transactions between parent and subsidiaries subject to consolidation offsets as far as parent’s share on subsidiary. 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 PERIOD ENDED 30 SEPTEMBER 2020

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

2. BASIS OF PRESENTATION CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

Regulatory principles of the consolidated balance sheet and consolidated income statement (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 not continue in the event of the Group's significant impact. The registered value of the investment on the date of the important effect is shown at the cost of the fair value, otherwise it can be measured reliably if the value of the truth after that date is reliable.

As of 30 September 2020, the Group has no associates.

<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 September 2020</u>	<u>31 December 2019</u>
Energina Kompania Bonev	Bulgaria	Energy	-	50.00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT PERIOD ENDED 30 SEPTEMBER 2020

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

2. BASIS OF PRESENTATION CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

The new standards, amendments and interpretations

a. Standards, amendments and interpretations applicable as at 30 September 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.
- **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. The Group assesses the effect of the regarding changes mentioned above and will apply accordingly, if relevant.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT PERIOD ENDED 30 SEPTEMBER 2020

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

2. BASIS OF PRESENTATION CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basic Standards of Presentation (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 30 September 2020:

- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The Group assesses the effect of the regarding changes mentioned above and will apply accordingly, if relevant.
- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 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 IAS 1 means when it refers to the ‘settlement’ of a liability. The Group assesses the effect of the regarding changes mentioned above and will apply accordingly, if relevant.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

b. Standards, amendments and interpretations that are issued but not effective as at 30 September 2020 (Continued):

- **Amendments to IFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
- **Amendments to IAS 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 IAS 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 IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT PERIOD ENDED 30 SEPTEMBER 2020

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

2. BASIS OF PRESENTATION CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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 September 2020.

2.4 Significant Changes Regarding the Current Period

The Covid-19 Outbreak, which affects almost all industries worldwide, has adversely affected the Arabian Gulf region, where the Group mainly operates. The construction sector in this region was struggling with difficulties such as increasing construction sector costs before COVID-19 due to regional competition and political conflicts between countries in the region, delays in projects and decreasing business potential.

In addition to the current situation, due to the COVID-19 pandemic, additional difficulties such as social distance practices that lead to delays and pauses in projects, additional security and health practices in construction sites and worker camps, worker, equipment and material shortages, travel restrictions and quarantine rules have been added.

The impacts of the COVID-19 Outbreak in the European countries that the Group widened and have undertaken projects in recent years have also occurred in a similar direction to the Gulf region, creating delays and pauses and additional costs due to the implementations such as restrictions applied, reduced working hours and limited number of personnel to the construction sites.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT PERIOD ENDED 30 SEPTEMBER 2020

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

2. BASIS OF PRESENTATION CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.4 Significant Changes Regarding the Current Period (Continued)

Delays and pauses caused by these situations have adversely affected the Group's ongoing projects. In order to evaluate this situation and minimize its impact, the Group management has formed a committee to monitor and coordinate the measures taken, and efforts have been made to minimize the negative impact of the operations by taking measures that will not endanger the health of the employees and ensure the continuation of the projects.

In order to minimize the Covid-19 pandemic of our operations and to ensure that our employees have a safe working environment, technological tools and remote working software are widely used. The rapid adaptation to the new working conditions upon the emergence of pandemic conditions has shown that the Group has a high level of preparedness in using high technology and supporting innovative solutions.

In addition to the difficulties experienced by COVID-19, delayed payments by employers and pending claims and change orders in the Gulf Region can also downside cash flows and profit margins. The Group will continue to take measures to reduce this impact.

The reflection of the above-mentioned developments on the ongoing projects can be summarized as follows:

In the University College London Hospital Proton Beam Therapy Unit (UCLH PBT4) Project, although the construction site was not completely stopped, the number of personnel that could work on the site at any given time was limited, resulting in an inevitable delay in the completion date of the project. The project is currently close to completion, and discussions with the main contractor are ongoing regarding the additional costs arising from the delay.

Abu Dhabi International Airport Midfield Terminal Building Project followed a steady course during this period due to the impact of COVID-19, delayed payments and change orders that have not yet been resolved. In the current situation, operations started to take action with the employer's initiative to accelerate the project again.

As the Ain Dubai (Bluewaters) Project is about to be in a completion stage, an additional time extension requirement has arisen due to the impact of the COVID-19 outbreak, and discussions with the main contractor are ongoing regarding the anticipated additional costs.

The Azerbaijan Ministry of Taxes Building Project is in line with the program, and discussions with the main contractor are ongoing regarding the additional costs arising from the COVID-19 measures.

The Galataport Project has experienced a short pause, and the negotiations regarding the time extension and additional costs are mostly positive, and the negotiations with the employer are ongoing to agree on all of them.

The Istanbul Modern Museum and Schiphol Airport Pier A Airside Extension Projects have never been definitely stopped and indirect staff working from home has been implemented for short periods only.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT PERIOD ENDED 30 SEPTEMBER 2020

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

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.

The subsidiary of the Group named Enerjia Kompania Bonev was sold in the first quarter of 2020, as of 30 September 2020. Thus the Group has no subsidiary.

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 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, real estate business, telecommunication, 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 PERIOD ENDED 30 SEPTEMBER 2020

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

4. SEGMENT REPORTING (Continued)

30 September 2020	Project Commitment	Rent of Land and Buildings	Telecommunication:	Ship Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	544,871,678	13,999,488	3,390	7,877,036	695,506	-	567,447,098
Intra Group Revenue	-	-	-	-	-	(844,323)	(844,323)
Total Net Revenue	544,871,678	13,999,488	3,390	7,877,036	695,506	(844,323)	566,602,775
Cost of Sales (-)	(597,284,413)	(1,722,094)	(3,390)	(6,556,694)	(565,182)	722,035	(605,409,738)
Gross Profit / Loss	(52,412,735)	12,277,394	-	1,320,342	130,324	(122,288)	(38,806,963)
General and Administrative Expenses (-)	(23,860,646)	(1,086,240)	(489,844)	(923,677)	(128,845)	896,212	(25,593,040)
Other Operating Income	99,755,564	354,684	113,920	356,422	34,264	104,448	100,719,302
Other Operating Expenses	(80,890,688)	(1,557,438)	(75,828)	(2,774,353)	(317,108)	(37,224)	(85,652,639)
Operating Profit	(57,408,505)	9,988,400	(451,752)	(2,021,266)	(281,365)	841,148	(49,333,340)
Impairment (losses)/gains in accordance with TFRS 9, net	1,218,592	-	-	(351)	-	-	1,218,241
Income from Investment Operations	9,494,136	-	5,162	-	-	-	9,499,298
Expense from Investment Operations (-)	(134,616)	-	-	-	(3,054)	-	(137,670)
Operating Profit / (Loss) before Finance Income and Expense	(46,830,393)	9,988,400	(446,590)	(2,021,617)	(284,419)	841,148	(38,753,471)
Financing Income	16,275,315	705,991	5,558	1,418,689	5,314	(3,704,148)	14,706,719
Financing Expenses (-)	(29,447,921)	(42,285,011)	(251,819)	(327,801)	(2,265,815)	3,664,101	(70,914,266)
Operating Profit/(Loss) Before Tax	(60,002,999)	(31,590,620)	(692,851)	(930,729)	(2,544,920)	801,101	(94,961,018)
Operating Tax Income/(Loss)							
-Period Tax Income/(Loss)	-	-	-	-	(7,688)	-	(7,688)
-Deferred Tax Income/(Expense)	(2,854,884)	(439,214)	-	(968,045)	7,977	-	(4,254,166)
Profit/(Loss)	(62,857,882)	(32,029,834)	(692,851)	(1,898,774)	(2,544,631)	801,101	(99,222,872)
Investment Expenses							
Property, Plant and Equipment	731,783	444,300	-	10,925	-	-	1,187,008
Intangible Fixed Assets	1,231	-	3,103	-	-	-	4,334
Depreciation Expenses	(4,824,619)	(130,084)	-	(14,341)	-	-	(4,969,044)
Amortization Expenses	(47,733)	(1,292)	(816)	(15,280)	-	-	(65,121)
Other Information							
- Total Assets	2,508,424,384	307,182,532	73,467,523	26,938,758	1,480,270	(1,222,498,383)	1,694,995,084
- Total Liabilities	1,837,369,210	185,326,879	5,155,767	20,052,878	21,542,197	(883,063,084)	1,186,383,847

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT PERIOD ENDED 30 SEPTEMBER 2020

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

4. SEGMENT REPORTING (Continued)

30 September 2019	Project Commitment	Rent of Land and Buildings	Telecommunication	Ship Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	793,146,854	16,634,407	8,475	5,787,980	6,592,258	-	822,169,974
Intra Group Revenue	-	-	-	-	-	(11,313)	(11,313)
Total Net Revenue	793,146,854	16,634,407	8,475	5,787,980	6,592,258	(11,313)	822,158,661
Cost of Sales (-)	(771,049,587)	(1,225,961)	(19,105)	(4,087,380)	(3,247,692)	1,005	(779,628,720)
Gross Profit	22,097,267	15,408,446	(10,630)	1,700,600	3,344,566	(10,308)	42,529,941
General and Administrative Expenses (-)	(23,854,133)	(1,008,400)	(362,041)	(809,102)	(629,576)	(58,455)	(26,721,707)
Other Operating Income	33,831,691	2,517,990	228,674	435,133	177,674	(54,321)	37,136,841
Other Operating Expenses (-)	(22,313,158)	(3,502,506)	(5,858)	(395,219)	(169,057)	-	(26,385,798)
Operating Profit	9,761,667	13,415,530	(149,855)	931,412	2,723,607	(123,084)	26,559,277
Impairment (losses) / gains in accordance with TFRS 9, net	981,684	-	-	-	-	-	981,684
Income from Investment Operations	88,478	-	753	726	1,229	-	91,186
Expense from Investment Operations (-)	(6,324)	-	-	-	-	-	(6,324)
Equity Method Investments Profit / (Loss)'s Shares	460,471	-	-	-	-	-	460,471
Operating Profit / (Loss) before Finance Income and Expense	11,285,976	13,415,530	(149,102)	932,138	2,724,836	(123,084)	28,086,294
Financing Income	11,417,206	6,402,275	8,004	1,300,459	297	(4,257,821)	14,870,420
Financing Expenses (-)	(24,749,789)	(13,379,713)	(108,188)	(103,879)	(4,211,385)	4,257,821	(38,295,133)
Operating Profit / (Loss) Before Tax	(2,046,607)	6,438,092	(249,286)	2,128,718	(1,486,252)	(123,084)	4,661,581
Operating Tax Income / (Loss)							
-Period Tax Income / (Loss)	(1,281,231)	-	-	(494,948)	(183,447)	-	(1,959,626)
-Deferred Tax Income/(Expense)	537,666	(200,425)	(772)	31,732	8,650	-	376,851
Profit / (Loss)	(2,790,172)	6,237,667	(250,058)	1,665,502	(1,661,049)	(123,084)	3,078,806
Investment Expenses							
Tangible Fixed Assets	1,141,652	165,409	-	-	-	-	1,307,061
Intangible Fixed Assets	(508)	641	-	61,747	-	-	61,880
Depreciation Expenses	(4,864,069)	(82,414)	(1,385)	(12,913)	(1,497,865)	-	(6,458,646)
Amortization	(75,865)	(1,292)	(10,001)	(15,282)	(158)	-	(102,598)
Other Information							
-Total Assets	1,642,145,754	293,796,125	70,482,607	11,913,377	44,236,985	(690,876,986)	1,371,697,862
-Total Liabilities	1,056,350,392	146,564,455	4,515,559	2,401,628	44,664,891	(393,068,778)	861,428,147

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT PERIOD ENDED 30 SEPTEMBER 2020

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

4. SEGMENT REPORTING (Continued)

Geographical Segments

<u>1 January - 30 September 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	207,535,515	45,634,819	43,795,270	18,441,933	-	707,283	63,903,655	187,440,400	(856,100)	566,602,775
Assets Related Ongoing Construction										
Contracts	94,740,265	104,617,950	54,375,982	5,711,974	-	-	15,446,142	581,690,551	-	856,582,864
Assets according to Segment	1,214,543,583	817,911,583	97,085,724	16,061,424	67,324	1,129,004	56,019,776	714,675,049	(1,222,498,383)	1,694,995,084
Investment Expenses	652,971	241,010	-	5,442	-	-	-	291,919	-	1,191,342
<u>1 January - 30 September 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	52,450,057	156,605,041	107,777,577	14,855,820	-	6,592,258	91,286	483,797,935	(11,313)	822,158,661
Assets Related Ongoing Construction										
Contracts	18,496,667	78,780,110	53,923,464	2,171,312	-	-	91,751	350,152,048	-	503,615,352
Assets according to Segment	849,924,747	537,461,832	88,425,944	13,997,988	148,189	43,211,532	3,422,709	555,679,735	(720,574,814)	1,371,697,862
Investment Expenses	664,054	(808,142)	4,623	-	-	-	-	1,508,406	-	1,368,941

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

4. SEGMENT REPORTING (Continued)

The details of customers's shares in revenue according to the operating segments of the revenue generated by the Group between 1 January - 30 September 2020 and 1 January - 30 September 2019 are as follow:

<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>1 January - 30 September, 2020</u>
			<u>Share in Gross Revenue</u>
Project Commitment	Project Commitment	48,224,112	9%
Project Commitment	Project Commitment	43,795,269	8%
Project Commitment	Project Commitment	24,914,595	5%
Project Commitment	Project Commitment	24,817,216	5%
Ship Electrical and Electronics	Service Sales	645,447	7%
Ship Electrical and Electronics	Service Sales	540,147	6%

<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>1 January - 30 September, 2019</u>
			<u>Share in Gross Revenue</u>
Project Commitment	Project Commitment	468,031,879	58%
Project Commitment	Project Commitment	107,715,384	13%
Project Commitment	Project Commitment	78,482,598	10%
Ship Electrical and Electronics	Service Sales	4,065,873	70%
Ship Electrical and Electronics	Service Sales	240,923	4%

5. CASH AND CASH EQUIVALENTS

	<u>30 September 2020</u>	<u>31 December 2019</u>
Cash	445,972	1,149,350
Banks	77,247,206	103,906,698
- Demand Deposits	77,146,319	103,808,220
- Time Deposit Maturity less than 3 Months	100,887	98,478
Other Cash and Cash Equivalents	2,947,452	63
Total	80,640,630	105,056,111

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

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>30 September 2020</u>	<u>Interest Rate (%)</u>	<u>31 December 2019</u>
TRY	8,5- 11,4	100,887	9.38- 10.28	98,478
Total Time Deposit		100,887		98,478

	<u>30 September 2020</u>	<u>31 December 2019</u>
Opening balance	98,478	-
Addition	2,409	98,478
Disposal (-)	-	-
Time deposit at the end of the period	100,887	98,478

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

6. FINANCIAL INVESTMENTS

Short Term Financial Investment	30 September 2020	31 December 2019
Financial investments whose fair value differences are reflected in the income statement	8,796	3,634
Total	8,796	3,634

Financial investments whose fair value differences are reflected to profit / loss	30 September 2020	31 December 2019
Shares		
Shares traded on the stock exchange (*)	8,796	3,634
Total	8,796	3,634

(*) The shares traded on the stock exchange have appreciated TRY5,162 in the current period (31 December 2019: TRY1,158 depreciation).

7. FINANCIAL BORROWINGS

	30 September 2020	31 December 2019
Bank Loans	420,615,316	321,560,536
Credit Card Debts	300,062	91,443
Total	420,915,378	321,651,979

a) Bank Loans:

30 September 2020		Short-Term Portion of			
Currency	Weighted Average Interest Rate (%)	Short Term	Long Term Loans	Long Term	Total
TRY	9.50- 18.00	264,340,945	-	-	264,340,945
Euro	4.00-6.80	-	49,656,528	106,617,843	156,274,371
Total		264,340,945	49,656,528	106,617,843	420,615,316

31 December 2019		Short-Term Portion of			
Currency	Weighted Average Interest Rate (%)	Short Term	Long Term Loans	Long Term	Total
TRY	12.00- 28.50	166,094,995	-	-	166,094,995
Euro	4.00-6.80	21,122,531	25,630,072	108,712,938	155,465,541
Total		187,217,526	25,630,072	108,712,938	321,560,536

	30 September 2020	31 December 2019
Payable within one year	313,997,473	212,847,598
Payable within 2 - 3 years	30,004,502	27,551,086
Payable within 3 - 4 years	30,123,599	24,928,540
Payable within 4 - 5 years	30,251,003	25,141,895
Payable within 5 years and longer term	16,238,739	31,091,417
Total	420,615,316	321,560,536

As of 30 September 2020, 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
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

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 September 2020</u>	<u>31 December 2019</u>
Customers	148,556,011	118,789,659
Notes Receivables and Postdated Checks	8,352,824	7,502,294
Less: Unrealized Finance Income	(63,100)	(412,659)
Income Accruals	-	5,685,300
Adjustment on initial application of TFRS 9	(67,683)	(1,145,483)
Doubtful Trade Receivables (*)	1,256,438	1,117,593
Less: Doubtful Trade Receivables Provisions	(1,256,438)	(1,117,593)
Collaterals held by Employers (**)	105,721,856	81,959,628
<i>Sub Total</i>	<u>262,499,908</u>	<u>212,378,739</u>
Receivables from Related Parties (Note 22)	8,722,122	8,680,938
Total	<u>271,222,030</u>	<u>221,059,677</u>

As of 30 September 2020, the weighted average of interest rate 11.79%, 0.17% and 0.57% used to calculate unearned finance income for short-term trade receivables in terms of TRY, 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 September 2020, trade receivables’ amounting TRY1,256,438 (2019: TRY1,117,593) is a provision for doubtful receivables.

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

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

	<u>1 January - 30 September 2020</u>	<u>1 January - 30 September 2019</u>
Beginning of the period	1,117,593	5,273,235
Provisions within the period	-	-
Less: Collected within the current period	-	(4,271,299)
Foreign currency exchange differences	138,845	308,804
End of the period	<u>1,256,438</u>	<u>1,310,740</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

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 September 2020	31 December 2019
Suppliers	145,858,875	144,449,106
Notes Payable and Postdated Checks	13,011,579	57,859,473
Less: Unrealized Finance Expense	(209,128)	(807,999)
Expense Accruals	429,253	7,644,152
Financial Guarantees Given to the Subcontractor (*)	35,082,677	26,015,460
Sub Total	194,173,256	235,160,192
Trade Payables to Related Parties (Note 22)	5,723,624	632,716
Total	199,896,880	235,792,908

As of 30 September 2020, the weighted average of interest rates are 12%, 0.19%, and 0.54% used to calculate unearned finance expense for short-term trade payables in terms of TRY, 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 and not yet outstanding are classified as “subcontractor return share debts”.

Long Term Trade Payables

None. (31 December 2019: None).

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

9. INVENTORIES

	30 September 2020	31 December 2019
Raw Materials and Equipments	122,694,884	130,820,202
Trade Goods	18,841	140,874
Other Inventories	4,231	-
Provision for Inventories (-)	(371,625)	(371,625)
Total	122,346,331	130,589,451

Provision for Inventories Movement	1 January - 30 September 2020	1 January - 30 September 2019
Opening Balance	371,625	371,625
Additional During the Period (-)	-	-
Closing Balance	371,625	371,625

Inventory Impairment Breakdown	1 January - 30 September 2020	1 January - 30 September 2019
Raw Materials and Equipments	371,625	371,625
Total	371,625	371,625

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

10. PREPAID EXPENSES AND DEFERRED REVENUES

<u>Short-Term Prepaid Expenses</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Advances Given for Inventories	7,485,471	8,195,843
Other Advances Given	5,031,240	2,371,808
Prepaid Expenses for the Following Months	8,499,719	7,936,090
Total	21,016,430	18,503,741

<u>Long-Term Prepaid Expenses</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Prepaid Expenses to Next Years	615,372	274,818
Total	615,372	274,818

<u>Short-Term Deferred Income</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Advances received from Customer Contracts.	466,554,070	248,687,654
Other Advances Received	1,142,660	12,449,805
Prepaid Income to Future Months	1,994,933	1,796,791
Total	469,691,663	262,934,250

11. CONSTRUCTION CONTRACTS

	<u>30 September 2020</u>	<u>31 December 2019</u>
Contractual assets arising from ongoing construction	856,582,864	540,734,004
Total	856,582,864	540,734,004

Assets related to construction projects in progress are as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>
Assets regarding Domestic Construction Contracts		
Unearned Assets regarding Domestic Construction Contracts (*)	94,740,265	43,205,437
Unearned Assets regarding Overseas Construction Contracts (*)	761,842,599	497,528,567
Contractual assets arising from ongoing construction and contracting works	856,582,864	540,734,004

	<u>30 September 2020</u>	<u>31 December 2019</u>
Contractual obligations arising from ongoing construction	11,304,931	9,734,857
Total	11,304,931	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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

11. CONSTRUCTION CONTRACTS (Continued)

Liabilities related to construction projects in progress are as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>
Over-invoiced Portion regarding Domestic Construction Contracts	241,663	1,958,354
Over-invoiced Portion regarding Overseas Construction Contracts	11,063,268	7,776,503
Contractual obligations arising from ongoing construction and contracting works	11,304,931	9,734,857

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

As of 30 September 2020, short-and long-term advances has been received regarding the ongoing construction contracts is amounting to TRY466,554,070 (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 September 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 Total</u>	<u>Payables Total</u>	<u>Equity of 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 September 2020</u>	<u>Affiliates rate (%)</u>	<u>30 September,2019</u>
Energina Kompania Bonev	0.00	-	50.00	460,471
Total		-		460,471

13. INVESTMENT PROPERTY

The Group did not made any purchase from investment property during the interim period (30 September 2019: None). The Group has sold its investment property amounting to TRY6,500,000 (30 September 2019: None)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

14. TANGIBLE ASSETS

The Group has purchased property, plant and equipment in the amount of 1,187,008 TL during the interim period (30 September 2019: TRY 2,264,855). During the interim period, sale of property, plant and equipment amounting to TRY563,195 was made. (30 September 2019: TRY957,794). During the interim period, there was an outflow of tangible fixed assets amounting to TR 53,665,083 due to the sale of subsidiaries.

Total depreciation expenses of current period are TRY 4,967,896. (30 September 2019: TRY6,458,646). Depreciation expenses amounting to TRY 4,632,137 (30 September 2019: TRY6,213,005) is included in cost of goods sold (Note 19), amounting to TRY335,759 (30 September 2019: TRY245,641) was reflected in general administrative expenses but was not reflected in marketing expenses (30 September 2019: None). There was an outflow of depreciation amounting to TRY15,882,733 due to the sale of subsidiaries during the interim period.

15. INTANGIBLE ASSETS

The Group has purchased intangible assets in the amount of TRY4,334 during the interim period (30 September 2019: TRY62,388). Intangible assets have been sold in the amount of TRY199,481 during the interim period (30 September 2019: TRY508).

Total amortization expenses of current period are TRY66,269 (30 September 2019: TRY102,598). Amortization expenses amounting to TR11,562 (30 September 2019: TRY38,257) is included in cost of goods sold (Note 19), amounting to TRY 54,708 (30 September 2019: TRY64,341) is included in general administrative expense.

16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

<u>Other short-term provisions</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Litigation provisions	7,197,888	7,194,942
Sales for Non-Controlling Interest		
Option Valuation Fund (Note 18)	-	8,691,856
Total	7,197,888	15,886,798

The details of litigation provisions are as follows

	<u>30 September 2019</u>	<u>30 September 2019</u>
Beginning of period	7,194,942	8,335,848
Provision in period	1,357,612	1,245,721
Negative: canceled in period	(1,354,666)	(2,210,926)
End of period	7,197,888	7,370,643

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent Liabilities

As of 30 September 2020, there are 61 lawsuits against the Group amounting to TRY12,419,423 and USD 97,601 (TRY equivalent 762,070). (31 December 2019: 58 lawsuits TRY8,743,507 and USD 278,300 / equivalent TRY1,653,159). Group has been made provision amounting TRY7,197,888 (31 December 2019: TRY7,194,942) regarding to these lawsuits.

Collaterals-Pledge-Mortgages-Bails

As of 30 September 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>30 September 2020</u>			
	<u>US Dollar</u>	<u>EUR</u>	<u>TRY</u>	<u>TRY Equivalent</u>
Letters of Guarantees Received	485,821	897,437	1,717,974	13,703,159
Guaranteed Bill Received	793,979	531,968	5,460,567	16,515,812
Guaranteed Cheques Received	863,000	4,000	2,496,309	9,271,125
Total	2,142,800	1,433,405	9,674,850	39,490,096

	<u>31 December 2019</u>			
	<u>US Dollar</u>	<u>EUR</u>	<u>TRY</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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (Continued)

CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)								
30 September 2020	US Dollars	Euro	TRY	GBP	AED	QATARİ RİYAL	BGN	TRY Equivalent
A) CPMB's given for Company's own legal personality	7,665,486	39,626,892	51,483,814	2,580,000	147,208,505	18,638,074	-	852,100,510
B) CPMB's given on behalf of fully consolidated companies	125,299,174	3,788,816	155,779,050	-	-	-	-	1,168,699,692
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-	-	-	-
D) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-	-	-	-	-
i) Total amount of CPMB's given on behalf of majotary shareholder	-	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
TOTAL	132,964,660	43,415,708	207,262,864	2,580,000	147,208,505	18,638,074	-	2,020,800,202

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

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	QATARİ RİYAL	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 Communique's 12/2 clause	-	-	-	-	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-	-	-	-	-
i) Total amount of CPMB's given on behalf of majotary shareholder	-	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
TOTAL	93,090,584	41,815,697	40,656,259	2,580,000	147,208,505	18,638,074	6,728,000	1,183,230,279

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

16. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (Continued)

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

30 September 2020

**Collaterals,Pledges,
Mortgages and Bails**

	<u>Total TRY Equivalent</u>	<u>US Dollars</u>	<u>Euro</u>	<u>AED</u>	<u>Qatari Riyal</u>	<u>GBP</u>	<u>BGN</u>	<u>TRY</u>
Collaterals	1,511,234,882	132,964,660	6,215,708	147,208,505	18,638,074	2,580,000	-	37,262,864
Pledges	-	-	-	-	-	-	-	-
Mortgages	509,565,320	-	37,200,000	-	-	-	-	170,000,000
Total	2,020,800,202	132,964,660	43,415,708	147,208,505	18,638,074	2,580,000	-	207,262,864

31 December 2019

**Collaterals,Pledges,
Mortgages and Bails**

	<u>Total TRY Equivalent</u>	<u>US Dollars</u>	<u>Euro</u>	<u>AED</u>	<u>Qatari Riyal</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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

17. EMPLOYEE BENEFITS

<u>Provisions for Short Term Employee Benefits</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Unused Vacation Rights	9,832,693	9,597,017

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

	<u>1 January - 30 September 2020</u>	<u>1 January - 30 September 2019</u>
Provisions as of 1 January	9,597,017	12,479,388
Additional provision	9,513,929	12,452,107
Using in period	(11,999,940)	(16,132,561)
Foreign currency conversion adjustments	2,721,687	873,946
End of the period	9,832,693	9,672,880

<u>Current Payables for Employee Benefits</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Due to Personnel	24,526,274	10,279,710
Social Security Withholdings Payable	3,324,831	1,107,377
Total	27,851,105	11,387,087

<u>Provisions for Long Term Employee Benefits</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Provisions for Employee Termination Benefits	15,437,516	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 September 2020</u>	<u>31 December 2019</u>
Annual Discount Rate (%)	4.19	4.19
Probability of Retirement (%)	92.40	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 September 2020 the accompanying financial statements provisions for the future probably obligation arising from the retirement of employees is calculated by estimating the present value.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

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 September 2020</u>	<u>1 January - 30 September 2019</u>
Provision as of 1 January	20,047,227	27,566,533
Service Cost	3,411,115	8,143,422
Interest Cost	60,408	68,331
Employee Termination Paid	(12,525,380)	(18,467,387)
Actuarial Gain/Loss	225,574	428,844
Foreign Currency Exchange Differences	4,218,572	1,931,477
Provision as of 30 September	15,437,516	19,671,220

18. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

a) Capital

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

Shareholders (*)	30 September 2020		31 December 2019	
	<u>Share Amount TRY</u>	<u>Share Percentage (%)</u>	<u>Share Amount TL</u>	<u>Share Percentage (%)</u>
Rıdvan Çelikel	88,692,313.65	44.35	48,780,773	44.35
Avniye Mukaddes Çelikel	10,321,888.21	5.16	5,677,038	5.16
Capital Strategy Funds Spc- The Opportunistic Series				
Segregate Portfolio	43,845,807.12	21.92	18,360,845	16.69
Other	57,139,991.02	28.57	37,181,344	33.80
Pain in Capital	200,000,000	100.00	110,000,000	100.00

(*) As published on 04 November 2020 at kap.gov.tr..

The Goup's issued share capital has been increased from TRY 110,000,000 to TRY 200,000,000 with a free capital increase funding from its retained earnings amounting to 81,818% as of 20 October 2020.

As at 4 November 2020, %26.36 (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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

18. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (Continued)**b) Premiums/(Discounts) Related with Shares**

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

c) Effect of Common Controlled Entities or Enterprises Mergers

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

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

e) Foreign Currency Translation Differences

	<u>30 September 2020</u>	<u>31 December 2019</u>
Foreign Currency Translation Differences	300,656,998	201,605,115
Total	300,656,998	201,605,115

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

	<u>30 September 2020</u>	<u>31 December 2019</u>
Defined Benefit Plans Revaluation and Measurement Gain/(Loss)	(1,675,018)	(1,494,559)
Total	(1,675,018)	(1,494,559)

g) Restricted Reserves

	<u>30 September 2020</u>	<u>31 December 2019</u>
Restricted Reserves	13,950,112	13,960,750
Total	13,950,112	13,960,750

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

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

h) Retained Earnings (Loss)

	<u>30 September 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	170,685,857	258,028,357
Total	<u>168,857,068</u>	<u>256,199,568</u>

i) Non-controlling Shares

	<u>30 September 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	(6,362,395)	(21,454,715)
Minority Share Profit/(Loss)	(1,300,267)	(351,014)
Total	<u>(6,326,628)</u>	<u>1,336,034</u>

j) Other Equity Shares

	<u>30 September 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 September 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 September 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

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>1 January -</u> <u>30 September</u> <u>2020</u>	<u>1 January -</u> <u>30 September</u> <u>2019</u>	<u>1 July -</u> <u>30 September</u> <u>2020</u>	<u>1 July -</u> <u>30 September</u> <u>2019</u>
Sales Revenues (Net)				
Domestic Sales	204,024,178	52,117,710	61,235,589	20,432,244
Export Sales	357,633,086	780,986,151	55,885,767	263,164,276
Other Revenues	6,991,939	3,682,183	1,800,758	726,072
Total Revenues	568,649,203	836,786,044	118,922,114	284,322,592
Sales Returns (-)	(2,046,428)	(14,627,383)	(1,742,035)	(59,128)
Sales Revenues (Net)	566,602,775	822,158,661	117,180,079	284,263,464
I- Cost of Goods Sold	(15,553,485)	(9,701,031)	2,411,303	3,327,623
II- Cost of Services Sold	(585,212,555)	(763,676,427)	(185,281,378)	(262,858,807)
III- Depreciation Expenses	(4,632,136)	(6,213,005)	(1,614,822)	(1,778,104)
IV- Amortization and Depreciation Expenses	(11,562)	(38,257)	(1,000)	(7,800)
Cost of Sales (I+II+III+IV)	(605,409,738)	(779,628,720)	(184,485,897)	(261,317,088)
GROSS PROFIT	(38,806,963)	42,529,941	(67,305,818)	22,946,376

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

20. FINANCIAL INCOME / (EXPENSES)

	<u>1 January - 30 September</u> <u>2020</u>	<u>1 January - 30 September</u> <u>2019</u>	<u>1 July - 30 September</u> <u>2020</u>	<u>1 July - 30 September</u> <u>2019</u>
Financing Income				
Exchange Differences Income	11,629,590	10,232,974	4,699,433	423,761
Interest Income	3,071,007	4,632,832	605,557	1,839,859
Unearned Interest Income	6,122	4,614	6,122	30,651
Total	14,706,719	14,870,420	5,311,112	2,294,271

	<u>1 January - 30 September</u> <u>2020</u>	<u>1 January - 30 September</u> <u>2019</u>	<u>1 July - 30 September</u> <u>2020</u>	<u>1 July - 30 September</u> <u>2019</u>
Financing Expenses (-)				
Loan Interest Expenses (-)	28,222,869	25,133,862	9,771,282	9,344,127
Exchange Differences Expenses (-)	42,528,310	13,161,271	24,139,207	-4,744,215
Unearned Interest Expense (-)	163,087	-	10,565	47
Total	70,914,266	38,295,133	33,921,054	4,599,959
Financial income/expense, net	(56,207,547)	(23,424,713)	(28,609,942)	(2,305,688)

21. EARNINGS PER SHARE

	<u>1 January - 30 September</u> <u>2020</u>	<u>1 January - 30 September</u> <u>2019</u>	<u>1 July - 30 September</u> <u>2020</u>	<u>1 July - 30 September</u> <u>2019</u>
Earnings Per Share /				
Net Profit\Loss) of the Parent Company (*)	(97,922,605)	3,565,194	(-92,162,050)	2,825,855
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	(0.89)	0.03	(0.84)	0.03

(*) Earnings/(Loss) Per Share has been calculated from dividing the nine months net profits/(loss) balances to paid-in capital before free capital increase rate since the free capital increase was reflected to the financials at the end of September.

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.

The Group does not charge any interest for the trade receivables and payables.

Details of transactions between the Group and other related parties are disclosed as below.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

22. RELATED PARTY DISCLOSURES (Continued)

	30 September 2020			
	Receivables		Payables	
	Short Term		Short Term	
	Trade	Other	Trade	Other
Balances with Related Parties				
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	22,735	-	3,887,308	-
Anelnet Teknik Hizmetler Ltd. Şti. (*)	8,342,258	191,633	224,649	-
Anel Holding A.Ş. (*)	378,721	-	1,637,581	3,317,323
Çelikel Eğitim Vakfı	1,000	-	-	-
Unpaid Interest Income / Expense (-)	(22,592)	-	(25,914)	-
Total	8,722,122	191,633	5,723,624	3,317,323

(*) 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 13.80% as of 30 September 2020.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

22. RELATED PARTY DISCLOSURES (Continued)

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

Related Party Transactions	1 January - 30 September 2020						
	Stock Purchases	Interest Income	Stock Purchases	Interest Income	Stock Purchases	Interest Income	Stock Purchases
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	17,737,599	-	301	288,609	3,719	617,312	-
Anelnet Teknik Hizmetler Ltd. Şti.	20,784	17,355	30,065	30,158	848,399	-	31,091
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	3,920	2,263,660	11,349	33,611	7,971	-	-
Çelikel Eğitim Vakfı	-	-	-	5,078	-	-	-
EKB(Energinia Compania)	-	29,197	-	-	-	-	-
Epsinom Teknik Hizmetler Ltd.Şti.	-	-	-	2,594	-	-	-
Anel Holding A.Ş.	-	452,715	4,675	1,001,399	15,437,394	-	-
Total	17,762,303	2,762,927	46,390	1,361,449	16,297,483	617,312	31,091

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

22. RELATED PARTY DISCLOSURES (Continued)

Related Party Transactions	1 January - 30 September 2019						
	Stock Purchases	Interest Income	Stock Purchases	Interest Income	Stock Purchases	Interest Income	Stock Purchases
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	664,109	-	5,766	189,598	127,437	-	-
Anelnet Teknik Hizmetler Ltd. Şti.	-	20,964	-	13,370	571,660	81,325	59,487
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	371	4,160,146	11,114	4,467	1,799	-	-
Çelikel Eğitim Vakfı	-	-	-	5,277	-	-	-
Köpük Turizm ve Yatçılık Ltd. Şti.	-	33,788	-	1,917	-	-	-
EKB(Energinia Compania)	-	187,863	-	-	-	-	-
Epsinom Teknik Hizmetler Ltd.Şti.	-	-	-	3,109	-	-	-
Anel Holding A.Ş.	-	214,139	84,796	1,372,633	14,562,490	-	2,151,845
Total	664,480	4,616,900	101,676	1,590,371	15,263,386	81,325	2,211,332

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

22. RELATED PARTY DISCLOSURES (Continued)

Related party transactions between 1 January - 30 September 2020 and 1 January - 30 September 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, labor service expense, Service sales consist of labor 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 September 2020 and 1 January - 30 September 2019 as are as follows:

Benefits Provided by Top-Level Management

Employee Short Term Benefits

Total

<u>1 January – 30 September 2020</u>	<u>1 January – 30 September 2019</u>
7,199,716	7,889,638
7,199,716	7,889,638

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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) Market Risk Management

The Group is exposed to various market risks, including the effects of changes in exchange rates, interest rates, equity prices and credit spreads.

There is no any change in the market risk the Group is exposed to or in the risk management and measurement methods in the current year compared to the previous year in the current period.

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 September 2020						
	TRY Equivalent	US Dollars	Euro	GBP	AUD	CHF
1. Trade Receivables	7,299,774	698,818	190,249	-	19,278	-
2. Monetary Financial Assets	6,586,691	597,015	204,946	5,427	-	-
3. Other	2,927,319	142,310	198,964	-	-	-
4. Current Assets (1+2+3)	16,813,784	1,438,143	594,158	5,427	19,278	-
5. Total Assets (4)	16,813,784	1,438,143	594,158	5,427	19,278	-
6. Trade Payables	44,141,949	4,015,845	1,358,925	38,066	-	-
7. Financial Liabilities	35,507,974	-	3,889,963	-	-	-
8. Other Non-Monetary Liabilities	47,466,591	3,053,303	2,575,214	-	-	14,168
9. Short Term Liabilities (6+7+8)	127,116,513	7,069,147	7,824,102	38,066	-	14,168
10. Financial Liabilities	120,766,398	-	13,230,179	-	-	-
11. Long Term Liabilities	120,766,398	-	13,230,179	-	-	-
12. Total Liabilities (9+11)	247,882,911	7,069,147	21,054,281	38,066	-	14,168
13. Net Foreign Currency Assets / (Liabilities)(5-12)	(231,069,128)	(5,631,005)	(20,460,122)	(32,639)	19,278	(14,168)
14. Monetary Items Net Foreign Currency Assets / Liability Position (1+2-6-7-10)	(186,529,856)	(2,720,012)	(18,083,872)	(32,639)	19,278	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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	CHF	BGN
1. Trade Receivables	1,305,488	107,743	100,062	-	-	1,305,488
2. Monetary Financial Assets	10,992,113	1,192,357	522,401	55,937	-	10,992,113
3. Other	6,196,883	434,838	540,169	2,753	-	6,196,883
4. Current Assets (1+2+3)	18,494,484	1,734,939	1,162,631	58,690	-	18,494,484
5. Total Assets (4)	18,494,484	1,734,939	1,162,631	58,690	-	18,494,484
6. Trade Payables	32,897,129	3,737,776	1,517,873	77,056	-	32,897,129
7. Financial Liabilities	45,485,660	-	6,402,599	-	-	859,000
8. Other Non-Monetary Liabilities	35,613,036	3,810,368	1,938,526	-	14,168	35,613,036
9. Short Term Liabilities (6+7+8)	113,995,825	7,548,144	9,858,998	77,056	14,168	69,369,165
10. Financial Liabilities	108,712,938	-	13,362,417	-	-	5,869,000
11. Long Term Liabilities	108,712,938	-	13,362,417	-	-	5,869,000
12. Total Liabilities (9+11)	222,708,763	7,548,144	23,221,415	77,056	14,168	75,238,165
13 Net Foreign Currency Assets / (Liabilities) (5-12)	(204,214,279)	(5,813,205)	(22,058,783)	(18,366)	(14,168)	(56,743,681)
15. Monetary Items Net Foreign Currency Assets / Liability Position (1+2-6-7-10)	(174,798,126)	(2,437,675)	(20,660,426)	(21,119)	-	(27,327,529)

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

a.1.1) Currency Risk Management (Continued)

Exchange Rate Sensitivity Analysis Table				
30 September 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	(4,396,689)	4,396,689	-	-
2- US Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	(4,396,689)	4,396,689	-	-
10% change in EURO against TRY:				
4- Euro net assets / liabilities	(18,676,204)	18,676,204	-	-
5- Euro Hedged (-)	-	-	-	-
6- Euro Net Effect (4+5)	(18,676,204)	18,676,204	-	-
10% change in GBP against TRY:				
7- GBP net assets / liabilities	(32,740)	32,740	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	(32,740)	32,740	-	-
10% change in BAE against TRY:				
10- AED net assets / liabilities	10,679	(10,679)	-	-
11- AED Hedged(-)	-	-	-	-
12- AUD Net Effect (10+11)	10,679	(10,679)	-	-
10% change in CHF against TRY:				
13- CHF net assets / liabilities	(11,960)	11,960	-	-
14- CHF Hedged	-	-	-	-
15- CHF Net Effect (13+14)	(11,960)	11,960	-	-
TOTAL (3+6+9+12+15)	(23,106,912)	23,106,912	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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	(3,453,160)	3,453,160	-	-
2- U S Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	(3,453,160)	3,453,160	-	-
10% change in Euro against TL:				
4- Euro net assets / liabilities	(14,670,414)	14,670,414	-	-
5- Euro Hedged (-)	-	-	-	-
6- Euro Net Effect (4+5)	(14,670,414)	14,670,414	-	-
10% change in GBP against TL:				
7- GBP net assets / liabilities	(14,282)	14,282	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	(14,282)	14,282	-	-
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	(19,186,741)	19,186,741	-	-
14- BGN Hedged (-)	-	-	-	-
15- BGN Net Effect (13+14)	(19,186,741)	19,186,741	-	-
TOTAL (3+6+9+12+15)	(37,333,229)	37,333,229	-	-

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 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.)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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 September 2020						
Financial Assets						
Cash and Cash Equivalents	-	80,640,630	-	-	80,640,630	5
Trade Receivables	-	271,222,030	-	-	271,222,030	8.22
Financial Liabilities						
Financial Liabilities	-	-	-	420,915,378	420,915,378	7
Trade Payables	-	-	-	199,896,880	199,896,880	8.22
Other Financial Liabilities	-	-	-	802,374	802,374	
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	

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT PERIOD ENDED 30 SEPTEMBER 2020**

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

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.

<u>Financial Assets</u>	<u>30 September</u> <u>2020</u>	<u>The level of the fair value</u> <u>at the reporting date</u>		
		First Level (TRY)	Second Level (TRY)	Third Level (TRY)
Real Estate for Investment	276,214,413	-	276,214,413	-
Total	276,214,413	-	276,214,413	-

<u>Financial Assets</u>	<u>31 December</u> <u>2019</u>	<u>The level of the fair value</u> <u>at the reporting date</u>		
		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

	31 December 2019	Monotory Transactions	Non-cash movements			30 September 2020
			Additions	Exchange rate change	Non-Monotory Transactions	
Financial liability	321,651,979	65,838,821	-	56,173,965	(22,749,387)	420,915,378
Total liabilities from financing activities	321,651,979	65,838,821	-	56,173,965	(22,749,387)	420,915,378

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT PERIOD ENDED 30 SEPTEMBER 2020**

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

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 30 September 2020, the Group's shareholders 'equity amounting to TRY514,937,866 consists of shareholders' equity of the Parent Company TRY(6,326,628) (31 December 2019: TRY506,193,663 and TRY1.336,034).

27. EVENTS AFTER THE REPORTING PERIOD

The Group's issued share capital has been increased from TRY110,000,000 to TRY200,000,000 with a free capital increase funding from its retained earnings amounting to 81,818% as of 20 October 2020.