

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

**CONVENIENCE TRANSLATION TO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2020 WITH INDEPENDENT AUDITORS REPORT**

(ORIGINALLY ISSUED IN TURKISH)



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

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

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

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Valuation work related to determining the fair value of investment properties</p> <p>As of 31 December 2020, the Group’s investment properties, which have a carrying value of TRY281,506,054 and represent a significant share of its total assets, consisted of land, office and commercial units.</p> <p>The accounting policy Group management applies when recognising these investment properties is the “fair value method”, as described in detail in Note 2 and Note 14. The fair value of these assets are determined by an independent valuation institution accredited by the Capital Markets Board and used as the basis for the carrying values in the balance sheet after being assessed by Group management. When determining the fair value of investment properties, methods such as benchmark comparison and reduced cash flow are used, and these methods include inputs based on important assumptions such as real discount and inflation, which may lead to changes when determining fair value. Fair value is directly affected by factors such as market conditions and the detailed features of each property. The impacts of rent losses arising from market conditions and restrictions caused by the COVID-19 pandemic are also taken into account when determining fair value.</p> <p>The work carried out to determine the fair value of the investment properties was defined as a key audit matter because the book value of investment properties comprises a significant portion of the Group’s aggregate assets and the valuations are subjective in nature and include material assumptions and reasoning.</p>	<p>During our audit, the following audit procedures were used to determine the fair value of investment properties:</p> <ul style="list-style-type: none"> • The procedures used by Group management to determine the fair value of investment properties were evaluated. • As for the expert institution carrying out the valuation work, we performed the following procedures: <ul style="list-style-type: none"> - The expert institution’s property valuation accreditation and licence were checked. - The expert institution’s competence, ability and neutrality were evaluated. • We tested the investment properties’ title deed records and ownership rates. • We compared the consistency of the inputs that have significant impact on the property value determined and stated in the valuation reports, such as square meter details of areas that can be rented and unit sales value, against observable market prices, and then tested whether the appraised values fall within an acceptable range. • We have also tested inputs such as rental income, duration of rental contracts, occupancy rates and expenses used in the valuation reports that have a significant impact on property value. • We evaluated with our experts whether the assumptions used by the valuation experts in their valuations, the appraised values such as inflation and the real discount fall within an acceptable range. • We checked whether the fair values in the valuation report complied with the notes and whether the note explanations are sufficient in terms of TFRS.



Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="268 573 858 629">Recognising the revenue from construction contracts</p> <p data-bbox="268 658 858 947">The amount of the consolidated revenue of the Group for the year ending on 31 December 2020 is TRY739,213,003 and 100% of the consolidated revenue has been recognised in accordance with percentage of completion method as stated in TFRS 15 Revenue from Customer Contracts. Within the context of this method; amounts, which are recognised as the revenue and cost in relation to the ongoing projects, are based on the estimations and assumptions stated in project budgets.</p> <p data-bbox="268 976 858 1205">Revenue recognition and the determination of the results of construction projects including specific conditions to relevant projects, estimation of the cost to complete of the projects, the impact of the future incidents on the contract revenue and the recognition of changes in the project, depend on the estimations and judgements of the management.</p> <p data-bbox="268 1234 858 1375">In addition, the regarding estimations and assumptions consist of; the compliance with the requirements set forth in TFRS 15, costs to complete the project, completion of the contracts and estimation on percentage of completion rate.</p>	<p data-bbox="885 573 1054 600">Procedures:</p> <ul data-bbox="885 629 1485 1823" style="list-style-type: none"> <li data-bbox="885 629 1485 770">• Processes for determining the accuracy and timing of the revenue recognition in the consolidated financial statements and controls designed by the Group have been understood and assessed. <li data-bbox="885 799 1485 976">• We focused on the methodologies used by the Group Management while using the estimates and assumptions regarding construction projects and the estimates used for the revenue recognized as a result of the project calculations. <li data-bbox="885 1005 1485 1124">• Cost budgets have been reviewed for significant construction projects and the historical accuracy and prudence of the budgets and estimations have been evaluated. <li data-bbox="885 1153 1485 1532">• Percentage of completion worksheets prepared by the Group management have been tested. Accordingly, existence and accuracy of the actual costs, additional cost to complete of the project, accuracy of the percentage of completion method and total calculations have been tested by us using recalculation method. We have questioned the expectations in the project schedule in the meetings with accounting and technical teams, and whether the provisions calculated for the projects falling behind the schedule (if any) are in line with the clauses of the contract. <li data-bbox="885 1561 1485 1823">• Significant construction contracts have been reviewed. We read the contract clauses and conditions and tested whether the contract conditions have been appropriately reflected on accounting records when recognising relevant contracts as per TFRS 15. Project amount and changes in project amount due to changes in the scope of the work have been confirmed with the contracts and appendices.



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

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

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

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

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

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

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

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



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 11 March 2021.

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

A handwritten signature in blue ink, appearing to read "B. Özpoyraz", is written over the printed name.

Burak Özpoyraz, SMMM
Partner

Istanbul, 11 March 2021

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND
ITS SUBSIDIARIES**

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**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS
SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

	<u>Notes</u>	Audited Current Period 31.12.2020	Audited Current Period 31.12.2019
ASSETS			
Current Assets		1,275,969,640	1,056,120,784
Cash and Cash Equivalents	5	54,408,574	105,056,111
Financial Investments	6	10,521	3,634
Trade Receivables		232,375,958	221,059,677
- Trade Receivables from Related Parties	8.30	9,577,545	8,680,938
- Trade Receivables from Third Parties	8	222,798,413	212,378,739
Other Receivables		4,405,259	24,534,689
- Other Receivables from Related Parties	9.3	200,981	10,935,494
- Other Receivables from Third Parties	9	4,204,278	13,599,195
Due from customers Under Construction Contracts	12	823,182,676	540,734,004
Inventories	10	115,783,530	130,589,451
Prepaid Expenses	11	18,687,326	18,503,741
Current Income Tax Assets	28	37,951	529,367
Other Current Assets	20	27,077,845	15,110,110
Non-Current Assets		342,016,658	383,020,709
Other Receivables		87,787	86,519
- Other Receivables from Third Parties	9	87,787	86,519
Investments Accounted with Equity Method	13	-	1,326,951
Investment Property	14	281,506,054	282,864,413
Property, Plant and Equipment	15	20,280,246	61,010,550
Intangible Fixed Assets	16	118,019	314,912
Prepaid Expenses	11	649,114	274,818
Deferred Tax Assets	28	33,145,622	35,106,549
Non-Current Assets Related with Current Period Tax	28	6,229,816	2,035,997
TOTAL ASSETS		1,617,986,298	1,439,141,493

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

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

	Notes	Audited Current Period 31.12.2020	Audited Prior Period 31.12.2019
LIABILITIES			
Short-Term Liabilities			
Short-Term Borrowings	7	1,034,189,723	768,425,086
Short Term Portion of Long Term Financial Liabilities	7	281,495,172	187,308,969
Trade Payables		47,255,638	25,630,072
- Trade Payables to Related Parties	8.30	206,620,720	235,792,908
- Trade Payables to Third Parties	8	28,160,246	632,716
Employee Benefits	19	178,460,474	235,160,192
Other Payables		16,375,401	11,387,087
- Other Payables to Related Parties	9.30	14,478,734	9,038,545
- Other Payables to Third Parties	9	1,285,181	109,463
Due to customers Under Construction Contracts	12	13,193,553	8,929,082
Deferred Income	11	18,562,232	9,734,857
Income Tax Payable	28	430,824,571	262,934,250
Short-Term Provisions		2,520,172	1,114,583
- Short-Term Provisions for Employee Benefits	19	16,057,083	25,483,815
- Other Short-Term Provisions	18	8,873,582	9,597,017
Long Term Liabilities		7,183,501	15,886,798
Long-Term Borrowings	7	141,345,563	163,186,710
Long-Term Provisions		90,841,004	108,712,938
-Long-Term Provisions for Employee Benefits	19	14,848,250	20,047,227
Deferred Tax Liabilities	28	14,848,250	20,047,227
TOTAL LIABILITIES		1,175,535,286	931,611,796
EQUITY			
Equity Belongs to Parent Company			
Share Capital	21	442,451,012	507,529,697
Share Premium	21	200,000,000	110,000,000
Effects of Business Combinations Under Common Control	21	1,498,280	1,498,280
Put Option Revaluation Fund Related with Non-controlling Interests	21	(62,334,320)	(62,334,320)
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		-	(8,691,856)
Gains (Losses) on Revaluation and Remeasurement		(1,765,996)	(1,595,783)
- Decreases on Revaluation of Property, Plant and Equipment	21	(1,765,996)	(1,595,783)
- Actuarial Loss Arising From Defined Benefit Plans	21	(101,224)	(101,224)
Other Comprehensive Income/(Expense) to be Reclassified to Profit and Loss	21	(1,664,772)	(1,494,559)
- Foreign Currency Conversion Difference	21	278,170,476	201,605,115
Reserves on Retained Earnings	21	278,170,476	201,605,115
- Legal Reserves	21	13,950,112	13,960,750
Other Equity Shares	21	13,950,112	13,960,750
Other Reserves	21	(13,842,938)	(13,842,938)
Retained Earnings	21	5,851,513	5,851,513
Net Profit for the Period	29	168,857,068	256,199,568
Non-controlling Shares	21	(5,760,052)	1,336,034
TOTAL LIABILITIES AND EQUITY		1,617,986,298	1,439,141,493

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

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

	Notes	Audited Current Period 01.01.-31.12.2020	Audited Prior Period 01.01.-31.12.2019
<u>PROFIT OR LOSS</u>			
Revenue	22	739,213,003	1,030,180,634
Cost of Sales (-)	22	(804,022,032)	(977,907,944)
GROSS PROFIT/LOSS		(64,809,029)	52,272,690
General Administrative Expense (-)	23	(35,314,770)	(42,599,653)
Other Operating Income	25	87,838,044	112,166,381
Other Operating Expense (-)	25	(74,063,519)	(90,934,914)
OPERATING PROFIT/LOSS		(86,349,274)	30,904,504
Impairment (losses)/gains in accordance with TFRS 9, net		1,309,592	1,243,679
Income From Investing Activities	26	13,560,528	10,820,975
Expense From Investing Activities (-)	26	(289,085)	(121,157)
Shares from Income/(Loss) of Investments Valuated with Equity Method	13	-	270,891
OPERATING PROFIT/LOSS BEFORE FINANCING INCOME AND EXPENSES		(71,768,239)	43,118,892
Financial Income	27	17,259,431	18,602,050
Financing Expenses (-)	27	(83,932,805)	(61,426,765)
PROFIT/LOSS BEFORE TAX FROM ONGOING ACTIVITIES		(138,441,613)	294,177
Continuing Operations Tax Income/(Expenses)		(4,474,244)	2,898,143
-Current Tax Expense	28	(1,713,760)	(1,264,402)
-Deferred Tax Income/(Expense)	28	(2,760,484)	4,162,545
PERIOD PROFIT/(LOSS) FROM ONGOING ACTIVITIES		(142,915,857)	3,192,320
PROFIT/ (LOSS) FOR THE PERIOD		(142,915,857)	3,192,320
Attributable to			
Non-controlling Shares	21	(742,726)	(351,014)
Parent Company Shares	29	(142,173,131)	3,543,334
Earnings Per Share			
-Earnings Per Share	29	(1.07)	0.03

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

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

	Notes	Audited Current Period 01.01.-31.12.2020	Audited Prior Period 01.01.-31.12.2019
PROFIT/(LOSS) FOR THE PERIOD		(142,915,857)	3,192,320
<i>OTHER COMPREHENSIVE INCOME</i>			
Items not to be reclassified to profit or loss :		(170,213)	(318,678)
Defined Benefit Plans Remeasurement Gains/(Losses)	19	(212,766)	(398,348)
Taxes Related to Other Comprehensive Income (expenses)			
Items not to be Reclassified to Profit		42,553	79,670
Deferred Tax Income (Expenses)		42,553	79,670
Items to be Reclassified to Profit or Loss:		76,565,361	27,824,596
Gain/(Loss) from Foreign Currency Translation Differences		76,565,361	27,824,596
OTHER COMPREHENSIVE INCOME/ EXPENSES		76,395,148	27,505,918
TOTAL COMPREHENSIVE INCOME		(66,520,709)	30,698,238
Attributable to:			
Non-Controlling Interests		(742,726)	(351,014)
Parent Company Share		(65,777,983)	31,049,252

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Notes	Share Capital	Premiums /Discounts Related with Shares	The Merge Effect of Business Combinations Under Common Control	Sales option valuation fund on non-controlling shares.	Increase/ (Decrease) from Revaluation of Tangible Assets	Other Comprehensive Income (expenses) Items not to ve Reclassified to Profit (Loss)	Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss)	Restricted Reserves Allocated from Profits	Other Share Capital	Other Reserves	Retained Earnings/ (Losses)	Net Profit / (Loss) for the Period	Equity Attributable to Parent Company	Non-controlling Shares	Equity
							Defined Benefit Plans Remeasurement Gains/Losses	Foreign Currency Conversion Differences								
01.01.2019	21	110,000,000	1,431,009	(62,334,320)	-	(101,444)	(1,175,881)	173,780,519	13,296,782	-	2,393,923	234,865,153	21,334,415	493,490,376	23,141,763	516,632,139
Transfers		-	-	-	-	-	-	-	-	-	-	21,334,415	(21,334,415)	-	-	-
Total Comprehensive Income/(Expense)		-	-	-	-	-	(318,678)	27,824,596	-	-	-	-	3,543,334	31,049,252	(351,014)	30,698,238
Increase / Decrease in Subsidiaries Due to Changes in Share Rates That Do Not Result in Control Loss.		-	-	-	(8,691,856)	-	-	-	-	-	-	-	-	(8,691,856)	-	(8,691,856)
Transactions with non controlling interest		-	67,271	-	-	-	-	-	663,968	(13,842,938)	3,457,590	-	-	(9,654,109)	(21,454,715)	(31,108,824)
31.12.2019	21	110,000,000	1,498,280	(62,334,320)	(8,691,856)	(101,244)	(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
01.01.2020	21	110,000,000	1,498,280	(62,334,320)	(8,691,856)	(101,224)	(1,494,559)	201,605,115	13,960,750	(13,842,938)	5,851,513	256,199,568	3,543,334	506,193,663	1,336,034	507,529,697
Transfers		-	-	-	-	-	-	-	-	-	-	3,543,334	(3,543,334)	-	-	-
Total Comprehensive Income/(Expense)		-	-	-	-	-	(170,213)	76,565,361	-	-	-	-	(142,173,131)	(65,777,983)	(742,726)	(66,520,709)
Capital increase		90,000,000	-	-	-	-	-	-	-	-	-	(90,000,000)	-	-	-	-
Merger / Splitting / Liquidation Effect		-	-	-	-	-	-	-	(10,638)	-	-	-	-	(10,638)	-	(10,638)
Dividend paid		-	-	-	-	-	-	-	-	-	-	(885,834)	-	(885,834)	-	(885,834)
Increase / Decrease in Subsidiaries Due to Changes in Share Rates That Do Not Result in Control Loss.		-	-	-	8,691,856	-	-	-	-	-	-	-	-	8,691,856	-	8,691,856
Transactions with non controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	-	(6,353,360)	(6,353,360)
31.12.2020	21	200,000,000	1,498,280	(62,334,320)	-	(101,224)	(1,664,772)	278,170,476	13,950,112	(13,842,938)	5,851,513	168,857,068	(142,173,131)	448,211,064	(5,760,052)	442,451,012

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

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**NOTES TO STATEMENT OF CASH FLOW AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

		Audited Current Period 01.01.-31.12.2020	Restated Prior Period 01.01.-31.12.2019
A. CASH FLOWS FROM BUSINESS OPERATIONS			
		(114,307,028)	(3,258,288)
Profit/(Loss) for the period		(142,915,857)	3,192,320
Adjustments to reconcile net profit to cash provided by operating activities		115,576,416	42,585,501
Adjustments for Depreciation and Amortisation	15.16	6,938,633	8,818,172
Adjustments for Provisions		1,249,550	3,870,461
Adjustments for Provisions/(Reversals) of Employee Benefits	19	2,570,583	6,255,046
Adjustments for Provisions/(Reversals) of Litigation	18	(11,441)	(1,140,906)
Adjustments for Provisions/(Reversals)		(1,309,592)	(1,243,679)
Financial income/expense net		37,062,409	27,932,568
-Adjustments Regarding Interest income	27	(3,971,460)	(6,459,282)
-Adjustments Regarding Interest expense	27	41,033,869	34,391,850
Adjustments for Fair Value Gains /(Losses)		(4,051,012)	(10,615,566)
-Adjustments for Fair Value Gains /(Losses) of Investment Property	14	(4,051,012)	(10,615,566)
Undivided Profit of Investment Valuated with Equity Method		-	(270,891)
Adjustments for Undistributed Profits of Affiliates	13	-	(270,891)
Tax (Income)/(expenses)	28	4,474,244	(2,898,143)
-Adjustments for (Gains)/Losses from Disposal of Fixed Assets		(1,567,460)	(48,729)
-Adjustments for (Gains)/Losses from Disposal of Property, Plant and Equipment		(16,028)	(168,728)
-Adjustments for (Gains)/Losses from Investment Property		(1,551,432)	119,999
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations		(7,769,473)	-
Other adjustments for which cash effects are investing or financing cash flow		37,899,145	-
Adjustments for Unrealized Foreign Currency Exchange Losses		41,340,380	15,797,629
Changes in Net Working Capital		(71,465,504)	(24,025,341)
Adjustments for Increase/(Decreases) in Financial Investments	6	(6,887)	1,158
Adjustments (Gains)/Losses from for Trade Receivables		(11,316,281)	155,216,323
-Increases/(Decreases) in Trade Receivables from Related Parties	8.30	(896,607)	3,868,513
-Increases/(Decreases) in Trade Receivables from Third Parties	8	(10,419,674)	151,347,810
Adjustments for (Gains)/Losses from Other Receivables		20,128,162	193,355
-Increases/(Decreases) in Other Receivables from Related Parties	9.30	10,734,513	(7,292,962)
-Increases/(Decreases) in Other Receivables from Third Parties	9	9,393,649	7,486,317
Increases/(Decreases) in Due from Customers Under Construction Contracts	12	(282,448,672)	(246,952,463)
Increases/(Decreases) in Inventories	10	14,805,921	25,454,907
Increases/(Decreases) in Prepaid Expenses	11	(557,881)	18,827,936
Adjustments for (Gains)/Losses from Trade Payables		(29,172,188)	4,837,696
-Increases/(Decreases) in Trade Payables to Related Parties	8.30	27,527,530	(2,283,937)
-Increases/(Decreases) in Trade Payables to Third Parties	8	(56,699,718)	7,121,633
Increases/(Decreases) in Employee Benefits	19	4,988,314	4,224,995
Increases/(Decreases) in Payables from Due to Customers Under Construction Contracts	12	8,827,375	(9,509,560)
Adjustments for (Gains)/Losses from Other Payables		5,440,189	810,283
-Increases/(Decreases) in Other Payables to Related Parties	9.30	1,175,718	(703,381)
-Increases/(Decreases) in Other Payables to Third Parties	9	4,264,471	1,513,664
Increases/(Decreases) in Deferred Income	11	167,890,321	36,232,268
Adjustments for (Gains)/Losses from Changes in Capitals		29,956,123	(13,362,239)
-Increases/(Decreases) in Other Assets		(15,670,138)	(5,789,684)
-Increases/(Decreases) in Other Liabilities		45,626,261	(7,572,555)
Cash Flows from Operating Activities		(98,804,945)	21,752,480
Payments in the coverage of benefits provided to employees	19	(14,349,549)	(20,762,540)
Tax Returns (Payments)	28	(1,152,534)	(4,248,228)
B. CASH FLOW FROM INVESTING ACTIVITIES			
		438,339	(43,893,330)
Cash Outflows from Purchase of Subsidiary Share		(6,420,773)	-
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		-	(46,537,460)
-Cash Inflows from Sale of Tangible Asset	15	319,772	1,202,764
-Cash Outflows from Purchases of Intangible Assets	16	(5,110)	(62,896)
-Cash Inflows from Sale of Intangible Asset	16	2,242	-
-Cash Outflows from Purchase of Tangible Asset	15	(1,654,624)	(3,245,739)
-Cash Outflows from Purchase of Investment Property	14	(4,600)	-
-Cash Inflows from Purchase of Investment Property	14	8,201,432	4,750,001
C. CASH FLOWS FROM FINANCING ACTIVITIES			
		61,245,906	98,730,645
Proceeds from Borrowings			
Cash Inflows from Loans	7	342,574,576	287,911,654
Repayment of Borrowings		(243,380,427)	(161,248,441)
Cash Outflows on Credit Repayments	7	(243,380,427)	(161,248,441)
Dividends Paid	21	(885,834)	-
Interest Paid	27	(41,033,869)	(34,391,850)
Interest Received	27	3,971,460	6,459,282
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)		(52,622,783)	51,579,027
D. FOREIGN CURRENCY CONVERSION DIFFERENCES IMPACT ON CASH AND CASH EQUIVALENTS			
		1,975,246	1,075,354
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(50,647,537)	52,654,381
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	54,408,574	105,056,111

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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

1. ORGANIZATION AND ACTIVITIES OF THE GROUP

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

Branch Addresses:

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

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

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

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

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

Project Construction - providing electricity and mechanic works according to project agreement,
Ship Electricity and Electronics - Ship electrical and electronics systems design,
Energy - Producing electrical energy,
Land and Buildings - Land and Building buying and selling,
Telecommunications - Telecommunications (There is no actual ongoing project in these areas in the current period).

The Company’s shares were offered to public since 2010 and as at 11 March 2021, 26.79% of shares are traded in Istanbul Stock exchange, INC. (BIST) according to Central Registry Agency (CRA) records (31 December 2019 :31.82%) (Note :21).

As of 31 December 2020, 805 personnel have been employed within the Group (31 December 2019: 1,894 people).

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

Subsidiaries included to full consolidation are as follows;

<u>Name of company</u>	<u>Field of company</u>	<u>Activity type</u>	<u>Foundation of country</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	Libya United Arab	2010
Anel Emirates General Contracting LLC	Project Commitment	Service	Emirates	2010
Anel BG Ltd.	Solar energy projects	Service	Bulgaria	2011
Anelmep Maintenance and Operations LLC	Project Commitment	Service	Qatar	2008
Anel Yapı Gayrimenkul A.Ş.	Land and Buildings	Service	Turkey	2007
Anel Engineering & Contracting Ltd.	Project Commitment	Service	England	2017
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	Telecommunications	Service	Turkey	2003

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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

1. ORGANIZATION AND ACTIVITIES OF THE GROUP (Continued)

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

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

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS

2.1 Basic Standards of Presentation

Basic of presentation of the consolidated financial statements

Statement of compliance with Turkish Financial Reporting Statement (“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.

The consolidated financial statements were approved by the Board of Directors on 11 March 2021. 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, changes in accounting policies and restatement of prior period financial statements

In order to allow the determination of financial position and performance of the Group are prepared in the comparative prior period consolidated financial statements of the current period. In order to comply with the presentation of the consolidated financial statements for the period necessary, comparative figures are reclassified.

As of 31 December 2020, in order to ensure compatibility with the presentation of the current period financial statements, TRY 36,400,129, which had been classified under deferred tax assets for the period ending on December 31, 2019, was classified into deferred tax liabilities accounts. Profit of the Joint venture amounting to TRY 2,270,270, which was classified under income from investment activities in the income statement for the period ending on 31 December 2019, reclassified to foreign sales account under revenue.

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 ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1 Basic Standards of Presentation (Continued)

Functional and presentation currency

The consolidated 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>31 December 2020</u>		<u>31 December 2019</u>	
		<u>End of the Period</u>	<u>Average of the Period</u>	<u>End of the Period</u>	<u>Average of the Period</u>
Katar Branch	Qatar Riyal (QAR)	2.0166	1.9256	1.6319	1.5579
Azerbaycan Branch	New Manat	4.3179	4.1230	3.4942	3.3358
Rusya Branch	Russian Ruble	0.0990	0.0945	0.0961	0.0917
Anel BG Ltd.	Bulgarian Lev	4.5798	4.0815	3.3813	3.2273
Anel Emirates	United Arab Emirates Dirham	2.0001	1.9098	1.6186	1.5452
Anel Mep	Qatar Riyal (QAR)	2.0166	1.9256	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 parent company. In this context, the Central Bank of the Republic of Turkey, which is valid at the end of the reporting period of the monetary and non-monetary items in the financial statements prepared with their respective currencies and the subsidiaries and joint ventures ("TCMB") is translated into Turkish lira through exchange rates. The income and expense items are distributed regularly over the years, and the average annual rates are translated into Turkish lira. The exchange rate differences arising from the cycle are monitored in the consolidated Balance sheet under the Equity account group in the "foreign currency cycle differences" account. Equity items are also translated into Turkish lira through TCMB exchange rates, which are valid at the end of the reporting period. The currency translation for equity items of branch-like enterprises and independent foreign enterprises in foreign countries that are involved in the consolidation are recognize under the "Foreign Currency Conversion Difference" account under the Equity account group.

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

Subsidiaries

Consolidated financial statements as of 31 December 2020; It contains the financial statements of the Company's subsidiaries that have control over their financial and activity policies. As of 31 December 2020 direct and indirect participation rate of subsidiaries subject to consolidation are as follows:

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1 Basic Standards of Presentation (Continued)

Consolidation Principles (Continued)

Subsidiaries (Continued)

<u>Subsidiaries</u>	<u>Establishment and place of organization</u>	<u>Core Business</u>	<u>Currency</u>	<u>Parent Company's Share (%)</u>	
				<u>31.12.2020</u>	<u>31.12.2019</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	Turkish Lira	93.00	93.00
Anel Dar Libya Constructing & Services LLC	Libya	Project Commitment	USD Dollar	65.00	65.00
Anel Engineering-Technological Company Ltd.Rusya (*)	Russia	Project Commitment	USD 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	Bulgarian Lev	100.00	100.00
Anel Emirates General Contracting LLC	United Arab Emirates	Project Commitment	USD Dollar	100.00	100.00
Anelmep Maintenance and Operations LLC	Qatar	Project Commitment	Qatar Riyal	100.00	100.00
Anel Engineering & Contracting Ltd.	England	Project Commitment	British pound	100.00	100.00
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	Turkey	Telecommunications	Turkish Lira	96.61	35.87
Anel Yapı Gayrimenkul A.Ş.	Turkey	Land and Buildings	Turkish Lira	98.39	94.06

(*) 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.

The Company reevaluates whether or not the company has control over its investment if there is a situation or event that may cause any changes to at least one of the criteria listed above.

Non-controlling shares in the net assets of subsidiaries incorporated into the consolidation It is included as a separate pencil in the equity. The shareholders of consolidated subsidiaries and their main non-affiliate shares within the current term operations have been individually shown as "non-controlling shares" in consolidated financial statements. Non-controlling shares consist of the amount of the main non-affiliate shares in the shareholders' equity changes from the date of purchase, with the amounts belonging to the shares that are not already in the initial purchase date. 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.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1 Basic Standards of Presentation (Continued)

Consolidation Principles (Continued)

Subsidiaries (Continued)

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

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

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

Elimination Transactions on the Consolidation

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

Regulatory principles of the consolidated balance sheet and consolidated income statement

Full Consolidation Method:

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

- The consolidated balance sheet of the Company's paid in capital paid-in capital paid-in capital of subsidiaries are not included in the consolidated balance sheet.
- Consolidated subsidiaries paid / issued capital items included in the set of all equity, the parent company and its subsidiaries and the consolidated balance sheet is reduced to the amounts attributable to non-controlling interests in shareholders' equity account group and the "Minority Interests" group name is shown.
- Companies which are subject to consolidation have been bought current and non-current assets from each other, in principle, these assets are shown at acquisition cost, which entities subject to consolidation adjustments will be made in the accompanying consolidated balance sheet prior to the sale has taken place.
- The Company's income statement and its subsidiaries are separately collected and consolidation of the process of collecting the goods and services subject to the sales of companies that they have made to each other, the total sales amounts and reduced the cost of goods sold. Consolidation of subsidiaries' stocks, profit from the trading of goods between these partnerships on the consolidated financial statements, inventories added by subtracting the cost of goods sold, cost of goods sold if the damage has been reduced by adding to inventories. Formed due to the consolidation of subsidiaries' income and expenses related to transactions with each other, mutual accounts have been eliminated.
- The net profit or loss of consolidated subsidiaries other than the shares of companies' subject to the portion that corresponds to the consolidation method, the consolidated net profit for the "Minority Interests" group name is shown.
- Adjustment has been made on subsidiary's financial statement to bring in compliance with accounting policies used by intragroup companies under necessity.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.1 Basic Standards of Presentation (Continued)

Associates

Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. The equity method is used for accounting of associates.

The unrealized profits arising from the transactions between the Group and its subsidiaries have been corrected in the Group's share of the participation and unrealized damages; Corrected if the transaction does not indicate that the transferred asset has decreased value. As long as the group has not been under any obligation or committed to the participation in relation to the affiliate, the registered value of the investment in the affiliate should be zero or the equity method will continue in the event of the group's significant impact. The registered value of the investment on the date of the important effect is shown at the cost of the fair value, otherwise it can be measured reliably if the value of the truth after that date is reliable.

As of 31 December 2020, the Group has no subsidiaries.

<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>31.12.2020</u>	<u>31.12.2019</u>
Energina Kompania Bonev	Bulgaria	Energy	-	50.00

2.2. New and Revised Turkey Accounting Standards

(a) *Standards, amendments and interpretations applicable as at 31 December 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 TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:
 - i) Use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting,
 - ii) Clarify the explanation of the definition of material and
 - iii) Incorporate some of the guidance in TAS 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 TASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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

2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.2. New and Revised Turkey Accounting Standards (Continued)

(a) Standards, amendments and interpretations applicable as at 31 December 2020: (Continued)

- **Amendment to 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 TASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

(b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

- **TFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The mentioned amendment does not have a significant impact on the consolidated financial position and performance of the Group.
- **Amendments to TAS 1, ‘Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to TAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability. The mentioned amendment does not have a significant impact on the consolidated financial position and performance of the Group.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3, ‘Business combinations’** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to TAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

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

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.2. New and Revised Turkey Accounting Standards (Continued)

(b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020: (Continued)

- **Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Amendments to TFRS 17 and TFRS 4, ‘Insurance contracts’, deferral of TFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of TFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial Instrument until 1 January 2023.

2.3. Summary of Significant Accounting Policies

Financial Instruments

i. Recognition and initial measurement

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

ii. Reclassification and subsequent measurement

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

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

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

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

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

ii. Reclassification and subsequent measurement (Continued)

- How the performance of the portfolio is evaluated and reported to the Group’s management,
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed,
- How the additional payments to the group managers are determined (whether compensation is based on the fair value of the assets managed or the contractual cash flows collected) and financial assets at fair value through profit or loss are measured at fair value through profit or loss.

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

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

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment.

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

Financial assets - Subsequent measurement and gains and losses:

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

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Non-derivative financial assets

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

Loans and receivables

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

Cash and cash equivalents

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Non-derivative financial liabilities

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

The instrument was equity instrument if, the following were met:

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

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

iii. Derecognition

Financial assets

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

Financial liabilities

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

iv. Offsetting

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

Impairment

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost,
- Contract assets (as defined in TFRS 15).

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

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Bank balances for which credit risk has not increased significantly since initial recognition.

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

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

Lifetime expected credit losses are the result of possible default events over the expected life of a financial instrument.

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

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

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

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

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

Credit-impaired financial assets

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

Presentation of impairment in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The amendment does not have any significant effect on the financial assets and financial liabilities of the Group and is not listed in the consolidated financial statements.

Write-off

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

Financial assets

The fair value difference will be recognized by the total of fair market value and expenses that are directly related to purchasing transactions except the financial assets recognized by fair value and financial assets that are reflected to profit/loss. The purchasing or selling of a financial asset with respect to a contract that has a delivery condition will be recorded at the date of the transaction.

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

The effective interest method

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

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

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

Financial assets at fair value through profit or loss

At fair value through profit or loss are financial assets are financial assets held for trading purposes. A financial asset is classified in this category if acquired principally for the purpose of disposal. Against financial risk, derivative instruments are designated as effective hedging instruments which embody the fair value of financial assets classified as financial assets at fair value through profit.

Available-for-sale financial assets

Held by the Group that are traded in an active market with quoted equity instruments and certain debt securities are classified as available-for-sale financial assets are stated at fair value. Are not quoted in an active market and the Group's unlisted equity instruments classified as available for sale financial assets, but the fair values can be reliably measured are measured at cost.

Impairment losses recognized in income statement, interest calculated using the effective interest method and foreign exchange losses on monetary assets, profit / loss amount, except for gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated financial assets revaluation reserve. If the investment is sold or impaired, the accumulated financial assets revaluation reserve total profit/loss is reclassified.

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

Loans and receivables

Commercial and other receivables and loans that are not traded on the market, with fixed and identifiable payments, are classified into this category. Credits and receivables are shown by decreasing the low value over the discounted cost using the effective interest method.

Impairment of financial assets

Financial assets or groups of financial assets other than financial assets at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date. One or more events occur after the initial recognition of the financial asset and the related event is related to the impairment of the related financial asset or the future cash flow of the asset group that can be reliably estimated. If there is a neutral indicator, the impairment of value occurs. For financial assets carried at amortized cost, the amount of the impairment is the difference between the present value of the estimated future cash flows, discounted at the financial asset's effective interest rate, and the carrying amount.

For all financial assets, except for trade receivables where the carrying amount is reduced through the use of a provision, the impairment is directly deducted from the carrying amount of the related financial asset. If the commercial receivable can not be collected, it is deducted from the corresponding amount provision account and deleted. Changes in the allowance account are recognized in the income statement.

Except for available for sale equity instruments, if the impairment loss decreases in the following period and the impairment loss can be attributed to an event occurring after the recognition of the impairment loss, the impairment loss previously recognized will not exceed the amortized cost amount if the impairment of the investment has not been accounted for at the date when the impairment is canceled it is canceled in the income table.

The increase in the fair value of available-for-sale equity securities after impairment is accounted directly in equity.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

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

Financial liabilities

The Group's financial liabilities and equity instruments, the contractual arrangements, the definitions of a financial liability and an equity instrument classified on the basis of. Assets of the Group after deducting all of its liabilities equity instrument is any contract that right. For specific financial liabilities and equity instruments accounting policies set out below.

Financial liabilities at fair value through profit or loss or other financial liabilities are classified as financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, are recognized at fair value at each reporting period and at the balance sheet date the fair value is revalued. Changes in fair value, are recognized in the income statement. Net gains or losses are recognized in the income statement, include the amount of interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value net of transaction costs.

Other financial liabilities are subsequently at amortized cost using the effective interest rate and are accounted for at amortized cost using the effective interest method.

The effective interest method, calculating the amortized cost of a financial liability and of allocating interest expense associated period. The effective interest rate for the expected life of the financial instrument or a shorter period of time, if appropriate, the estimated future cash payments net present value of the financial liability.

Trade Payables

Trade payables in the ordinary activities of the suppliers of goods and services provided refers to payments to be made on. Trade payables are initially and subsequently at fair value calculated at the effective interest method are measured at amortized cost (Note 8).

Inventories

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

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

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

Property, Plant and Equipment

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

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

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

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

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

Cost Method

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

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

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

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

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

The useful lives of tangible fixed assets are as follows:

	Economic Life	
Land Improvements	3-14	Year
Buildings	50	Year
Plant, Machinery and Equipment	3-14	Year
Vehicles	5	Year
Fixtures	3-14	Year
Other Tangible Fixed Assets	5	Year
Special Costs	5	Year

Intangible Assets

Purchase of intangible assets

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

Computer Software

Acquired computer software, buying during the acquisition and capitalized on the costs incurred until ready for use.

Non-financial statements of intangible assets

An intangible asset through use or sale of disposed of or when no future economic benefits are expected from the case of statement of financial position (balance sheet) is disabled. An intangible asset statement of financial position (balance sheet) disconnection of the profit or loss, if any, to the disposal of assets is calculated as the difference between the net book value of collections. This difference is related assets statement of financial position (balance sheet) is recognized in profit or loss when taken out.

The useful lives of intangible fixed assets are as follows:

	Useful Life
Rights	3-14 Year

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization of goodwill. These assets are tested for impairment annually. The carrying value of assets subject to amortization may not be recoverable in the event of a situation or events are reviewed for impairment. If the carrying amount exceeds the recoverable amount of the asset is recognized for the impairment. The recoverable amount is fair value less costs to sell or value in use is the one obtained. For purposes of assessing impairment, assets are grouped at the lowest level of identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Leases

Financial Leasing

- The Group as the lessee

The Group substantially all the risks and rewards of ownership of tangible assets taken on lease, are classified as finance leases. Financial leases are subject to finance lease at the inception of the lease at the fair value of fixed assets at the lower of the present value basis are included in tangible assets by taking. Arising from lease financing costs over the lease term so as to produce a constant periodic rate is spread over the lease term. In addition, leased fixed assets based on estimated useful lives are amortized through. A reduction in value of fixed assets subject to finance lease impairment provision is recognized if detected. Finance lease liabilities and related interest expense and foreign exchange differences are recognized in profit or loss statement. Lease payments from finance lease liabilities are deducted.

Operating Lease

- The Group as the lessee

A significant portion of the risks and rewards of ownership are retained by the lessor that leases, are classified as operating leases. Under operating leases (net of any incentives received from the lessor after) the payments made, straight-line basis over the lease term on the profit or loss is recognized as an expense in the statement.

Determining whether a contract includes leasing

The group determines at the start of the contract whether a contract is a lease or whether it includes a lease. In order for a transaction to be "leased", the following two conditions must be met:

- The fulfillment of the contract depends on the use of a particular entity and
- The right to control the use of the entity specified in the contract.

At the inception or reassessment of the arrangement, the Group allocates the payments and other items required for such an arrangement for lease transactions and other items based on relevant fair values. If the Group decides that it can not reliably receive payments for a finance lease transaction, an asset and a liability are recorded that are equal to the fair value of the contractual asset.

Later, the liability decreases as the payments are made and the financing expense related to the liability is recognized using the alternative borrowing rate of the Group.

If the sales and leaseback transaction result in a financial lease, the portion above the carrying amount of the sales revenue is not immediately recognized as income by the seller-leaseholder.

Instead, the income is postponed and amortized over the lease period and recorded in profit or loss.

Borrowing Costs

Require significant time to get ready for use or sale assets (qualifying assets) when it comes to the acquisition, construction or production of directly attributable costs of the asset until the asset is ready for use or sale, are added to the cost. In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Related Parties

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

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

- i) Use directly, or indirectly through one or more intermediaries:
 - The Group controls, or is controlled by the Group,
 - Is under common control with the Group (parent, subsidiaries and fellow subsidiaries, including the same),
 - Has an interest in the Group that gives it significant influence over, or has joint control over the Group.
- ii) The party is an associate of the Group,
- iii) The party is joint venture of the Group is venturer,
- iv) The party is a member of the key management personnel of the Group or its parent,
- v) The (i) or (iv) above, any individual is a close family member,
- vi) The entity that is controlled, jointly controlled or significantly influenced by, or (iv) or (v) directly or indirectly, any individual referred to in Articles important to have an entity that is entitled to vote or
- vii) The party is an entity that is a related party of the company or for the benefit of employees of the entity must have plans.

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

Investment Property

Investment real estate is the property that is acquired in order to gain a lease and/or increase in value, and are measured primarily by cost values and the transaction costs included in it. Investment properties are valued by the fair value reflecting the market conditions as of the balance sheet date.

Investment properties are excluded from the balance sheet if they are to be sold or unusable and cannot be provided for any future economic benefit from the sale.

Foreign Currency Transactions

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

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

- Which relate to assets under construction for future productive use, and an adjustment to interest costs on foreign currency borrowings are regarded as foreign exchange differences are included in the cost of those assets,
- Foreign currency risks (see accounting policies are described below in order to hedge against) Exchange differences on transactions entered into in order to hedge.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Earnings Per Share

Earnings per share Earnings/loss amount, profit/loss, earnings per share from continuing operations/loss amount, the continuing operations profit/loss for the period of time in the Company's shares is calculated by dividing the weighted average number of common shares.

In Turkey, companies, existing shareholders from retained earnings distributing 'bonus shares' by way of earnings. This type of 'bonus share' distributions, earnings per share, are regarded as issued shares. Accordingly, the weighted average number of shares used in the calculations, giving retroactive effect to the stock in question is taken into consideration.

The calculation of earnings per share, will make the necessary corrections to the dilution effect of potential shares of preferred stock, or None (Note 29).

Events after the Balance Sheet Date

Events after the balance sheet date, the approval date of the publication of the balance sheet date of the consolidated financial statements, the Company refers to events that occur in favor or against. Whether to make a correction, according to the two types of situations can be identified:

- Adjusting events after the balance sheet, showing evidence of conditions that existed at the reporting date on situations in which the conditions,
- About the events that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet).

The accompanying consolidated financial statements of the Group, has been recognized adjusting events after balance sheet date and non-adjusting events after the balance sheet notes (Note 35).

Provisions, Contingent Liabilities and Contingent Assets

Provisions

There is a present legal or constructive obligation as a result of past events, and resources embodying economic benefits to settle the obligation and it is probable that they kept the company is expected to have a safe manner in the event of liability should be recognized in the consolidated financial statements. The provisions of the expenditure required to settle the obligation at the balance sheet date, with the most realistic estimates calculated by the Company's management and are discounted to present value where the effect is material.

Contingent Liabilities

Obligations under this group, within the control of the entity arising from past events, and the presence of one or more uncertain future events on the realization of the non-existence will be confirmed as the assessed liabilities Contingent liabilities are not included in the consolidated financial statements. Because, to settle the obligation, have the possibility of an outflow of resources embodying economic benefits or the amount of obligation can not be measured with sufficient reliability. Too far from the entity of resources embodying economic benefits likely to come out, unless the notes to the consolidated financial statements show that conditional obligations (Note 18).

Contingent Assets

The Group within the control of the entity arising from past events, and the presence of one or more uncertain events, which will be confirmed by the realization of assets, is considered as a contingent asset. If an inflow of resources embodying economic benefits is not certain contingent assets described in the notes to the consolidated financial statements.

Or all of the economic benefits required to settle a provision are expected to be part of the cases, which shall be collected by third parties, it is virtually certain that reimbursement will be received and the amount of the event can be measured reliably, are recognized and reported as an asset

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Financial Information Segment Reporting

Reportable segment information required to be disclosed is a business segment or geographical segment . Industrial segments of a particular commodity or service or group of related goods or services , or to provide benefits in terms of risk and different from other parts of the Group are the features section . Geographical segments provide products or services within a particular economic environment of the Group and the risks and benefits in terms of the economic environment to another with different characteristics from those of components operating in other chapters.

The Group mainly abroad and in Turkey, electrical and mechanical project contracting, ship electrical electronics and solar energy in the areas in which it operates financial information for the segmental reporting this that performs the operations of the companies restructured by the electrical and mechanical project contracting, ship electrical electronics and energy are reported under the headings of the ship.

Group management for the purposes geographically Turkey, Qatar, England, Netherlands, Russia, Bulgaria, Azerbaijan and the United Arab Emirates is divided into 8 sections including (Note 4).

Revenue

Step 1: Identifying the contract

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

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

Step 2: Identifying the performance obligations

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

- (a) A performance obligation either a good or service that is distinct,
- (b) Or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Company can define a good or service included in the contract separately from other commitments in the contract and if it enables the customer to benefit from the said good or service alone or together with other resources available to use, it defines it as a different good or service. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

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

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Significant financing component

The Company revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Company’s performance throughout the period, the Company concludes that the period between performance 12 months, therefore the expedient is applied.

Variable consideration

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

Step 4: Allocating the transaction price to performance obligations

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

Step 5: Recognition of revenue

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

- Customer simultaneously receives and consumes the benefits as the entity performs or
- The customer controls the asset as the entity creates or enhances it or
- Company’s performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

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

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

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

Contract modifications

If the company makes a commitment to provide additional goods or services, it accepts the contract modification as a separate contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

Revenue is measured over the fair value of the amount of receivables collected or to be received. Estimated customer returns, discounts and provisions are deducted from this amount.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Business Operations

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

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

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

Service Presentation:

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

Rent Incomes

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

Dividend and interest income

Dividend income from equity investments are recorded when the Group gain the right to receive dividend (the economic benefits will flow to the Group and the revenue can be measured reliably, as long as).

The interest income from financial assets, economic benefits will flow to the Group and the revenue can be measured reliably are recognized as long. Interest income, with the remaining balance to be achieved through the expected life of the financial asset to that asset's net carrying amount that discounts estimated future cash receipts and at the effective interest rate.

Taxes calculated over corporate earnings

Because of Turkish tax legislation does not allow the parent company and its affiliates to prepare a consolidated tax declaration, the tax equivalents are calculated separately on the basis of each legal entity as reflected in the attached consolidated financial statements.

The current tax charge includes the current year's tax and deferred tax. The tax expense of the period is recorded in profit or loss, except for those relating to the business mergers or items taken directly from the records under other comprehensive revenue or equity.

Tax

The current tax liability is calculated through the taxable portion of the term profit. Taxable profits differ from profits in income statement table due to excluding items that are not possible to be taxes or taxes deductible. Current tax liability of group is legalized as of balance sheet date or calculated by using substantially significant tax rates.

Deferred tax

Deferred tax liabilities or assets are determined by calculating the temporary differences between the amounts recognized in the financial statements of assets and liabilities and the amounts considered in the statutory tax base, taking the tax effects into consideration at the statutory tax rates.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets consisting of unused tax losses and deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. It is calculated.

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of the goodwill or other asset or liability in the financial statements (other than in a business combination) that is not effected by business or financial profit or loss.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates and joint ventures, except where the Group is able to control the reversal of temporary differences and the probability of such reversal in the foreseeable future is low. Deferred tax assets arising from related taxable temporary differences are calculated on the assumption that it is highly probable that the differences will be utilized in the near future with sufficient profits subject to taxation and it is probable that the related differences will be recovered in the future.

Deferred income tax assets and liabilities are calculated over the tax rates (tax regulations) that are expected to be effective in the period in which the assets are realized or liabilities are realized and legalized or substantively legalized as of the balance sheet date. During the calculation of deferred tax assets and liabilities, the tax consequences of the Group's anticipated recovery of its carrying amount or the fulfillment of its obligations as of the balance sheet date are taken into account.

Deferred income tax assets and liabilities are recognized when the Group has a legally enforceable right to set off current tax assets or liabilities based on current tax assets or when the Group has a willingness to pay taxes by offsetting the Group's current tax assets and liabilities is deducted.

Deferred tax assets and liabilities are offset against each other if the same country is subject to tax legislation and there is a legally enforceable right to offset current tax assets against current tax liabilities.

Taxation of foreign branches and projects:

The Company's subsidiaries in Bulgaria are subject to 10% income tax. Ongoing construction projects in the United Arab Emirates and Qatar are exempt from corporate tax. 20% of the company's subsidiary in Russia is subject to income tax.

Employee Benefits and Severance Payments

Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. In accordance with the updated TAS 19 Employee Benefits Standard ("TAS 19"), such payments are considered as defined retirement benefit plans. The retirement pay liability recognized in the statement of financial position is calculated according to the net present value of the estimated future salary of all employees due to their retirement and reflected in the financial statements. All actuarial gains and losses are accounted for under other comprehensive income. There are no liabilities related to subsidiaries and joint activities operating in foreign countries. (Note 19).

Cash Flow Statement

The Group prepares cash flow statements to inform the users of the financial statements about the ability to direct the amount and timing of changes in net assets, financial structure and cash flows according to changing conditions. In the cash flow table, the cash flows related to the turnover are reported by being classified as operating, investing and financing activities.

Cash flows from operating activities, cash flows from operating activities of the Company. From investing activities Cash flows from investing activities (fixed asset investments and financial investments) and the cash flows. Cash flows related to Cash flows from operating activities represent cash flows arising from the Group's core operations. Cash flows from investing activities represent the cash flows the Group uses in its investment activities (fixed assets investments and financial investments). Cash flows from financing activities represent the resources the Group uses in its financial activities and the repayments of those resources. Cash and cash equivalents include investments in cash and demand deposits with short-term, high liquidity with a short maturity of 3 months or less.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.3. Summary of Significant Accounting Policies (Continued)

Shares and dividends

Ordinary shares, are classified as equity. Dividends payable are declared as an element of profit in the period are reflected as liabilities in the financial statements.

2.4. Significant Accounting Valuation, Estimates and Assumptions

In the preparation of financial statements in the Consolidated Financial Statements, the Group management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, the probable liabilities and commitments that arise as of the reporting date and the amounts of income and expenses in the reporting period. Although these estimates and assumptions are based on the Group management's best knowledge of current events and transactions, they may differ from actual results. Estimates are regularly reviewed, necessary corrections are made and they are reflected in the period income table.

The interpretations that may have significant effect on the amounts reflected in the financial statements and the assumptions made by taking into account the actual sources of the existing or future estimates are as follows:

- a) Where it becomes probable that the contractual amendments will be approved by the employer, the group will reflect such contractual changes in the financial statements according to the completion rate of the construction projects. Estimates of the collectibility of contractual changes are made by taking into account the past experience of the Group's management, the relevant contractual provisions and the related legal regulations.
- b) The Group calculates the 'project costs remaining in construction contracts' through in-house forecasting mechanisms. Factors such as raw material prices, labor and other costs increases are included in these projections, which are based on best estimate as of the balance sheet date. For unexpected increases that may occur in subsequent periods, the remaining costs of the construction contracts need to be reassessed. Changes in the scope of construction projects and changes in scope project incomes and estimates of the total project costs resulting from the realizations can be significant fluctuations between years.
- c) The Group is subject to different tax legislation and laws as it operates in various countries. There are many uncertainties about the final tax implications of some transactions and calculations affecting income tax due to the general system in those countries. In those countries, the taxable account is generally 1-5 years. Therefore the Group Should use significant estimates when calculating tax provision. When the final tax results are released, the realized amounts may differ from those predicted, and the income tax for the records as of the balance sheet. Deferred tax asset is recognised in the event of determining that taxable revenue is likely to occur in the coming years. Deferred tax asset is recognised through the downloadable temporary differences in cases where taxable income is likely to occur. For the interim period, which ended on 31 December 2020, the Group has recognised deferred tax assets because of theadequate indicators that the foreseeable future is a taxable.
- d) Severance pay liability for actuarial assumptions (discount rates, future salary increases and employee seperation rates).
- e) Doubtful receivables reflect the amounts that the Management believes will meet future losses from receivables, which are present as of the balance sheet date but are at risk of not being charged under current economic conditions. The performance of borrowers who remain outside the Group while evaluating the receivables ' impairment in the past performance of the companies based on the credibility of the market and the date of the financial statements from the balance sheet and re-negotiated conditions are also taken into consideration.
- f) When calculating inventory impairment, data for inventory after discount list prices is used. For non-measurable stocks, the sales price is evaluated by the opinions of the goods in stock and the physical status of the technical staff. In cases where the projected net can be accomplished, the value of the inventory is divided by the low cost.
- g) The possibility of loss of cases and the obligations to be lost in the case of the case in response to litigation, the Company's legal advisors and expert opinions are obtained by the Company's management evaluated by the based on the best estimates, company management determines the amount of the litigation response.
- h) The Company management has made significant assumptions in the direction of the technical team's experience in determining the beneficial economic lifetimes of tangible and intangible assets.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.5. Changes and Errors in the Accounting Policies and Estimates

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

If the changes in the accounting estimates are for only one period, they are applied both in the current period when the change is made and both in the future when the change is made and in the future. The significant accounting estimates used in the current period are consistent with the accounting estimates used in the preparation of the consolidated financial statements for the period ended 31 December 2019.

2.6. Business Combination

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

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

2.7. Significant Changes Within the Current Period

The Covid-19 Pandemic, which affects almost all sectors around the world, has adversely affected the Arabian Gulf region, where we mainly do business. The construction sector in this region was struggling with difficulties such as increasing construction costs, delays in projects and decreasing business potential before COVID-19 due to regional competition and political conflicts among the countries in the region.

In addition to the current situation, due to the COVID-19 Pandemic, additional difficulties such as social distance practices that cause 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 to this situation.

The impacts of the COVID-19 Pandemic in European countries, which we have opened and undertaken projects in recent years, have occurred in a similar direction to the Gulf region in a way that will create delays and pauses and create additional costs due to practices such as restrictions, reduced working hours and limited number of personnel to the construction sites.

Delays and pauses caused by these situations negatively 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 epidemic of our operations and to ensure that our employees have a safe working environment, the widespread use of technological tools and remote working software has been ensured. The rapid adaptation to 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 amendment orders in the Gulf Region can also downside cash flows and profit margins. The Group takes and will continue to take measures to reduce this impact.

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2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

2.7. Significant Changes Regarding the Current Period (Continued)

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 staff 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 negotiations with the main contractor regarding the additional costs arising from the delay are ongoing.

Abu Dhabi International Airport Midfield Terminal Building Project, had a stable course in this period due to the impact of COVID-19, delayed payments and change orders that have not yet been resolved. Currently, operations have begun to take action with the employer's initiative to accelerate the project again.

As the Ain Dubai (Bluewaters) Project is nearing completion, an additional time extension requirement has arisen due to the impact of the COVID-19 Pandemic, and negotiations with the main contractor are ongoing regarding the anticipated additional costs.

The Azerbaijan Ministry of Taxes building is in line with the program, the 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 extension of time 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 Expansion Projects have never been completely stopped, and indirect staff working from home has been implemented for short periods only.

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.

Energia Kompania Bonev, the subsidiary of the Group, has been sold in the first quarter of 2020, as of 31 December 2020, 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 General Manager and the Board of Directors.

The Group's competent authority to review the results and activities on a product-by-product basis and geographical distribution basis in order to make decisions about the resources allocated to the divisions and to evaluate the performance of the divisions. The distribution on the basis of group product groups is as follows: Electrical and mechanical project commitment, land and buildings, telecommunications, 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:

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4. SEGMENT REPORTING (Continued)

31.12.2020	Project Commitment	Rent Income	Telecommunication	Marine Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	689,837,990	18,569,937	7,627	31,288,778	737,134	-	740,441,466
Intra Group Revenue	-	-	-	-	-	(1,228,463)	(1,228,463)
Total Net Revenue	689,837,990	18,569,937	7,627	31,288,778	737,134	(1,228,463)	739,213,003
Cost of Sales (-)	(781,607,455)	(2,340,605)	(7,627)	(19,698,206)	(600,100)	231,961	(804,022,032)
Gross Profit / Loss	(91,769,465)	16,229,332	-	11,590,572	137,034	(996,502)	(64,809,029)
General and Administrative Expenses (-)	(32,812,335)	(1,487,658)	(503,291)	(1,254,584)	(148,663)	891,761	(35,314,770)
Other Operating Income	85,541,881	971,329	402,096	794,611	32,936	95,191	87,838,044
Other Operating Expenses	(68,700,194)	(1,663,856)	(294,807)	(3,106,946)	(297,590)	(126)	(74,063,519)
Operating Profit	(107,740,113)	14,049,147	(396,002)	8,023,653	(276,283)	(9,676)	(86,349,274)
Impairment (losses)/gains in accordance with TFRS 9, net	1,310,797	-	-	(1,205)	-	-	1,309,592
Income from Investment Operations	9,502,429	4,051,012	6,887	-	200	-	13,560,528
Expense from Investment Operations (-)	(65,872)	-	(219,959)	-	(3,254)	-	(289,085)
Operating Profit / (Loss) before Finance Income and Expense	(96,992,759)	18,100,159	(609,074)	8,022,448	(279,337)	(9,676)	(71,768,239)
Financing Income	19,176,560	1,174,740	7,071	2,245,498	3,517	(5,347,955)	17,259,431
Financing Expenses (-)	(42,418,886)	(42,850,482)	(337,260)	(541,791)	(3,132,342)	5,347,956	(83,932,805)
Operating Profit/(Loss) Before Tax	(120,235,085)	(23,575,583)	(939,263)	9,726,155	(3,408,162)	(9,675)	(138,441,613)
Operating Tax Income/(Loss)							
-Period Tax Income/(Loss)	(1,273,863)	-	-	(431,734)	(8,163)	-	(1,713,760)
-Deferred Tax Income/(Expense)	1,171,423	(1,377,397)	371	(1,714,282)	7,665	(848,264)	(2,760,484)
Profit/(Loss)	(120,337,525)	(24,952,980)	(938,892)	7,580,139	(3,408,660)	(857,939)	(142,915,857)
Investment Expenses							
Property, Plant and Equipment	1,189,513	454,186	-	10,925	-	-	1,654,624
Intangible Fixed Assets	1,231	-	3,879	-	-	-	5,110
Depreciation Expenses	(6,659,406)	(174,600)	-	(19,389)	-	-	(6,853,395)
Amortization Expenses	(61,990)	(1,723)	(1,151)	(20,374)	-	-	(85,238)
Other Information							
- Total Assets	2,338,034,041	303,586,931	73,426,489	36,891,953	1,478,582	(1,135,431,698)	1,617,986,298
- Total Liabilities	1,755,036,927	174,654,424	5,360,774	20,525,764	22,425,009	(802,467,611)	1,175,535,286

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4. SEGMENT REPORTING (Continued)

31.12.2019	Project Commitment	Rent Income	Telecommunication	Marine Electrical and Electronics	Energy	Consolidation Adjustments	Total
Net Revenue Non-Group	995,170,065	21,461,334	21,610	6,300,757	7,784,200	-	1,030,737,966
Intra Group Revenue	-	-	-	-	-	(557,332)	(557,332)
Total Net Revenue	995,170,065	21,461,334	21,610	6,300,757	7,784,200	(557,332)	1,030,180,634
Cost of Sales (-)	(966,376,947)	(1,962,530)	(33,775)	(5,655,917)	(4,419,805)	541,030	(977,907,944)
Gross Profit / Loss	28,793,118	19,498,804	(12,165)	644,840	3,364,395	(16,302)	52,272,690
General and Administrative Expenses (-)	(39,090,516)	(1,386,979)	(482,585)	(1,052,307)	(496,072)	(91,194)	(42,599,653)
Other Operating Income	107,542,422	3,428,002	710,096	392,982	149,493	(56,614)	112,166,381
Other Operating Expenses	(85,393,813)	(4,688,347)	(430,503)	(349,379)	(72,872)	-	(90,934,914)
Operating Profit	11,851,211	16,851,480	(215,157)	(363,864)	2,944,944	(164,110)	30,904,504
Impairment (losses)/gains in accordance with TFRS 9, net	1,242,635	-	-	1,044	-	-	1,243,679
Income from Investment Operations	895,022	9,924,000	-	726	1,227	-	10,820,975
Expense from Investment Operations (-)	(119,999)	-	(1,158)	-	-	-	(121,157)
Equity Method Investments Profit / (Loss)'s Shares	270,891	-	-	-	-	-	270,891
Operating Profit / (Loss) before Finance Income and Expense	14,139,760	26,775,480	(216,315)	(362,094)	2,946,171	(164,110)	43,118,892
Financing Income	15,732,518	6,840,639	12,942	1,712,706	452	(5,697,207)	18,602,050
Financing Expenses (-)	(38,947,626)	(22,148,284)	(155,185)	(115,915)	(5,727,158)	5,667,403	(61,426,765)
Operating Profit/(Loss) Before Tax	(9,075,348)	11,467,835	(358,558)	1,234,697	(2,780,535)	(193,914)	294,177
Operating Tax Income/(Loss)							
-Period Tax Income/(Loss)	(582,751)	-	(3,101)	(501,049)	(177,501)	-	(1,264,402)
-Deferred Tax Income/(Expense)	2,516,055	1,423,653	(767)	225,982	(2,378)	-	4,162,545
Profit/(Loss)	(7,142,044)	12,891,488	(362,426)	959,630	(2,960,414)	(193,914)	3,192,320
Investment Expenses							
Property, Plant and Equipment	2,950,453	292,759	-	2,527	-	-	3,245,739
Intangible Fixed Assets	508	-	641	61,747	-	-	62,896
Depreciation Expenses	(6,548,404)	(115,472)	(1,838)	(17,277)	(2,003,202)	-	(8,686,193)
Amortization Expenses	(96,321)	(1,723)	(13,348)	(20,376)	(211)	-	(131,979)
Other Information							
- Total Assets	1,721,501,289	328,279,651	74,027,652	12,254,462	47,097,375	(744,018,936)	1,439,141,493
- Total Liabilities	1,116,702,311	174,394,163	5,012,407	3,448,451	47,299,663	(415,245,199)	931,611,796

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4. SEGMENT REPORTING (Continued)

Geographical Segments

<u>01.01.- 31.12.2020</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	277,330,036	97,077,241	32,016,361	25,429,105	-	755,070	84,470,582	223,381,007	(1,246,399)	739,213,003
Due from Customers Under Construction Contracts	90,090,800	139,780,349	21,163,565	5,914,021	-	-	-	566,233,941	-	823,182,676
Assets according to Segment	1,200,612,533	804,674,878	41,268,520	13,986,060	66,541	1,120,883	31,969,900	659,718,681	(1,135,431,698)	1,617,986,298
Investment Expenses	827,298	524,648	-	13,236	-	-	-	294,552	-	1,659,734
<u>01.01.- 31.12.2019</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	96,368,372	158,762,409	162,258,169	24,097,322	-	7,784,200	5,838,664	575,628,830	(557,332)	1,030,180,634
Due from Customers Under Construction Contracts	43,205,437	45,947,928	52,066,827	4,121,447	-	-	4,616,539	390,775,826	-	540,734,004
Assets according to Segment	958,028,842	524,341,063	89,310,063	10,023,831	47,541	45,840,284	15,523,224	540,045,581	(744,018,936)	1,439,141,493
Investment Expenses	1,064,427	150,548	21,207	6,689	-	-	-	2,065,764	-	3,308,635

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4. SEGMENT REPORTING (Continued)

Information on the revenue shares of the customers according to the operating segments of the Group’s revenue between 1 January - 31 December 2020 and 1 January - 31 December 2019 are as follow:

<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>01.01. - 31.12.2020</u> <u>Share in Gross Revenue</u>
Project Commitment	Project Commitment	201,130,872	29%
Project Commitment	Project Commitment	119,297,513	17%
Project Commitment	Project Commitment	104,096,594	15%
Project Commitment	Project Commitment	84,470,584	12%
<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>01.01. - 31.12.2020</u> <u>Share in Gross Revenue</u>
Marine Electrical and Electronics	Service Sales	12,317,779	34%
Marine Electrical and Electronics	Service Sales	7,011,001	19%
<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>01.01. - 31.12.2019</u> <u>Share in Gross Revenue</u>
Project Commitment	Project Commitment	553,919,434	54%
Project Commitment	Project Commitment	206,873,769	20%
Project Commitment	Project Commitment	82,442,307	8%
<u>Operating Segment</u>	<u>Activity</u>	<u>Amount in Gross Revenue</u>	<u>01.01. - 31.12.2019</u> <u>Share in Gross Revenue</u>
Marine Electrical and Electronics	Service Sales	4,054,856	64%
Marine Electrical and Electronics	Service Sales	271,872	4%

5. CASH AND CASH EQUIVALENTS

	<u>31.12.2020</u>	<u>31.12.2019</u>
Cash	268,980	1,149,350
Banks	54,139,584	103,906,698
- Demand Deposits	54,029,669	103,808,220
- Time Deposit Maturity less than 3 Months	109,915	98,478
Other Cash and Cash Equivalents	10	63
Total	54,408,574	105,056,111

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

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>31.12.2020</u>	<u>Interest Rate (%)</u>	<u>31.12.2019</u>
TRY	9.00- 17.30	102,574	9.38- 10.28	98,478
US Dollar	1.00	7,341	-	-
Total Time Deposit		109,915		98,478
		<u>31.12.2020</u>		<u>31.12.2019</u>
Opening balance		98,478		-
Addition		11,437		98,478
Disposal (-)		-		-
Time deposit at the end of the period		109,915		98,478

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

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6. FINANCIAL INVESTMENTS

Short Term Financial Investment	31.12.2020	31.12.2019
FV gain/losses of financial assets reflected in the income statement	10,521	3,634
Total	10,521	3,634
FV gain/losses of financial assets reflected of income statement	31.12.2020	31.12.2019
Shares		
Shares traded on the stock exchange (*)	10,521	3,634
Total	10,521	3,634

(*) The shares traded on the stock exchange have FV gain amounting to TRY6.887 in the current period (31 December 2019: TRY1,158 depreciation).

7. FINANCIAL BORROWINGS

	31.12.2020	31.12.2019
Bank Loans	418,997,499	321,560,536
Credit Card Debts	594,315	91,443
Total	419,591,814	321,651,979

a) Bank Loans:

Currency	Weighted Average Interest Rate (%)	31.12.2020			Total
		Short Term	Short-Term Portion of Long Term Loans	Long Term	
TRY	9.50 – 21.50	266,179,333	-	-	266,179,333
Euro	3.00-6.80	13,233,842	47,255,638	90,841,004	151,330,484
QAR	5.60	1,487,682	-	-	1,487,682
Total		280,900,857	47,255,638	90,841,004	418,997,499

Currency	Weighted Average Interest Rate (%)	31.12.2019			Total
		Short Term	Short-Term Portion of Long Term Loans	Long Term	
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

	31.12.2020	31.12.2019
Payable within one year	328,156,495	212,847,598
Payable within 2 - 3 years	29,638,042	27,551,086
Payable within 3 - 4 years	29,757,569	24,928,540
Payable within 4 - 5 years	29,885,433	25,141,895
Payable within 5 years and longer term	1,559,960	31,091,417
Total	418,997,499	321,560,536

As of 31 December 2020, there are no mortgages (31 December 2019: TRY22,749,386).

The Group’s Movement regarding loans are as follow:

	31.12.2020	31.12.2019
1 January Opening Balance	321,560,536	213,491,543
Cash inflows from borrowing	319,619,012	269,289,465
Cash outflows on principal payments	(243,380,427)	(161,248,440)
Interest paid	(41,033,869)	(34,391,850)
Accrual	22,955,564	18,622,189
Foreign Exchange rate differences	39,276,683	15,797,629
31 December Closing Balance	418,997,499	321,560,536

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8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

The Group’s trade receivables as at balance sheet date are as follow:

Short Term Trade Receivables	31.12.2020	31.12.2019
Trade Receivables	113,197,517	118,789,659
Notes Receivables and Postdated Checks	2,147,838	7,502,294
Less: Unrealized Finance Income	(75,602)	(412,659)
Income Accruals	-	5,685,300
Adjustment on application of TFRS 9	(30,211)	(1,145,483)
Doubtful Trade Receivables	1,202,765	1,117,593
Less: Doubtful Receivables Provisions	(1,202,765)	(1,117,593)
Collaterals held by Employers (*)	107,558,871	81,959,628
Sub Total	222,798,413	212,378,739
Receivables from Related Parties (Note 30)	9,577,545	8,680,938
Total	232,375,958	221,059,677

As of 31 December 2020, the weighted average of interest rate 17.51%, 0.10% and 0.59% 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: TRY15.18%, US Dollars1.80%, Euro0.51%, 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 31 December 2020, trade receivables amounting to TRY1,202,765 (2019: TRY1,117,593) is a provision for doubtful receivables.

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

The movement schedule of the Group for doubtful trade receivables are as follow:

	1 January - 31 December 2020	1 January - 31 December 2019
Beginning of the period	1,117,593	5,273,235
Provisions within the period	-	10,851
Less: Collected within the current period	(46,247)	(4,701,964)
Foreign currency exchange differences	131,419	535,471
End of the period	1,202,765	1,117,593

Explanations on the nature and level of risks in trade receivables are explained in detail in Note 31.

b) Trade Payables:

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

Short Term Trade Payables	31.12.2020	31.12.2019
Trade Payables	131,661,830	144,449,106
Notes Payable	12,656,287	57,859,473
Less: Unrealized Finance Expense	(295,990)	(807,999)
Expense Accruals	952,180	7,644,152
Financial Guarantees Given to the Subcontractor (*)	33,486,167	26,015,460
Sub Total	178,460,474	235,160,192
Trade Payables to Related Parties (Note 30)	28,160,246	632,716
Total	206,620,720	235,792,908

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8. TRADE RECEIVABLES AND PAYABLES (Continued)

b) Trade Payables: (Continued)

As of 31 December 2020, the weighted average of interest rates are 17.37%, 0.19%, and 0.57% 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 of time and not yet outstanding are classified as “subcontractor return share debts”.

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

Explanations on the nature and level of risks in trade payables are explained in detail in Note 31.

9. OTHER RECEIVABLES AND PAYABLES

<u>Short Term Other Receivables</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Deposits and Guarantees Given	2,590,989	11,692,017
Due From Personel	7,746	4,382
Doubtful Other Receivables	5,248,443	5,248,443
Less: Provision of Doubtful Other Receivables (*)	(5,248,443)	(5,248,443)
Other Receivables	682,738	441,402
Tax and Social Security Receivables	922,805	1,461,394
Sub-Total	4,204,278	13,599,195
Other receivables from related parties (Note 30)	200,981	10,935,494
Total	4,405,259	24,534,689

The details of the other doubtful receivables are as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
Beginning of the period	5,248,443	4,581,553
Provisions within the period	-	808,884
Less: Collected within the Period	-	(141,994)
End of the period	5,248,443	5,248,443

<u>Long-Term Other Receivables</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Deposits and Guarantees Given	87,787	86,519
Total	87,787	86,519

<u>Shorts-Term Other Payables</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Deposits and Guarantees Received	312,387	372,137
Taxes and Charges	12,849,184	8,426,437
Other Payables	14,534	12,290
Restructed Debts of Public Sector	17,448	118,218
Sub-Total	13,193,553	8,929,082
Other Payables to Related Parties (Note 30)	1,285,181	109,463
Total	14,478,734	9,038,545

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10. INVENTORIES

	<u>31.12.2020</u>	<u>31.12.2019</u>
Raw Materials	115,766,767	130,820,202
Trade Goods	16,763	140,874
Provision for Inventories (-)	-	(371,625)
Total	<u>115,783,530</u>	<u>130,589,451</u>
	<u>01 January - 31 December 2020</u>	<u>01 January - 31 December 2019</u>
Provision for Inventories Movement		
Opening Balance	371,625	371,625
Additional During the Period (-)	-	-
Canceled During the Period (-)	(371,625)	-
Closing Balance	<u>-</u>	<u>371,625</u>
	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Inventory Impairment Breakdown		
Raw Materials	-	371,625
Total	<u>-</u>	<u>371,625</u>

The Group has no inventory pledged as collateral for loans used (31.12.2019: None).

11. PREPAID EXPENSES AND DEFERRED REVENUES

	<u>31.12.2020</u>	<u>31.12.2019</u>
Short-Term Prepaid Expenses		
Advances Given for Inventories	10,083,299	8,195,843
Other Advances Given	3,865,710	2,371,808
Prepaid Expenses for the Following Months	4,738,317	7,936,090
Total	<u>18,687,326</u>	<u>18,503,741</u>
	<u>31.12.2020</u>	<u>31.12.2019</u>
Long-Term Prepaid Expenses		
Prepaid expenses to next years	649,114	274,818
Total	<u>649,114</u>	<u>274,818</u>
	<u>31.12.2020</u>	<u>31.12.2019</u>
Short-Term Deferred Income		
Advances Received Regarding Construction Contracts (*)	427,999,535	248,687,654
Other Advances Received	871,591	12,449,805
Prepaid Income to Future Months	1,953,445	1,796,791
Total	<u>430,824,571</u>	<u>262,934,250</u>

(*) The most important reason for the increase in advances received regarding construction contracts is the advance of the Lusail Plaza Towers project signed in 2020.

12. CONSTRUCTION CONTRACTS

	<u>31.12.2020</u>	<u>31.12.2019</u>
Assets regarding Construction Contracts In Progress	823,182,676	540,734,004
Total	<u>823,182,676</u>	<u>540,734,004</u>

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12. CONSTRUCTION CONTRACTS (Continued)

Assets related to construction projects in progress are as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
Assets regarding Domestic Construction Contracts		
Unearned Assets regarding Domestic Construction Contracts (*)	90,090,800	43,205,437
Unearned Assets regarding Overseas Construction Contracts (*)	733,091,876	497,528,567
Assets regarding Construction Contracts In Progress	<u>823,182,676</u>	<u>540,734,004</u>
	<u>31.12.2020</u>	<u>31.12.2019</u>
Liabilities Regarding Construction Contracts in Progress	18,562,232	9,734,857
Total	<u>18,562,232</u>	<u>9,734,857</u>

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

Liabilities related to construction projects in progress are as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
Over-invoiced Portion regarding Domestic Construction Contracts	3,220,478	1,958,354
Over-invoiced Portion regarding Overseas Construction Contracts	15,341,754	7,776,503
Contractual obligations arising from ongoing construction and contracting works	<u>18,562,232</u>	<u>9,734,857</u>

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

As of 31 December 2020, short-and long-term advances has been received regarding the ongoing construction contracts is amounting to TRY427,999,535 (31 December 2019: TRY248,687,654).

13. INVESTMENTS ACCOUNTED UNDER EQUITY METHOD

Energina Kompania Bonev, the subsidiary of the Group accounted by equity method, was sold on 13 March 2020 for a consideration of EUR354,689 (TRY2,487,750).

	<u>Affiliates rate (%)</u>	<u>31.12.2020</u>	<u>Affiliates rate (%)</u>	<u>31.12.2019</u>
Energina Kompania Bonev	-	-	50.00	1,326,951
Total		<u>-</u>		<u>1,326,951</u>

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

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

The details of the share of the affiliate’s profit for the period are as follows:

	<u>Affiliates rate (%)</u>	<u>31.12.2020</u>	<u>Affiliates rate (%)</u>	<u>31.12.2019</u>
Energina Kompania Bonev	-	-	50.00	270,891
Total		<u>-</u>		<u>270,891</u>

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14. INVESTMENT PROPERTY

	<u>1 January 2020</u>					<u>31 December 2020</u>
<u>Fair Value</u>	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Appreciation</u>	<u>Closing Balance</u>
Lands and Buildings	282,864,413	4,600	(6,650,000)	1,236,029	4,051,012	281,506,054
Investment Properties	282,864,413	4,600	(6,650,000)	1,236,029	4,051,012	281,506,054

	<u>1 January 2019</u>					<u>31 December 2019</u>
<u>Fair Value</u>	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Value Increase</u>	<u>Closing Balance</u>
Land and Buildings	277,118,847	-	(4,870,000)	-	10,615,566	282,864,413
Investment Properties	277,118,847	-	(4,870,000)	-	10,615,566	282,864,413

The fair value of investment property amounting to Turkey at 31 December 2020 and 2019 are as follows:

<u>Name of real estate</u>	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<u>Expertize Report Date</u>	<u>The Fair Value</u>	<u>Expertize Report Date</u>	<u>The Fair Value</u>
Muğla Milas Mesken	-	-	6 March 2020	6,650,000
Anel İş Merkezi	3 February 2021	284,500,000	14 February 2020	280,500,000
Land (Koşuyolu)	3 February 2021	4,075,000	14 February 2020	3,920,000

There is a mortgage amount of EUR37,200,000, TRY450,000,000, USD100,000,000 and an insurance guarantee of TRY201,581,961 on investment properties as of 31 December 2020 (31 December 2019: EUR37,200,000 mortgage and TRY201,581,961 insurance guarantee).

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

According to the valuation report dated 3 February 2021 prepared by the valuation company, the fair value was appreciated as TRY284,500,000. Market approach method used in valuation report. The value of the property was determined by the Market method.

The area used by the Group Companies subject to consolidation within 42 independent area of the property subject to the appraisal, have been accounted in tangible assets amounting to TRY7.068.946 and remaining areas amounting to TRY277,431,054 have been accounted in investment properties.

In addition, the building of the Group, except of Anel Business Center and located in Koşuyolu, has been evaluated by TSKB Gayrimenkul Değerleme A.Ş. and its fair value has been determined as TRY4,075,000. The fair value of the property was determined by the Market Approach method.

The Group sold its investment property located in Muğla Milas in 2020.

The Group has generated TRY17,614,413 rental income from its investment properties (31 December 2019: TRY21,083,000).

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15. TANGIBLE ASSETS

									31.12.2020
Cost	Lands	Buildings	Lands Improvements	Plant, Machinery and Equipment	Vehicles	Fixtures	Leasehold Improvements	Other Fixed Assets	Total
Opening Balance	1,510,000	8,205,588	406,856	87,630,310	4,241,484	36,025,926	407,346	265,819	138,693,329
Foreign Currency Translation Adjustments	-	-	95,910	8,615,809	871,599	6,386,152	4,819	-	15,974,289
Purchases	-	99,388	-	1,086,631	-	468,605	-	-	1,654,624
Disposals	-	-	-	(191,437)	(241,994)	(428,416)	-	-	(861,847)
Affiliate Exit (*)	(1,510,000)	-	-	(52,110,446)	-	(22,509)	-	(98,058)	(53,741,013)
Transfers	-	(1,236,030)	-	-	-	-	-	-	(1,236,030)
Closing Balance	-	7,068,946	502,766	45,030,867	4,871,089	42,429,758	412,165	167,761	100,483,352
Accumulated Depreciation									
Opening Balance	-	(492,336)	(246,964)	(42,598,503)	(2,936,944)	(30,799,133)	(391,826)	(217,073)	(77,682,779)
Foreign Currency Translation Adjustments	-	-	(59,356)	(5,791,754)	(660,810)	(5,667,287)	(4,822)	-	(12,184,029)
Charge for the period	-	(141,379)	(24,069)	(4,015,243)	(865,503)	(1,801,882)	(5,319)	-	(6,853,395)
Disposals	-	-	-	1,121	189,561	367,421	-	-	558,103
Affiliate Exit (*)	-	-	-	15,848,571	-	22,509	-	87,914	15,958,994
Transfers	-	-	-	-	-	-	-	-	-
Closing Balance	-	(633,715)	(330,389)	(36,555,808)	(4,273,696)	(37,878,372)	(401,967)	(129,159)	(80,203,106)
Tangible Assets, net	-	6,435,231	172,377	8,475,059	597,393	4,551,386	10,198	38,602	20,280,246

(*) Consist of the disposal of the subsidiaries of Dag-08 Ood and Golden Sun Ood as of the reporting period.

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15. TANGIBLE ASSETS (Continued)

Cost									31.12.2019
	Lands	Buildings	Lands Improvements	Plant, Machinery and Equipment	Vehicles	Fixtures	Leasehold Improvements	Other Fixed Assets	Total
Opening Balance	1,475,196	8,205,588	360,334	77,247,633	4,511,865	32,811,734	405,007	256,643	125,274,000
Foreign Currency Translation Differences	34,804	-	46,522	8,885,447	512,329	3,205,772	2,339	9,176	12,696,389
Purchases	-	-	-	2,165,586	-	1,080,153	-	-	3,245,739
Disposals	-	-	-	(668,356)	(782,710)	(1,071,733)	-	-	(2,522,799)
Transfers	-	-	-	-	-	-	-	-	-
Closing Balance	1,510,000	8,205,588	406,856	87,630,310	4,241,484	36,025,926	407,346	265,819	138,693,329
Accumulated Depreciation									
Opening Balance	-	(328,224)	(200,656)	(33,612,241)	(2,307,181)	(26,544,052)	(384,166)	(205,780)	(63,582,300)
Foreign Currency Translation Differences	-	-	(26,834)	(3,882,833)	(309,714)	(2,673,263)	(2,339)	(8,067)	(6,903,050)
Charge for the period	-	(164,112)	(19,474)	(5,322,058)	(880,994)	(2,291,007)	(5,321)	(3,226)	(8,686,192)
Disposals	-	-	-	218,629	560,945	709,189	-	-	1,488,763
Closing Balance	-	(492,336)	(246,964)	(42,598,503)	(2,936,944)	(30,799,133)	(391,826)	(217,073)	(77,682,779)
Tangible Assets, net	1,510,000	7,713,252	159,892	45,031,807	1,304,540	5,226,793	15,520	48,746	61,010,550

Total depreciation expense for the current period is TRY6,853,395 (31 December 2019: TRY8,686,193), This amount is TRY6,422,170 (31 December 2019: TRY8,194,616) which is part of the cost of goods sold (Note 22) and TRY431,225 (31 December 2019: TRY491,577) are included in general administrative expenses (Note 23) marketing expenses have not been paid (31 December 2019: None).

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16. INTANGIBLE ASSETS

Cost	31.12.2020	
	Rights	Total
Opening Balance	7,005,931	7,005,931
Currency Translation Difference	717,006	717,006
Additions	5,110	5,110
Subsidiary Liquidation (-) (*)	(265,237)	(265,237)
Disposal	(13,389)	(13,389)
Closing Balance	7,449,421	7,449,421
<u>Accumulated Amortization and Impairment</u>		
Opening Balance	(6,691,019)	(6,691,019)
Currency Translation Difference	(714,403)	(714,403)
Charge for the period	(85,238)	(85,238)
Subsidiary Liquidation (-) (*)	148,111	148,111
Disposal	11,147	11,147
Closing Balance	(7,331,402)	(7,331,402)
Intangible Assets, net	118,019	118,019

(*) The liquidation process of Tasfiye Halinde E-Sistem Elektronik Sanayi ve Ticaret A.Ş., which was owned by Anel Telekomunikasyon Elektronik Sistemler Sanayi ve Ticaret A.Ş. with 99% shareholding position was fulfilled on 24 August 2020.

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

The sum of the current period amortisation is TRY85,238 (31 December 2019: TRY131,979), The total amount of TRY14,135 (31 December 2019: TRY45,710) is included in the cost of the sold goods (Note 22), part of the TRY71,103 (31 December 2019: TRY86,269) amount recognised in the general administrative expenses (Note 23).

17. LEASING OPERATIONS

Operating Leases

The Group as lessee

Leasing Contracts:

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

	31.12.2020	31.12.2019
<u>Payments accounted for as expenses</u>		
Minimum lease payments	11,624,020	16,862,724
Total	11,624,020	16,862,724

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17. LEASING OPERATIONS (Continued)

Operating Leases (Continued)

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

	<u>31.12.2020</u>	<u>31.12.2019</u>
In one year	2,984,814	18,358,437
In two years	383,907	1,243,941
Total	<u>3,368,721</u>	<u>19,602,378</u>

18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions

	<u>31.12.2020</u>	<u>31.12.2019</u>
Litigation provisions	7,183,501	7,194,942
Sales for Non-Controlling Interest Option Valuation Fund (Note 21)	-	8,691,856
Total	<u>7,183,501</u>	<u>15,886,798</u>

The details of litigation provisions are as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
Beginning of period	7,194,942	8,335,848
Provision in period	1,363,011	1,330,173
Negative: canceled in period	(1,374,452)	(2,471,079)
End of period	<u>7,183,501</u>	<u>7,194,942</u>

Contingent Liabilities

As of 31 December 2020, there are 61 lawsuits against the Group amounting to TRY12,535,694 and USD97,601 (TRY equivalent 716,441) (31 December 2019: 58 lawsuits TRY8,743,507 and USD 278,300 / equivalent TRY1,653,159). Group has been made provision amounting TRY7,183,501 (31 December 2019: TRY7,194,942) regarding to this lawsuits.

Collaterals-Pledge-Mortgages-Bails

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

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

	<u>US Dollar</u>	<u>EUR</u>	<u>TRY</u>	<u>31.12.2020</u> <u>TRY Equivalent</u>
Letters of Guarantees Received	527,996	986,600	2,415,099	15,178,048
Guaranteed Bill Received	-	-	1,641,928	1,641,928
Guaranteed Cheques Received	55,378	-	25,000	431,502
Total	<u>583,374</u>	<u>986,600</u>	<u>4,082,027</u>	<u>17,251,478</u>

	<u>US Dollar</u>	<u>EUR</u>	<u>TRY</u>	<u>31.12.2019</u> <u>TRY Equivalent</u>
Letters of Guarantees Received	484,652	1,013,380	2,725,054	12,343,569
Guaranteed Bill Received	-	-	1,549,138	1,549,138
Guaranteed Cheques Received	-	-	-	-
Total	<u>484,652</u>	<u>1,013,380</u>	<u>4,274,192</u>	<u>13,892,707</u>

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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (Continued)

CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)							
31.12.2020	US Dollars	Euro	TRY	GBP	AED	Qatar Riyal	TRY Equivalent
A) CPMB's given for Company's own legal personality	5,923,871	39,256,458	45,111,454	2,580,000	147,208,505	18,638,074	799,886,152
B) CPMB's given on behalf of fully consolidated companies	228,193,077	3,581,936	585,879,050	-	-	-	2,293,196,053
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	-	-	286,000	-	-	-	286,000
i) Total amount of CPMB's given on behalf of majority shareholder	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	286,000	-	-	-	286,000
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-
TOTAL	234,116,948	42,838,394	631,276,504	2,580,000	147,208,505	18,638,074	3,093,368,205

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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (Continued)

CPMB's given by the Group (Collaterals, Pledges, Mortgages, Bails)								
31.12.2019	US Dollars	Euro	TRY	GBP	AED	Qatar Riyal	BGN	TRY Equivalent
A) CPMB's given for Company's own legal personality	9,438,496	40,504,152	36,605,414	2,580,000	147,208,505	18,638,074	6,728,000	673,546,740
B) CPMB's given on behalf of fully consolidated companies	83,652,088	1,311,545	4,050,845	-	-	-	-	509,683,539
C) CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-	-	-	-	-
D) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-	-	-	-	-
E) Total amount of other CPMB's	-	-	286,000	-	-	-	-	286,000
i) Total amount of CPMB's given on behalf of majority shareholder	-	-	-	-	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	286,000	-	-	-	-	286,000
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	40,942,259	2,580,000	147,208,505	18,638,074	6,728,000	1,183,516,279

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

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18. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals-Pledge-Mortgages-Bails (Continued)

The distribution of CPMBs by type as of 31 December 2020 and 31 December 2019 is shown below.

<u>Collaterals,Pledges, Mortgages and Bails</u>	<u>31.12.2020</u>						
	<u>Total TRY Equivalent</u>	<u>US Dollars</u>	<u>Euro</u>	<u>AED</u>	<u>Qatar Rival</u>	<u>GBP</u>	<u>TRY</u>
Collaterals	1,574,224,325	134,116,948	5,638,394	147,208,505	18,638,074	2,580,000	181,276,504
Pledges	-	-	-	-	-	-	-
Mortgages	1,519,143,880	100,000,000	37,200,000	-	-	-	450,000,000
Total	3,093,368,205	234,116,948	42,838,394	147,208,505	18,638,074	2,580,000	631,276,504

<u>Collaterals,Pledges, Mortgages and Bails</u>	<u>31.12.2019</u>							
	<u>Total TRY Equivalent</u>	<u>US Dollars</u>	<u>Euro</u>	<u>AED</u>	<u>Qatar Rival</u>	<u>GBP</u>	<u>BGN</u>	<u>TRY</u>
Collaterals	913,078,573	93,090,584	4,615,697	147,208,505	18,638,074	2,580,000	-	40,656,259
Pledges	-	-	-	-	-	-	-	-
Mortgages	270,151,706	-	37,200,000	-	-	-	6,728,000	-
Total	1,183,230,279	93,090,584	41,815,697	147,208,505	18,638,074	2,580,000	6,728,000	40,656,259

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19. EMPLOYEE BENEFITS

<u>Provisions for Short Term Employee Benefits</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Unused Vacation Rights	8,873,582	9,597,017

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

	<u>1 January - 31 December 2020</u>	<u>1 January - 31 December 2019</u>
Provisions as of 1 January	9,597,017	12,479,388
Additional provision	12,238,732	4,323,366
Using in period	(14,981,352)	(8,489,530)
Foreign currency conversion adjustments	2,019,185	1,283,793
End of the period	<u>8,873,582</u>	<u>9,597,017</u>

<u>Employee Benefits Liabilities</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Due to Personnel	14,794,713	10,279,710
Social Security Withholdings Payable	1,580,688	1,107,377
Total	<u>16,375,401</u>	<u>11,387,087</u>

<u>Provisions for Long Term Employee Benefits</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Provisions for Employee Termination Benefits	14,848,250	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 of Group’s, 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 %13 discount rate and approximately %3,67 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>31.12.2020</u>	<u>31.12.2019</u>
Annual Discount Rate (%)	3.67	4.19
Probability of Retirement (%)	91.96	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 31 December 2020 the accompanying financial statements provisions for the future probably obligation arising from the retirement of employees is calculated by estimating the present value.

Severance pay ceiling amounting to TRY7,117 (31 December2019: TRY6,380) used on calculation of retirement pay provision with effect from 1 January 2020.

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19. EMPLOYEE BENEFITS (Continued)

The movement of provision for severance pay as follows:

	<u>1 January - 31 December 2020</u>	<u>1 January - 31 December 2019</u>
Provision as of 1 January	20,047,227	27,566,532
Service Cost	5,019,746	9,931,502
Interest Cost	80,691	91,360
Payments	(14,349,549)	(20,762,540)
Actuarial Gain/Loss	212,766	398,348
Foreign Currency Exchange Differences	3,837,369	2,822,025
Provision as of 31 December	14,848,250	20,047,227

20. OTHER ASSETS AND LIABILITIES

<u>Other Current Assets</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Deferred VAT	26,057,055	13,266,140
Work Advance	728,031	454,020
Personel Advances	252,339	693,643
Other Current Assets	40,420	696,307
Total	27,077,845	15,110,110

21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

a) Capital

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

	<u>31.12.2020</u>		<u>31.12.2019</u>	
	<u>Share Amount (TRY)</u>	<u>Share Percentage (%)</u>	<u>Share Amount (TRY)</u>	<u>Share Percentage (%)</u>
Shareholders (*)				
Rıdvan Çelikel	88,692,314	44.35	48,780,773	44.35
Avniye Mukaddes Çelikel	10,321,888	5.16	5,677,038	5.16
Capital Strategy Funds Spc-The Opportunistic Series				
Segregateg Portfolio	43,322,415	21.66	18,360,845	16.69
Other	57,663,383	28.83	37,181,344	33.80
Paid in Capital	200,000,000	100.00	110,000,000	100.00

(*) As published on 18 January 2021 at kap.gov.tr.

The issued capital of the company was increased by 81,818%, from TRY 110,000,000 to TRY 200,000,000, with the capitalization issue realized on 20 October 2020 and fully financed by internal resources.

As at 31 December 2020, 26,79% (31.12.2019: 31.32%) of Company shares are being traded in BIST 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 TRY200,000,000. (31 December 2019: TRY110,000,000) which is consisted of authorized and fully paid 40,343,347.27 pcs of A-group shares and 159,656,652.73 pcs of B-group shares and each having TRY1 nominal value. A-group shareholders have two voting rights and B-group shareholders have one voting rights for each share owned at the General Assembly meeting. All of the A-group shares are owned by Rıdvan Çelikel.

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

b) Premiums/(Discounts) Related with Shares

	<u>31.12.2020</u>	<u>31.12.2019</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>31.12.2020</u>	<u>31.12.2019</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>31.12.2020</u>	<u>31.12.2019</u>
Tangible Assets Revaluation Gain/(Loss)	(101,224)	(101,224)
Total	(101,224)	(101,224)

e) Foreign Currency Translation Differences

	<u>31.12.2020</u>	<u>31.12.2019</u>
Foreign Currency Translation Differences	278,170,476	201,605,115
Total	278,170,476	201,605,115

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

	<u>31.12.2020</u>	<u>31.12.2019</u>
Revaluation and Measurement Gain/ (Loss) of Defined Benefit Plans	(1,664,772)	(1,494,559)
Total	(1,664,772)	(1,494,559)

g) Restricted Reserves

	<u>31.12.2020</u>	<u>31.12.2019</u>
Restricted Reserves	13,950,112	13,960,750
Total	13,950,112	13,960,750

h) Retained Earnings

	<u>31.12.2020</u>	<u>31.12.2019</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	168,857,068	256,199,568

i) Non-controlling Shares

	<u>31.12.2020</u>	<u>31.12.2019</u>
1 January Balance	1,336,034	23,141,763
The effect of the change in the share rate of the minority	(6,353,360)	(21,454,715)
Minority Share Profit/(Loss)	(742,726)	(351,014)
Total	(5,760,052)	1,336,034

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

j) Other Equity Shares

	<u>31.12.2020</u>	<u>31.12.2019</u>
Other Equity Shares (*)	(13,842,938)	(13,842,938)
Total	(13,842,938)	(13,842,938)

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

k) Other Reserves

	<u>31.12.2020</u>	<u>31.12.2019</u>
Other Reserves (**)	5,851,513	5,851,513
Total	5,851,513	5,851,513

(**) 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>31.12.2020</u>	<u>31.12.2019</u>
Balance at 1 January	(8,691,856)	-
Anel Telekom mandatory share purchase amount realized by Anel Elektrik Proje Taahhüt A.Ş. in 2020. (***)	6,420,773	(8,691,856)
Outstanding fund provision	2,271,083	-
Total	-	(8,691,856)

(***) Anel Elektrik Proje Taahhüt A.Ş. has applied to the Capital Markets Board for the approval of the share purchase offer form for Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş. under the provisions of the Procurement Notice (II-26.1) for the collection of 6,253,133.50 shares other than the share it owns at a price of TRY1.39.

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 TRY3,543,334, which is also included in the consolidated financial statements of 2019, to the partners as of 4 August 2020.

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22. REVENUE/COST OF SALES

	01.01.-31.12.2020	01.01.-31.12.2019
Sales Revenues (Net)		
Domestic Sales	274,295,015	95,367,229
Export Sales	460,630,219	954,426,661
Other Revenues	9,254,602	4,880,718
Total Revenues	744,179,836	1,054,674,608
Sales Returns (-)	(4,966,833)	(24,493,974)
Sales Revenues (Net)	739,213,003	1,030,180,634
Cost of Goods Sold	(17,467,075)	(5,946,753)
Cost of Services Sold	(780,118,652)	(963,720,865)
Depreciation Expenses	(6,422,170)	(8,194,616)
Redemption Expenses	(14,135)	(45,710)
Cost of Sales	(804,022,032)	(977,907,944)
GROSS PROFIT/LOSS	(64,809,029)	52,272,690

23. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	01.01.-31.12.2020	01.01.-31.12.2019
General Administrative Expenses (-)	35,314,770	42,599,653
Total	35,314,770	42,599,653

	01.01.-31.12.2020	01.01.-31.12.2019
General Administrative Expenses (-)		
Employee Expenses	15,893,886	15,378,836
Department Share (*)	10,221,004	14,771,025
Non-deductible Expenses (**)	3,466,791	4,147,811
Information and Processing Expenses	1,045,411	1,088,845
Counselling Expenses	823,913	1,090,916
Depreciation Expenses	431,225	491,577
Litigation and Execution Expenses	413,458	685,871
Tax, Duties and Fee Expenses	293,216	85,439
Vacation Provision	270,509	-
Travel and Accomadaiton Expenses	263,208	1,837,066
Rent Expenses	239,694	812,442
Insurance Expenses	224,217	346,909
Other Expenses	1,728,238	1,862,916
Total	35,314,770	42,599,653

(*) Within the scope of Anel Group; management and organization of financial affairs, finance, quality processes, information systems, corporate communication, internal audit, commercial affairs, procurement, planning and legal affairs and management of all these processes. and the expenses incurred are distributed to companies benefiting from the service as a share of contribution with a certain systematic.

(**) The installment payments made within the scope of the Law No. 6736 on the "Restructuring of Certain Receivables" consist of donations and aids.

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24. EXPENSES BY NATURE

<u>Depreciation Expenses</u>	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Cost of Good Sold	6,422,170	8,194,616
General Administration Expenses	431,225	491,577
Total	6,853,395	8,686,193
<u>Amortization Expenses</u>	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Cost of Good Sold	14,135	45,710
General Administrative Expenses	71,103	86,269
Total	85,238	131,979
<u>Personnel Expenses</u>	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Salary and Wages	153,975,772	209,430,298
Social Security Expenses	9,653,806	6,729,736
Severance Pay Expenses	3,158,062	8,197,468
Vacation Provision Expenses	1,835,358	303,424
Total	168,622,998	224,660,926

25. INCOME/EXPENSES FROM MAIN OPERATIONS

<u>Other Income from Main Operations</u>	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Exchange Differences Income Related to Main Operations (*)	85,203,372	96,081,719
Provisions No Longer Required	511,226	6,212,238
Other Income and Profits	2,123,446	9,872,424
Total	87,838,044	112,166,381
<u>Other Expenses from Main Operations (-)</u>	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Exchange Differences Expenses Related to Main Operations(*)	72,399,576	89,350,564
Other Expenses (-)	226,187	1,484,127
Provision Expenses (-)	1,437,756	100,223
Total	74,063,519	90,934,914

(*) Exchange differences income/expenses are occurred on trade receivables and payables.

26. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES

<u>Income from Investing Activities</u>	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Subsidiary Sales Profit	7,762,586	-
Investment Property Revaluation Gain (Note 14)	4,051,012	10,615,566
Fixed Assets Sales Revenue	1,636,586	168,728
Other Incomes	99,388	-
Financial Assets Sales Revenue	6,887	-
Interest Income on Term Deposits	4,069	36,681
Total	13,560,528	10,820,975
<u>Expenses from Investing Activities (-)</u>	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Investment Property Sales Loss (-)	-	119,999
Financial Investment Sales Loss (-)	-	1,158
Liquidation Loss (-)	219,959	-
Fixed Assets Sales Loss (-)	69,126	-
Total	289,085	121,157

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27. FINANCIAL INCOME / (EXPENSES)

Financial Income	01.01.-31.12.2020	01.01.-31.12.2019
Exchange Differences Income	13,287,913	12,049,765
Interest Income	3,971,460	6,459,282
Unearned Interest Income	58	93,003
Total	17,259,431	18,602,050
Financing Expenses (-)	01.01.-31.12.2020	01.01.-31.12.2019
Exchange Differences Expenses (-)	42,728,332	27,032,964
Loan Interest Expenses (-)	41,033,869	34,391,850
Unearned Interest Expense (-)	170,604	1,951
Total	83,932,805	61,426,765
Financial income/expense, net	(66,673,374)	(42,824,715)

28. INCOME TAXES

Current Assets Related with Current Tax	31.12.2020	31.12.2019
Prepaid Taxes and Funds	37,951	529,367
Non-Current Assets Related with Current Tax	31.12.2020	31.12.2019
Prepaid Taxes and Funds	6,229,816	2,035,997
Income Tax Liabilities	31.12.2020	31.12.2019
Current Tax Liabilities	2,520,172	1,114,583
Less:Prepaid Taxes and Funds	(37,951)	(529,367)
Income Tax Liabilities	2,482,221	585,216
Tax Provision	31.12.2020	31.12.2019
Current Period Corporate Tax Provision (-)	(1,713,760)	(1,264,402)
Provision for Deferred Tax Expenses/(Income)	(2,760,484)	4,162,545
Income Tax Liabilities	(4,474,244)	2,898,143
Taxes on other comprehensive income that will not be reclassified on profit or loss.	42,553	79,670
Total Comprehensive Tax Income/(Losses), Net	(4,431,691)	2,977,813

Corporate Tax

The Group is subject to corporate taxes in Turkey. Necessary provisions have been made in the attached consolidated financial statements for the estimated tax liabilities of the Group regarding the current period activity results. The corporate tax rate to be accrued over the taxable corporate income is based on the tax base remaining after the addition of non-deductible expenses from the tax base in determining the commercial income and deducting the tax-exempt earnings, non-taxable income and other discounts (if any, previous year losses and investment discounts used if preferred) are calculated.

In Turkey, The tax legislation provides for a temporary tax of 22% (2019: 22%) to be calculated and paid based on earnings generated for each quarter for the period ended 31 December 2020. Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, the resulting losses cannot be deducted retrospectively from the profits of previous years.

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

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28. INCOME TAXES (Continued)

Corporate Tax (Continued)

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

As at 31 December 2020 and 31 December 2019, the Group has respectively TRY138.021.263 and TRY146.220.293 unused tax losses to be offset against future profits. Unused tax losses could be usable within the dates stated below.

	<u>31.12.2020</u>	<u>31.12.2019</u>
Will be expired in 2020	2,623,364	5,726,310
Will be expired in 2021	104,796,399	110,550,742
Will be expired in 2022	12,489,196	4,117,137
Will be expired in 2023	17,403,110	25,826,104
Will be expired in end of 2024	709,194	-
Total	<u>138,021,263</u>	<u>146,220,293</u>

The Group has not recognised deferred tax assets from carry forward tax losses amounting to TRY8.055.586 and TRY7.423.320, respectively since these losses will not subject to taxable profit as of 31 December 2020 and 2019.

As at 2020, effective corporate tax rate is 22%. (2019: %22).

As of 31 December 2020, provisional tax is payable at the rate of 22% (2019: 22%) on the income generated for the three-month periods according to tax legislation and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. With the amendment made for the years 2018, 2019 and 2020, this rate is set at 22%.

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayed is exempt from corporation tax. In addition, the participation in the assets of the institutions for at least two full years 75% of the profits arising from the sale of founders' shares, redeemed shares and preferential rights of real estate (immovables) in the same period as their shares are exempt from corporate tax as of 31 December 2020. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2020.

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

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

Current income tax liability movement table is as below:

	<u>1 January - 31 December 2020</u>	<u>1 January - 31 December 2019</u>
1 January	1,114,583	3,718,861
The Current Period Tax Expense	2,520,172	1,114,583
Taxes Paid	(1,114,583)	(3,718,861)
Current Profit Tax Liability	<u>2,520,172</u>	<u>1,114,583</u>

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28. INCOME TAXES (Continued)

Income Tax Withholding

In addition to Corporate Tax, in case of distribution; taxpaying real persons and corporate income to non-taxpayers and distributed to exempt from such taxes or taxpayer real persons, taxpayers institutions (except for those dividends through a business or permanent representative in Turkey) and narrow exempt from income tax and corporation Income tax withholding must also be calculated over the dividends distributed to taxpayers (adding the profit to the capital does not count as dividend distribution) written in subparagraphs (1), (2) and (3) of the second paragraph of article 75 of the Income Tax Law. Income withholding tax was applied as 15%.

	<u>31.12.2020</u>	<u>31.12.2019</u>
Profit Before Tax	(138,441,613)	294,177
The effective tax rate (% 22)	30,457,155	(64,719)
Foreign Branches and Subsidiary Impact on Tax Rate	(28,078,379)	1,973,736
Non-deductible expenses	(1,130,830)	(1,951,370)
Unused tax losses of the current period	(9,287,205)	1,719,577
Impact of Loss from Equity Method	-	59,596
Other	3,565,015	1,161,323
Total	(4,474,244)	2,898,143

Deferred Tax

The Group recognizes deferred tax assets and deferred tax liabilities for temporary timing differences arising from the differences between the tax basis financial statements and the consolidated financial statements prepared in accordance with TFRS. Such differences usually arise from the fact that certain income and expense items are included in different periods in the financial statements as well as in the Consolidated Financial Statements, these differences are as follows.

	Cumulative Timing Difference		Deferred Tax Asset/ (Liability)	
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
<u>Deferred Tax Asset</u>				
Provision for Doubtful Receivables	19,523,844	17,332,691	2,173,152	1,943,712
Provision for Severance Payment	8,414,779	6,294,752	757,059	603,346
Provision for Unused Vacation	5,214,277	2,251,153	652,938	269,582
Provision for Inventories	-	371,625	-	81,758
Carry Forward Tax Losses	129,965,676	138,796,973	28,592,449	30,535,335
Other Short Term Provisions	4,135,605	3,423,537	909,833	753,461
Other Adjustment	273,590	1,169,835	60,191	919,355
Total	167,527,771	169,640,566	33,145,622	35,106,549
<u>Deferred Tax Liabilities</u>				
Tangible and Intangible Fixed Assets and Investments				
Re-measurement Of Objectives and Reasonable Value Adjustment	(198,116,533)	(192,360,426)	(40,165,471)	(39,037,573)
Trade Payables	(1,165,222)	(469,869)	(254,881)	(95,886)
Adjustments Regarding Using Percentage Complete Method on Projects	(85,329,522)	(13,395,051)	5,058,977	5,002,518
Other Adjustment	(1,259,602)	(1,262,332)	(294,933)	(295,604)
Total	(285,870,879)	(207,487,678)	(35,656,309)	(34,426,545)
Deferred Tax Asset/ (Liability), net	(118,343,108)	(37,847,112)	(2,510,687)	680,004

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28. INCOME TAXES (Continued)

Deferred Tax (Continued)

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

	<u>1 January - 31 December 2020</u>	<u>1 January - 31 December 2019</u>
Beginning of Period	680,004	(3,941,443)
Total adjustment of changing accounting policy	-	273,682
Beginning Period- revised	680,004	(3,667,761)
Debt / (Receivable) Record to Current Period Income Statement	(2,760,484)	4,162,545
Impact of Foreign Currency Exchange Differences	(479,406)	(9,365)
Adjustment on initial application of TFRS 9	6,646	114,915
The Amounts deducted from Losses of Remeasurement Gains of Defined Benefit Plans	42,553	79,670
End of Period as of 31 December	<u>(2,510,687)</u>	<u>680,004</u>

29. EARNINGS PER SHARE

<u>Earnings Per Share Diluted Earnings (Loss) Per Share</u>	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Net Profit/(Loss) of the Parent Company	(142,173,131)	3,543,334
Weighted Average Number of Shares	200,000,000	110,000,000
Earning Per Share Profit(Loss) from Ongoing Activities	(1.07)	0.03

30. RELATED PARTY DISCLOSURES

Related parties of the Company and the transactions between subsidiaries have been eliminated on consolidation, are not disclosed in this note.

Trade receivables from related parties are generally arise from sales and maturities of approximately 2 months.

Trade payables to related parties usually arise from purchase transactions and average maturity is 2 months. Payables are not interest bearing.

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

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30. RELATED PARTY DISCLOSURES (Continued)

	31.12.2020			
	Receivables		Payables	
	Short Term		Short Term	
	Trade	Other	Trade	Other
Balances with Related Parties				
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	21,376	-	3,754,057	-
Anelnet Teknik Hizmetler Ltd. Şti. (*)	9,074,261	200,981	421,252	1,285,181
Anel Holding A.Ş. (*)	544,322	-	24,836,775	-
Unpaid Interest Income / Expense (-)	(62,414)	-	(851,838)	-
Total	9,577,545	200,981	28,160,246	1,285,181

(*) 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 13.85% as of 31 December 2020.

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30. RELATED PARTY DISCLOSURES (Continued)

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

(*) Non-commercial transactions with related parties (not related to the payment program) interest is accrued under the provisions of year the average interest rate is 20.46%.

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

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30. RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties between 1 January- 31 December 2020 and 1 January - 31 December 2019 are as follows:

Related Party Transactions	01.01-31.12.2020						
	Stock Purchases	Interest Income	Interest Expense	Service Sales	Service Purchase	Exchange Difference Expense	Exchange Difference Income
Anelsis Mühendislik Sanayi ve Ticaret A.Ş.	30,620,005	16,247	301	387,526	44,740	617,312	-
Anelnet Teknik Hizmetler Ltd. Şti.	28,888	25,277	46,413	41,579	1,139,706	-	31,091
Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş.	7,525	3,111,543	11,349	48,558	17,456	-	-
Çelikel Eğitim Vakfı	-	-	-	5,866	-	-	-
EKB(Energina Compañia)	-	29,197	-	-	-	-	-
Epsinom Teknik Hizmetler Ltd.Şti.	-	-	1,822	3,433	-	-	-
Anel Holding A.Ş.	-	452,715	48,208	1,320,571	20,169,248	-	-
Total	30,656,418	3,634,979	108,093	1,807,533	21,371,150	617,312	31,091

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30. RELATED PARTY DISCLOSURES (Continued)

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

Related party transactions between 1 January - 31 December 2020 and 1 January - 31 December 2019 are as follows; - Sales of goods consist of various project materials. - Service purchases consist of department attendance, building maintenance, consultancy, electricity - heating - water expenses, food expenses, security expenses, transportation expenses, labor service expenses. - Service sales consist of labor service revenues, building maintenance, consultancy, electricity - heating - water expenses, food revenues, security expenses, transportation expenses and departmental contribution fees. Group’s key management personnel are Board Chairman and Members.

Benefits supplied to key management personnel as of 1 January - 31 December 2020 and 1 January - 31 December 2019 as are as follows:

<u>Benefits Provided by Top-Level Management</u>	<u>01.01.-31.12.2020</u>	<u>01.01.-31.12.2019</u>
Employee Short Term Benefits	10,505,738	10,030,094
Total	10,505,738	10,030,094

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31. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

a) Equity Risk Method

While the group is trying to ensure the continuity of its activities in capital Management, it aims to increase its profitability by using the balance of debt and equity in the most efficient way. The group's capital structure is the debts containing the Note 8 credits, the cash and cash equivalents described in Note 5, and as explained in Note 21; the paid capital, capital correction differences, premiums on shares/discounts, revaluation measurement gains and Losses, foreign currency cycle differences, defined benefit plans gain re-measurement/ is comprised of resource pens including the past year profit/(losses), with restricted reserves, separated from profits.

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

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

Equity rate to debts as of 31 December 2020 and 31 December 2019 are as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
Total Debt	419,591,814	321,651,979
Less: Cash and Cash Equivalents	(54,408,574)	(105,056,111)
Net Debt	<u>365,183,240</u>	<u>216,595,868</u>
Total Equity	<u>442,451,012</u>	<u>507,529,697</u>
Liability/Equity Rate	<u>0.825</u>	<u>0.427</u>

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

b) Financial risk factors

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

b.1) Credit Risk

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

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

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

Current Period	31.12.2020				Cash and Cash Equivalents	Receivables from Ongoing Construction, Contracting or Service Contracts	Financial Investment
	Receivables		Releated Parties	3th Parties			
	Trade Receivables	Other Receivables					
	Releated Parties	3th Parties	Releated Parties	3th Parties	Banks Deposit		
The maximum amount of exposure to credit risk at the end of the reporting (A+B+C+D) (1)	9,577,545	222,798,413	200,981	4,292,065	54,139,584	823,182,676	10,521
- Total receivables that have been secured with collateras other credit enhancements etc (*)	-	109,706,709	-	-	-	-	-
A. Financial assets that are neither past due nor impaired the net book value (2)	501,306	22,871,858	200,981	4,292,065	54,139,584	823,182,676	10,521
B. The amount of financial assets that are past due as at the end of the reporting period but not impaired	9,076,239	90,219,846	-	-	-	-	-
C. The amount of financial assets that are impaired (3)	-	-	-	-	-	-	-
- Past due (Gross book value)	-	1,202,765	-	5,248,443	-	-	-
- The amount of impairment (-)	-	(1,202,765)	-	(5,248,443)	-	-	-
- Net value guaranteed with coleteral etc.	-	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-) (-)	-	-	-	-	-	-	-
- Net Value guaranteed with colleteral etc	-	-	-	-	-	-	-
D. Off financial statement credit risk amount	-	-	-	-	-	-	-

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

(1) It was not considered collaterals taken which is raising credit reliability when the amounts was determined.

(2) All of the trade receivables are receivables from clients. The Group management predicted that It would not be encountered any problem regarding Collection of Receivables because of considering their past experiences.

(3) the impairment test, the Group's customers, which is one of receivables determined by the management of doubtful receivables have been made in the framework of policy.

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

	31.12.2019				Cash and Cash Equivalents	Receivables from Ongoing Construction, Contracting or Service Contracts	Financial Investmen
	Trade Receivables		Other Receivables				
	Releated Parties	3th Parties	Releated Parties	3th Parties			
Prior Period					Banks Depositt		
The maximum amount of exposure to credit risk at the end of the reporting (A+B+C+D) (1)	8,680,938	212,378,739	10,935,494	13,685,714	103,906,698	540,734,004	3,634
- Total receivables that have been secured with collateras other credit enhancements etc (*)	-	89,461,922	-	-	-	-	-
A. Financial assets that are neither past due nor impaired the net book value (2)	8,060,190	81,679,476	10,935,494	13,685,714	103,906,698	540,734,004	3,634
B. The amount of financial assets that are past due as at the end of the reporting period but not impaired	620,748	41,237,341	-	-	-	-	-
C. The amount of financial assets that are impaired (3)	-	-	-	-	-	-	-
- Past due (Gross book value)	-	1,117,593	-	5,248,443	-	-	-
- The amount of impairment (-)	-	(1,117,593)	-	(5,248,443)	-	-	-
- Net value garanteed with coleteral etc.	-	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-) (-)	-	-	-	-	-	-	-
- Net Value garanteed with colleteral etc	-	-	-	-	-	-	-
D. Off financial statement credit risk amount	-	-	-	-	-	-	-

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

(1) It was not considered collaterals taken which is raising credit reliability when the amounts was determined.

(2) All of the trade receivables are receivables from clients. The Group management predicted that It would not be encountered any problem regarding Collection of Receivables because of considering their past experiences.

(3) the impairment test, the Group's customers, which is one of receivables determined by the management of doubtful receivables have been made in the framework of policy.

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

b) Financial risk factors (continued)

b.2) Liquidity Risk Management

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

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

The tables on liquidity risk are listed below:

Current Period

Terms According to Agreements	Book Value	According to Contract Total Cash	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	Over 5 years (IV)	Demand
		Outflows (=I+II+III+IV)					
Non Derivatives Financial Liabilities	640,691,268	641,839,092	130,232,375	420,765,713	89,281,044	1,559,960	-
Bank Loans	419,591,814	419,591,814	16,992,704	311,758,106	89,281,044	1,559,960	-
Trade Payables	196,050,318	196,346,308	88,019,898	108,326,410	-	-	-
Other Payables	25,049,136	25,900,970	25,219,773	681,197	-	-	-

Prior Period

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

b.3) Market Risk Management

Market risk is the risk of fluctuations in market prices due to the fact that a financial instrument is in good value or in future cash flows negatively affecting a business. These are the risk of foreign currency risk, interest rate risk and price change of financial instruments or commodity.

There is not any change on Group's measurement and management methods of exposure to market risk or exposure to risks in the current year compared to the previous year.

b.3.1) Foreign Exchange Risk Management

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

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

b) Financial risk factors (Continued)

b.3.1) Foreign Exchange Risk Management (Continued)

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

FOREIGN CURRENCY POSITION TABLE					
31.12.2020					
	TRY Equivalent	US Dollars	Euro	GBP	CHF
1. Trade Receivables	13,359,571	157,771	1,354,528	-	-
2. Monetary Financial Assets	9,091,128	774,013	376,359	1,939	-
3. Other	3,315,341	253,432	155,966	5,038	-
4. Current Assets (1+2+3)	25,766,040	1,185,216	1,886,853	6,977	-
5. Total Assets (4)	25,766,040	1,185,216	1,886,853	6,977	-
6. Trade Payables	29,456,129	2,364,816	1,318,366	22,274	-
7. Financial Liabilities	46,805,247	-	5,196,022	-	-
8. Other Non Monetary Liabilities	39,039,165	2,646,092	2,164,562	-	14,168
9. Short Term Liabilities (6+7+8)	115,300,541	5,010,908	8,678,950	22,274	14,168
10. Financial Liabilities	104,803,250	-	11,634,593	-	-
11. Long Term Liabilities	104,803,250	-	11,634,593	-	-
12. Total Liabilities (9+11)	220,103,791	5,010,908	20,313,543	22,274	14,168
13. Net Foreign Currency Assets / (Liabilities) (5-12)	(194,337,752)	(3,825,692)	(18,426,690)	(15,297)	(14,168)
14 Monetary Items Net Foreign Currency Assets / Liability Position (1+2-6-7-10)	(158,613,927)	(1,433,032)	(16,418,094)	(20,335)	-

FOREIGN CURRENCY POSITION TABLE						
31.12.2019						
	TRY Equivalent	US Dollars	Avro	Euro	GBP	BGN
1. Trade Receivables	1,305,488	107,743	100,062	-	-	-
2. Monetary Financial Assets	10,992,113	1,192,357	522,401	55,937	-	-
3. Other r	6,196,883	434,838	540,169	2,753	-	-
4. Current Assets (1+2+3)	18,494,484	1,734,939	1,162,631	58,690	-	-
5. Total Assets (4)	18,494,484	1,734,939	1,162,631	58,690	-	-
6. Trade Payables	32,897,129	3,737,776	1,517,873	77,056	-	-
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	-
9. Short Term Liabilities (6+7+8)	113,995,825	7,548,144	9,858,998	77,056	14,168	859,000
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	6,728,000
13. Net Foreign Currency Assets / (Liabilities) (5-12)	(204,214,279)	(5,813,205)	(22,058,783)	(18,366)	(14,168)	(6,728,000)
14. Monetary Items Net Foreign Currency Assets / Liability Position (1+2-6-7-10)	(174,798,126)	(2,437,675)	(20,660,426)	(21,119)	-	(6,728,000)

The Group is exposed to foreign exchange risk arising primarily with respect to transactions denominated in US Dollars, Euro, GBP, AED and BGN.

The following table shows the group's US dollars, Euro, British pound, UAE dirham, Swiss Franc, and Bulgarian lev rates to increase the 10% and decrease sensitivity. The ratio of 10% to senior executives is the rate used to report the risk of setup within the company, and the rate of management It represents the possible change in exchange rates. Sensitivity analysis covers only monetary items in the open foreign currency at the end of the year and shows the effects of the 10% exchange rate at the end of the year. Positive value refers to the increase in profit/dice and other equity pens.

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b) Financial risk factors (Continued)

b.3.1) Currency Risk Management

Exchange Rate Sensitivity Analysis Table				
31.12.2020				
	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	(2,808,248)	2,808,248	-	-
2- US Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	(2,808,248)	2,808,248	-	-
10% change in Euro against TRY				
4- Euro net assets / liabilities	(16,598,578)	16,598,578	-	-
5- Euro Hedged (-)	-	-	-	-
6- Euro Net Effect (4+5)	(16,598,578)	16,598,578	-	-
10% change in GBP against TRY				
7- GBP net assets / liabilities	(15,211)	15,211	-	-
8- GBP Hedged (-)	-	-	-	-
9- GBP Net Effect (7+8)	(15,211)	15,211	-	-
10% change in CHF against TRY				
10- CHF net assets / liabilities	(11,737)	11,737	-	-
11- CHF Hedged(-)	-	-	-	-
12- CHF Net Effect(10+11)	(11,737)	11,737	-	-
TOTAL (3+6+9+12)	(19,433,774)	19,433,774	-	-

Exchange Rate Sensitivity Analysis Table				
31.12.2019				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciates	Foreign currency appreciation	Foreign currency depreciates
10% change in US Dollars against TRY				
1- US Dollar net assets / liabilities	(3,453,160)	3,453,160	-	-
2- US Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	(3,453,160)	3,453,160	-	-
10% change in Euro against TRY:				
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 TRY:				
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 TRY:				
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 TRY:				
13- BGN net assets / liabilities	(19,186,741)	19,186,741	-	-
14- BGN Hedged(-)	-	-	-	-
15- BGN Net Effect(10+11)	(19,186,741)	19,186,741	-	-
TOTAL (3+6+9+12+15)	(37,333,229)	37,333,229	-	-

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

b.3.2) Interest Rate Risk Management

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

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

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

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

31 December 2020	Financial Assets Carried at Fair Value	Credits and Receivables (Cash and Cash Equivalents)	Available for sale Financial Assets	Other Financial Valued at Amortized Cost Value	Book Value	Note
Financial Assets						
Cash and Cash Equivalents	-	54,408,574	-	-	54,408,574	5
Trade Receivables	-	232,375,958	-	-	232,375,958	8,30
Financial Liabilities						
Financial Liabilities	-	-	-	419,591,814	419,591,814	7
Trade Payables	-	-	-	206,620,720	206,620,720	8,30
Other Financial Liabilities	-	-	-	2,520,172	2,520,172	
31 December 2019						
Financial Assets						
Cash and Cash Equivalents	-	105,056,111	-	-	105,056,111	5
Trade Receivables	-	221,059,677	-	-	221,059,677	8,30
Financial Liabilities						
Financial Liabilities	-	-	-	321,651,979	321,651,979	7
Trade Payables	-	-	-	235,792,908	235,792,908	8,30
Other Financial Liabilities	-	-	-	1,114,583	1,114,583	

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

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

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

Financial Instrument fair values determine as follows:

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

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

Financial Assets	31.12.2020	The level of the fair value at the reporting date		
		First Level (TRY)	Second Level (TRY)	Third Level (TRY)
Real Estate for Investment	281,506,054	-	281,506,054	-
Total	281,506,054	-	281,506,054	-

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

33. EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

The Group's shareholders' equity amounting to TRY448,211,064 consists of shareholders' equity of the Parent Company TRY(5,760,052) (31 December 2019: TRY506,193,663 and TRY1,336,034) for the year ended 31 December 2020.

34. EVENTS AFTER THE REPORTING PERIOD

The Ultimate controlling shareholder of the Group Rıdvan Çelikel transferred funds amounting to TRY24,000,000 in cash in order to be used in future capital increases in February of 2021.

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