

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş.**

**CONSOLIDATED FINANCIAL  
STATEMENTS\* AT DECEMBER 31, 2018**

**(ENGLISH CONVENIENCE TRANSLATION  
OF INDEPENDENT AUDITORS' REPORT  
AND CONSOLIDATED FINANCIAL  
STATEMENTS ORIGINALLY ISSUED IN  
TURKISH)**

**This report has been translated into English for informational purposes. In case of a discrepancy between the Turkish and the English versions of this report, the Turkish version shall prevail.**

<b>CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) .....</b>	<b>1-2</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOW .....</b>	<b>5</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>6-54</b>
<b>1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS .....</b>	<b>6</b>
<b>2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>6</b>
<b>3. BUSINESS COMBINATIONS .....</b>	<b>23</b>
<b>4. INTEREST IN OTHER ENTITIES .....</b>	<b>23</b>
<b>5. SEGMENT REPORTING.....</b>	<b>23</b>
<b>6. CASH AND CASH EQUIVALENTS.....</b>	<b>24</b>
<b>7. FINANCIAL INVESTMENTS .....</b>	<b>24</b>
<b>8. FINANCIAL LIABILITIES.....</b>	<b>25</b>
<b>9. TRADE RECEIVABLES AND PAYABLES .....</b>	<b>25</b>
<b>10.OTHER RECEIVABLES AND PAYABLES.....</b>	<b>27</b>
<b>11.DERIVATIVE INSTRUMENTS .....</b>	<b>28</b>
<b>12.INVENTORIES .....</b>	<b>28</b>
<b>13.PREPAID EXPENSES AND DEFERRED INCOME .....</b>	<b>28</b>
<b>14.CONSTRUCTION CONTRACTS .....</b>	<b>29</b>
<b>15.INVESTMENT PROPERTIES .....</b>	<b>29</b>
<b>16.TANGIBLE FIXED ASSETS .....</b>	<b>31</b>
<b>17.INTANGIBLE FIXED ASSETS .....</b>	<b>32</b>
<b>18.GOODWILL.....</b>	<b>33</b>
<b>19.COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES.....</b>	<b>33</b>
<b>20.EMPLOYEE BENEFITS .....</b>	<b>34</b>
<b>21.IMPAIRMENT OF ASSETS .....</b>	<b>35</b>
<b>22.GOVERNMENT INCENTIVES AND GRANTS .....</b>	<b>36</b>
<b>23.BORROWING COST.....</b>	<b>36</b>
<b>24.OTHER ASSETS AND LIABILITIES .....</b>	<b>36</b>
<b>25.CAPITAL, RESERVES AND OTHER EQUITY ITEMS .....</b>	<b>37</b>
<b>26.REVENUE AND COST OF SALE.....</b>	<b>39</b>
<b>27.GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSE .....</b>	<b>40</b>
<b>28.EXPENSES BY NATURE.....</b>	<b>40</b>
<b>29.OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES .....</b>	<b>41</b>
<b>30.INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES .....</b>	<b>41</b>
<b>31.FINANCIAL INCOME AND EXPENSES .....</b>	<b>42</b>
<b>32.ASSETS HELD FOR SALE.....</b>	<b>42</b>
<b>33.INCOME TAX .....</b>	<b>42</b>
<b>34.EARNINGS PER SHARE .....</b>	<b>45</b>
<b>35.RELATED PARTY TRANSACTIONS .....</b>	<b>45</b>
<b>36.FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) .....</b>	<b>46</b>
<b>37.MATERIAL EVENTS AFTER THE BALANCE SHEET DATE .....</b>	<b>54</b>
<b>38. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENT .....</b>	<b>54</b>

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2018 AND**  
**DECEMBER 31, 2017**  
(Amounts expressed in TL unless otherwise stated)

ASSETS	Notes	Audited Current Year December 31, 2018	Audited Prior Year December 31, 2017
<b>Current Assets</b>		<b>162.779.682</b>	<b>102.423.182</b>
Cash and cash equivalents	6	19.556.583	31.347.709
Financial investments	7	-	-
Trade receivables		136.481.723	66.755.636
- Trade receivables from related parties	35	-	-
- Trade receivables from non-related parties	9	136.481.723	66.755.636
Other receivables		80.342	62.446
- Other receivables from related parties	35	-	-
- Other receivables from non-related parties	10	80.342	62.446
Inventories	12	3.120.289	2.293.726
Expenses paid in Advance	13	3.393.070	958.519
Assets related to the current period tax	33	-	80.341
Other Current Assets	24	147.675	924.805
<b>Non-Current Assets</b>		<b>46.647.064</b>	<b>27.235.353</b>
Financial investments	7	-	-
Trade receivables	9	-	-
Other receivables		4.394	7.930
- Due from related parties	35	-	-
- Other trade receivables	10	4.394	7.930
Investment property	15	28.080.000	12.125.000
Tangible fixed assets	16	17.184.494	12.253.936
Intangible fixed assets	17	61.769	12.477
Prepaid Expenses	13	221	1.797.576
Assets related to the current period tax	33	1.316.186	1.038.434
Other non-current assets	24	-	-
<b>Total Assets</b>		<b>209.426.746</b>	<b>129.658.535</b>

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

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2018 AND**  
**DECEMBER 31, 2017**  
(Amounts expressed in TL unless otherwise stated)

<b>LIABILITIES</b>	<b>Notes</b>	<b>Audited Current Year December 31, 2018</b>	<b>Audited Prior Year December 31, 2017</b>
<b>Short Term Liabilities</b>		<b>49.645.770</b>	<b>31.450.736</b>
Financial liabilities	8	1.137.308	625.031
Current installments of long-term financial liabilities	8	13.080.842	3.584.546
Trade payables		17.919.108	9.990.146
- Due to related parties	35	-	-
- Other trade payables	9	17.919.108	9.990.146
Employee Benefit Liabilities	20	1.965.103	1.477.836
Other payables		475.107	2.536.869
- Due to related parties	35	17.105	16.175
- Other trade payables	10	458.002	2.520.694
Deferred income	13	14.181.519	8.124.297
Tax provisions	33	657.556	4.926.459
Short term provisions		229.227	185.552
-Provisions for Employee Benefits	20	62.897	94.191
-Other provisions	19	166.330	91.361
Other short-term liabilities	24	-	-
<b>Long Term Liabilities</b>		<b>22.648.534</b>	<b>9.659.832</b>
Financial liabilities	8	4.001.088	928.343
Long term provisions		529.079	420.218
- Provisions for long term liabilities	20	529.079	420.218
-Other provisions	19	-	-
Deferred tax liabilities	33	18.118.367	8.311.271
Other long-term liabilities	24	-	-
<b>Shareholders' Equity</b>		<b>137.132.442</b>	<b>88.547.967</b>
<b>Total Equity Attributable to Equity Holders of the Company</b>		<b>137.132.460</b>	<b>88.547.982</b>
Issued capital	25	50.000.000	20.000.000
Treasury Shares (-)		(2.870.458)	-
Share Premium (Discount)	25	457.651	457.651
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		92.666	72.246
-Gain/loss arising from defined benefit plans	25	92.666	72.246
Other Comprehensive Income That Will Be Reclassified to Profit or Loss		-	-
Restricted Reserves Appropriated From Profits	25	5.416.820	828.774
Prior Years' Profits or Losses	25	32.601.265	35.762.225
Current Period Net Profit Or Loss		51.434.516	31.427.086
<b>Non-Controlling Interests</b>		<b>(18)</b>	<b>(15)</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>209.426.746</b>	<b>129.658.535</b>

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

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**

**AUDITED**

**CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017**

(Amounts expressed in TL unless otherwise stated)

<b>Profit (Loss)</b>	<b>Notes</b>	<b>01.01.- 31.12.2018</b>	<b>01.01.- 31.12.2017</b>
<b>Continuing Operations</b>			
Sales Revenues (Net)	26	128.414.243	85.142.929
Cost Of Sales (-)	26	(76.711.054)	(44.665.883)
<b>Gross Profit</b>		<b>51.703.189</b>	<b>40.477.046</b>
General Administration Expenses	27	(7.226.707)	(5.130.744)
Marketing, Selling And Distribution Expenses	27	-	-
Research and Development Expense	27	-	-
Income From Other Operations	29	12.182.570	3.267.084
Loss From Other Operations	29	(7.615.841)	(1.447.038)
<b>Gross Operating Profit</b>		<b>49.043.211</b>	<b>37.166.348</b>
Income From Investment Activities	30	14.491.211	1.947.330
Expenses From Investment Activities	30	-	-
<b>Operating Income Before Financial Income / (Expense)</b>		<b>63.534.422</b>	<b>39.113.678</b>
Financial Income	31	8.906.213	3.930.402
Financial Expense	31	(7.383.030)	(3.323.842)
<b>Continuing Activities Income Before Tax</b>		<b>65.057.605</b>	<b>39.720.238</b>
<b>Continuing Operations Tax Income / (Expense)</b>		(13.623.092)	(8.293.156)
- Current Tax Charge (-)	33	(3.821.101)	(8.625.928)
- Deferred Tax Credit / (Charge)	33	(9.801.991)	332.772
<b>Continuing Activities Net Income</b>		<b>51.434.513</b>	<b>31.427.082</b>
<b>Discontinued Operations Income After Tax</b>		-	-
<b>Profit For The Year</b>		<b>51.434.513</b>	<b>31.427.082</b>
<b>Non-controlling interests</b>		(3)	(4)
<b>Equity holders of the company</b>		51.434.516	31.427.086
<b>Earnings Per Share From Continuing Activities</b>		<b>1,029</b>	<b>1,571</b>
<b>Earnings Per Share From Discontinued Activities</b>		-	-
<b>Profit (Loss) From Continuing Operations</b>		<b>51.434.513</b>	<b>31.427.082</b>
<b>Other Comprehensive Income</b>			
<b>Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss</b>		<b>20.420</b>	<b>(5.447)</b>
Gains (Losses) On Remeasurements Of Defined Benefit Plans	25	25.525	(6.809)
Taxes Relating To Remeasurements Of Defined Benefit Plans	33	(5.105)	1.362
- Deferred Tax Credit / (Charge)	33	(5.105)	1.362
<b>Other Comprehensive Income That Will Be Reclassified To Profit Or Loss</b>	25	-	-
<b>Other Comprehensive Income (Loss)</b>		<b>20.420</b>	<b>(5.447)</b>
<b>Total Comprehensive Income (Loss)</b>		<b>51.454.933</b>	<b>31.421.635</b>
<b>Total Comprehensive Income</b>		<b>51.454.933</b>	<b>31.421.635</b>
<b>Attributable to:</b>			
-Non-controlling interests		(3)	(4)
-Equity holders of the company		51.454.936	31.421.639

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

AUDITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017.

(Amounts expressed in TL unless otherwise stated)

	Notes	Issued capital	Treasury Shares(-)	Share Premium (Discount)	Restricted Reserves Appropriated From Profits	Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	Retained Earnings		Shareholders' Equity	Non-Controlling Interest	Total Equity
						Other Gains (Losses)	Prior Years' Profits or Losses	Current Period Net Profit Or Loss			
<b>Balances as of January 01, 2017</b>	<b>25</b>	<b>20.000.000</b>	<b>-</b>	<b>457.651</b>	<b>71.660</b>	<b>77.693</b>	<b>16.930.525</b>	<b>25.038.815</b>	<b>62.576.344</b>	<b>(11)</b>	<b>62.576.333</b>
Transfers		-	-	-	757.114	-	24.281.701	(25.038.815)	-	-	-
Dividends paid		-	-	-	-	-	(5.450.001)	-	(5.450.001)	-	(5.450.001)
Total Comprehensive Income		-	-	-	-	(5.447)	-	31.427.086	31.421.639	(4)	31.421.635
<b>Balances as of December 31, 2017</b>	<b>25</b>	<b>20.000.000</b>	<b>-</b>	<b>457.651</b>	<b>828.774</b>	<b>72.246</b>	<b>35.762.225</b>	<b>31.427.086</b>	<b>88.547.982</b>	<b>(15)</b>	<b>88.547.967</b>
<b>Balances as of January 01, 2018</b>	<b>25</b>	<b>20.000.000</b>	<b>-</b>	<b>457.651</b>	<b>828.774</b>	<b>72.246</b>	<b>35.762.225</b>	<b>31.427.086</b>	<b>88.547.982</b>	<b>(15)</b>	<b>88.547.967</b>
Capital increase		30.000.000	-	-	-	-	(30.000.000)	-	-	-	-
Transfers		-	-	-	4.588.046	-	26.839.040	(31.427.086)	-	-	-
Total Comprehensive Income		-	-	-	-	20.420	-	51.434.516	51.454.936	(3)	51.454.933
Increase (Decrease) through Treasury Share Transactions		-	(2.870.458)	-	-	-	-	-	(2.870.458)	-	(2.870.458)
<b>Balances as of December 31, 2018</b>	<b>25</b>	<b>50.000.000</b>	<b>(2.870.458)</b>	<b>457.651</b>	<b>5.416.820</b>	<b>92.666</b>	<b>32.601.265</b>	<b>51.434.516</b>	<b>137.132.460</b>	<b>(18)</b>	<b>137.132.442</b>

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

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED**  
**CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2018 AND**  
**DECEMBER 31, 2017**  
**(Amounts expressed in TL unless otherwise stated)**

<b>A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>Notes</b>	<b>01.01.- 31.12.2018</b>	<b>01.01.- 31.12.2017</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>(13.622.603)</b>	<b>7.797.793</b>
Profit (Loss)		<b>51.434.513</b>	<b>31.427.082</b>
Profit (Loss) from Continuing Operations		<b>51.434.513</b>	<b>31.427.082</b>
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>(65.774.298)</b>	<b>(26.760.888)</b>
Adjustments for depreciation and amortisation expense	16-17	810.162	512.430
Adjustments for provisions	20	172.956	164.150
Adjustments for losses (gains) on disposal of non-current assets	16-17	(35.001)	(24.757)
Adjustments for Interest (Income) Expenses	9	(190.766)	(17.205)
Adjustments for fair value (gains) losses	19	(13.330.623)	(962.946)
Adjustments for Tax (Income) Expenses	33	9.807.096	(334.134)
Adjustments for Stage of Completion of Construction or Service Contracts in Progress	9	(63.008.122)	(26.093.505)
Other adjustments to reconcile profit (loss)		-	(4.921)
<b>Changes in Working Capital</b>		<b>5.183.496</b>	<b>(2.704.421)</b>
Adjustments for decrease (increase) in trade accounts receivable		(6.655.769)	(5.746.470)
<i>Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties</i>	9	(6.655.769)	(5.746.470)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(14.360)	(39.652)
<i>Decrease (Increase) in Other Unrelated Party Receivables Related with Operations</i>	10	(14.360)	(39.652)
Adjustments for decrease (increase) in inventories	12	(826.563)	(973.582)
Decrease (Increase) in Prepaid Expenses	13	(637.196)	(508.997)
Adjustments for increase (decrease) in trade accounts payable		8.057.532	985.746
<i>Increase (Decrease) in Trade Accounts Payables to Unrelated Parties</i>	9	8.057.532	985.746
Increase (Decrease) in Employee Benefit Liabilities	20	487.267	604.382
Adjustments for increase (decrease) in other operating payables		(2.061.762)	(1.282.533)
<i>Increase (Decrease) in Other Operating Payables to Related Parties</i>	35	930	825
<i>Increase (Decrease) in Other Operating Payables to Unrelated Parties</i>	10	(2.062.692)	(1.283.358)
Increase (Decrease) in Deferred Income	13	6.057.222	5.165.003
Other Adjustments for Other Increase (Decrease) in Working Capital		777.125	(908.318)
<i>Decrease (Increase) in Other Assets Related with Operations</i>	24	777.125	(908.318)
<b>Cash Flows from (used in) Operations</b>		<b>(9.156.289)</b>	<b>1.961.773</b>
Income taxes paid	33	(4.466.314)	5.836.020
<b>B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(8.379.383)</b>	<b>(3.726.360)</b>
Proceeds from sales of property, plant, equipment and intangible assets	16-17	54.151	34.178
Purchase of Property, Plant, Equipment and Intangible Assets	16-17	(5.809.157)	(1.445.488)
Cash Outflows from Acquisition of Investment Property	15	(2.624.377)	(2.315.050)
<b>C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>10.210.860</b>	<b>(8.422.715)</b>
Proceeds from borrowings	8	13.081.318	-
Repayments of borrowings	8	-	(2.972.714)
Dividend Payment		-	(5.450.001)
Payments to Acquire Entity's Shares or Other Equity Instruments	25	(2.870.458)	-
Payments to Acquire Entity's Shares	25	(2.870.458)	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>(11.791.126)</b>	<b>(4.351.282)</b>
Effect of exchange rate changes on cash and cash equivalents		-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	7	<b>(11.791.126)</b>	<b>(4.351.282)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	7	<b>31.347.709</b>	<b>35.698.991</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>19.556.583</b>	<b>31.347.709</b>

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

# ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2018

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

### 1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Orge Enerji Elektrik Taahhüt A.Ş. ("Company") was established in 1998. The main activity of the Company and its subsidiary (Group) is to undertake electricity contracting works of residential and business construction works.

The company was established as the name of Orge Enerji Sistemleri İnşaat Metal Ticaret ve Taahhüt A.Ş., trade name was changed and registered to Orge Enerji Elektrik Taahhüt A.Ş. at 30.06.2010.

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa Istanbul ("BIST") since 15.02.2012.

The Group's head office is located at Kozyatağı Mahallesi Değirmen Sokak Nida Kule No: 18 Kat: A 34742 Kadıköy, İstanbul and there is no any branch offices.

As of 31 December 2018 average number of personnel is 472 (31 December 2017: 283). As the date of balance sheet, there are no employees in the subsidiary. The group also employs personnel through subcontractors. The average number of subcontracted personnel employed as of 31 December 2018 is 18. (31 December 2017: 114)

As of 31 December 2018, the share capital of the company is TL 50.000.000 (December 31, 2017: TL 20.000.000), the publicly listed shares are 46.18% of the total shares. Gündüz Family members are main shareholders of the company and has control in the management (Note 25).

The Company prepares consolidated financial statements since 31.03.2015.

The subsidiary is consolidated to financial statements by using fully consolidation method.

<u>Subsidiary</u>	<u>Nature of Business</u>	<u>Proportion of Effective Interest (%)</u>	<u>Country of Incorporation</u>
And İnşaat Ticaret A.Ş.	Construction Equipment	99,96	Turkey

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### A. Basis of Presentation

##### Basis of Presentation of Consolidated Financial Statements

The Group registered in Turkey maintains their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation.

In accordance with article 5th of the Capital Markets Board ("CMB") Reporting Standards, the entities should apply Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and its interpretations issued by the Public Oversight Accounting and Auditing Standards Authority. ("POA")

The functional currency of the Group is determined as Turkish Lira ("TL"). Group kept books of account in TL in accordance with the Turkish Commercial Code, Turkish Commercial Code and the Uniform Chart of Accounts issued by the Ministry of Finance.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**A. Basis of Presentation (cont'd)**

According to TFRS, the preparation of consolidated financial statements requires estimates and assumptions regarding the amounts for the assets and liabilities at the balance sheet date, explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. Although these estimates and assumptions are based on the best information held by the Group management, actual results may differ from these. The accounting policies used in the preparation of these consolidated financial statements as of December 31, 2018 are consistent with those used in the preparation of previous year's financial statements.

The consolidated financial statements are prepared on historical cost basis, except for the derivative financial instruments and investment properties carried at fair value.

There are no seasonal and periodic changes that will significantly affect the Group's operations.

**Financial Reporting in Hyperinflationary Economies**

Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" has not been applied in the financial statements for the accounting year commencing from January 1, 2005.

**Comparative information and restatement of prior year financial statements**

Consolidated financial statements of the Group have been prepared comparatively with the prior year in order to give accurate trend analysis regarding financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed where necessary.

**Going Concern Explanations**

The financial statements of the Group were prepared according to Going Concern Principle assuming that the Group will benefit from the assets and fulfill the liabilities in the natural flow of operations within one year.

**Netting/Offsetting**

Financial assets and liabilities are offset and the net amount reported in the 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

**Standards, amendments and interpretations applicable as at 31 December 2018:**

**Amendment to IAS 40, 'Investment property'** relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**A. Basis of Presentation (cont'd)**

**Amendments to IFRS 2, 'Share based payments on clarifying how to account for certain types of share-based payment transactions;** effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

**IAS 28 Investments in associates and joint venture**

Effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

**IFRS 9 Financial instruments – Amendments**

Effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

**IFRIC 22 Foreign Currency Transactions and Advance Consideration**

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.

**IFRIC 23 Uncertainty over income tax treatments**

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

IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**Annual improvements 2015-2017**

Effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- IFRS 3, 'Business combinations'; – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, 'Joint arrangements'; – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, 'Income taxes'; – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, 'Borrowing costs'; – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

- use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**Changes in Accounting Estimates and Errors**

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is no significant change in accounting estimates of the Company during the current period. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

No any changes is made in the Group accounting policies that affects the company's financial position, financial performance and cash flows to be presented preferable and confidential. It is not foreseen that there will be a change in the Group's accounting policies.

**Transition to IFRS 9 "Financial instruments"**

Group has applied TFRS 9 "Financial instruments", which has replaced TMS 39 on the transition date, 1 January 2018. The amendments include the classification and measurement of financial assets and liabilities and the expected credit risk model which will replace incurred credit risk model. Effect of transition is accounted based on the simplified approach.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**Transition to TFRS 9 "Financial instruments" (cont'd)**

In accordance with this method, Group recorded the cumulative effect related to the transition of IFRS 9 in retained earnings on the first application date. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with IAS 39.

Changes related to the classification of financial assets and liabilities are as follows and these changes in the classification do not result in changes in measurement of assets except for financial assets:

<b>Financial assets</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Financial assets	Available for sale financial assets	Fair value through other comprehensive income
<b>Financial liabilities</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>
Borrowings	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost

**Transition to IFRS 15 "Revenue from contracts with customers"**

Group has applied IFRS 15 "Revenue from contracts with customers", which has replaced IAS 18, by on the transition date, 1 January 2018. Prior year financial statements are not restated and these financial statements are presented in accordance with IAS 18.

**Consolidation principles**

**Subsidiaries**

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company, either through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies. Subsidiary that shown in Note 1 is consolidated to the financial statements by using fully consolidation method.

**Subsidiary: And İnşaat Ticaret A.Ş.**

The Company acquired the 98% of the shares representing the capital of And İnşaat Ticaret A.Ş. (Subsidiary Company) in 2010. In consequence of the capital increase dated 03.03.2014, the acquisition rate increased from 98% to 99.96%. Because of the 99.96% of its shares on subsidiary, parent company has the 99.96% of voting rights in the general assemblies of the aforementioned subsidiary company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**A. Basis of Presentation (cont'd)**

The main activity of And İnşaat Ticaret A.Ş. is to make, to carry out, to provide and to establish surveying, feasibility, plan, project, construction, facility, installation, decoration, public services opening works for all industrial and public services and all infrastructure services, including mainly residences and offices, construction, industrial buildings, factories, tourist facilities, social buildings, educational facilities, trade centers on its own behalf as contracting services, or on behalf of another private or legal person and state and public economic enterprises.

Subsidiary is located at Kozyatağı Mahallesi Değirmen Sokak Nida Kule No: 18 Kat A 34742 Kadıköy, İstanbul. Subsidiary has no operations as of the balance sheet date.

As of 31 December 2018, effective interests of parent company and subsidiary.

<u>Subsidiary</u>	<u>Capital</u>	<u>Capital of Acquired (TL)</u>	<u>Effective Interest (%)</u>
And İnşaat Ticaret A.Ş.	250.000	249.900	99,96

**Basis of consolidation**

The portion of the net profit or loss from the consolidated subsidiary which corresponds to the shares out of the subsidiary subject to the consolidation method is presented in the net console as the "Non-controlling interest" account group.

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated.

- The paid-up capital of the consolidated financial statements is the Company's paid-up capital; there is no paid-up capital of the subsidiary.

- Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition.

The accounting policies of the subsidiary have been adjusted when necessary to align them with the policies adopted by the Group.

**B.Statements of Compliance with IAS**

The accompanying condensed interim financial statements are prepared in accordance with the Communiqué numbered II-14.1, "Basis for Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013.

According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The Company's condensed interim financial statements as at 31 December 2018 have been approved by the Board of Directors and authorization for issue has been given on February 13, 2019. The General Assembly and/or legal authorities has the power to amend the accompanying condensed interim financial statements after their issue.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**C. Changes in accounting policy**

No any changes is made in the Group accounting policies that affects the company's financial position, financial performance and cash flows to be presented preferable and confidential. It is not foreseen that there will be a change in the Group's accounting policies.

**D. Changes in Accounting Estimates and Errors**

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is no significant change in accounting estimates of the Company during the current period. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

**E. Summary of Significant Accounting Policies**

**Revenue and Income**

Revenue are measured on fair value of amount will be or have been charged. Estimated customer returns, rebates and provisions are deducted from the amount.

Sale of goods;

Proceeds from the sale of goods, is recognized when all the following conditions are met:

- Group all the significant risks and rewards of ownership are transferred to the buyer
- The Group's and the continuing managerial involvement usually associated with ownership and effective control over the goods sold are the lack of
- The amount of revenue can be measured reliably
- The economic benefits associated with the transaction will flow to the entity being possible, and transaction costs incurred or to be incurred in a reliable way of measuring.

Rendering of services;

Revenue is recognized by reference to the stage of completion.

**Construction contract activities**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Revenue arising from cost plus fee contracts is recognized on the basis of costs incurred plus a percentage of the contract fee earned during the year.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

Selling, general and administrative expenses are charged to the consolidated statement of profit or loss as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

Costs and estimated earnings in excess of billings on uncompleted contracts represent revenues recognized in excess of amounts billed. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized.

**Interest income**

Interest income and expenses are recognized in the consolidated statement of profit or loss on an accrual basis taking into account the effective yield on the asset.

**Inventories:**

Inventories are valued according to cost or new realizable values whichever is lower. Costs which include fixed or variable general production expenses are valued according to method which is suitable with the inventories' belonged class and weighted average method. Net realizable value is achieved by deducting approximate completion cost and total costs for selling from sales value of trade activity.

Group uses 'First in First out' method to calculate cost of inventories.

**Tangible Assets**

Physical assets which is held and estimated to be used more than a period of time by the Group, for the purpose of producing goods and services or for administrative purposes are expressed with their cost values within the scope of cost model.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the consolidated statements of profit or loss during the financial period in which they are incurred. The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Leasehold improvements consist of expenditures made to rented property. Leasehold improvements are amortised during the lease term in case the useful life is longer than the lease term. Furthermore leasehold improvements are amortised over their useful lives in case the useful life is shorter than the lease term.

As the similar depreciation method used for other fixed assets, depreciation of such assets begins when they are available for use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and they are recognized prospectively if there are any changes in estimates. (Note 16).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

*Cost Method*

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

Rental or administrative purposes, or for purposes not yet determined the course of construction assets are carried at cost less any recognized impairment loss. The cost of legal fees are also included. Such assets, the depreciation method used for other fixed assets, as well as when they are ready for use are depreciated. Land and construction in progress, except for the cost of tangible fixed assets to their estimated useful lives are amortized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year for the possible effects of changes in estimates if a change in estimate being accounted for on a prospective basis.

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

**Intangible Assets**

*Intangible Assets Acquired*

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis.

*Computer Software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

*Derecognition of intangible assets*

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the differences between the net disposal proceeds and the carrying amount of the asset. The difference is recognized in the statement of profit or loss when the asset is derecognized.

**Investment Properties**

Investment property comprises the properties held in order to acquire lease and/or value increment earning and is indicated with the cost value and other transaction costs involved. Investment properties are accounted for using the fair value model at the financial statements.

In case investment property is sold or becomes useless and is determined that it would not provide any economic benefit in the future it may be derecognized. Profit/Loss resulted from the end of usage period or sale of any investment property is included in the income statement in the period is generated.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

*Fair Value Method*

Group operations after the initial recognition, the fair value method chosen and the fair value of investment property was measured by the method (Note 15).

The fair value of investment property gain or loss arising from the change in profit or loss in the period they occur are included.

Transfers, there is a change in use of the investment property is made. Fair value based on the monitored investment property, the owner, used by real estate class made a transfer, the transfer made after accounting treatment deemed cost at the aforementioned property's use shape change at the dates the fair value is. The owner used by a property's fair value basis to display an investment property if it converts , business , change in use occurred up to the date "Tangible Assets" in the accounting policy applies .

Real estate is located in the Group's own use of tangible fixed assets have been reclassified.

**Impairment of Assets**

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

**Leases**

Operating leases

The Group as the lessee

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

**Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognized directly in the income statement. Borrowing costs are recognized directly in the income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

**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:

- Controls the Group, 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 a joint venture of the Group is a 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 to transfer.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

According to IFRS 9 as from 1 January 2010, the group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

(a) Financial assets at amortised cost

A debt investment is classified as 'amortised cost' only if both of the following criteria are met: the objective of the group's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

**Financial instruments**

The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

**(b) Financial assets at fair value**

If either of the two criteria above are not met, the debt instrument is classified as 'fair value through profit or loss. The Group has classified their financial assets as financial assets to be measured at fair value.

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value. A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated statement of profit or loss within income / (expenses) from investing activities in the period in which they arise.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

**Impairment of financial assets**

**Financial assets at amortised cost**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

**Impairment of financial assets**

- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - adverse changes in the payment status of borrowers in the portfolio; and
  - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdraft

**Financial liabilities**

Financial liabilities and equity instruments issued by the Group is classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

*Financial liabilities at fair value through profit and loss*

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

**Financial liabilities**

*Other financial liabilities*

Other financial liabilities, including financial liabilities, are initially accounted for at fair value net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

*Trade Payables*

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. (Note 9)

**Effects of Changes in Foreign Exchange**

The individual financial statements of each Group entity operates in the currency of the primary economic environment (functional currency) are presented. Each company's financial condition and results of operations of the Company, which is the functional currency and the presentation currency for the consolidated financial statements are expressed in TL.

During the preparation of the financial statements of the individual entities, denominated in foreign currencies (currencies other than TL) from the transactions, foreign exchange rates prevailing at the transaction date are recorded at. In the balance sheet foreign currency denominated monetary assets and liabilities using the exchange rates prevailing at the balance sheet date are translated into TL. Followed by the fair value of nonmonetary items denominated in foreign currencies which are those recorded at fair value as determined by rates prevailing on the date are retranslated. Measured in terms of historical cost in a foreign currency non-monetary items, are not retranslated.

Exchange differences, except as specified below, are recognized in profit or loss in the period in which they occur:

- Assets under construction for future productive use, which are associated with and on foreign currency borrowings are regarded as an adjustment to interest costs and the cost of such assets are included in the exchange rate differences,
- Risks arising from foreign currency (providing financial protection against risks related to the accounting policies described below) to provide financial protection against exchange differences arising from the operation,

In overseas activities of the net investment, forming part accounted in translation reserves and net investment in sales profit or loss associated with the unpaid intention or unlikely overseas operations arising from the monetary receivables and payables arising from exchange rate differences.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

**Earnings per share**

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Shareholders have equal rights on the shares and there is no preferred share (Note 34).

**Events after the Reporting Period**

Events after the reporting period, the balance date and the date of approval of the financial statements to be published, in favor or against the Group refers to events that occur. According to perform smoothing, two types of situations can be identified:

- Events that require adjustment after the reporting period, the balance sheet date of the relevant facts showing there is evidence that the conditions of the situation,
- Related events that occur after the reporting period showing improvements (non-adjusting events after the reporting period)

The accompanying financial statements of the Group in the reporting period, adjusting subsequent events have been registered and non-adjusting events after the reporting period are shown in the notes (Note 37).

**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 cannot 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 19).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

*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.

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.

**Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions (Note 22).

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets, or alternatively netted off with the cost of related asset.

**Current and Deferred Income Tax**

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity (Note 33).

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries of the Company operate.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

The principal temporary differences arise from the carrying values of property, plant and equipment and available for-sale-investments and their historical costs, various provisions and unused tax allowances and exemptions.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**E. Summary of Significant Accounting Policies (cont'd)**

**Employment Termination Benefits**

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders' equity in the period in which they arise (Note 20).

**Reporting of Cash Flows**

The Group's net assets, financial structure, and the ability to affect the amounts and timing of cash flows, financial statement users to provide information about the cash flow statement holds. Cash flow statement, cash flows from operating, investing and financing activities are classified. Cash flows from operating activities, cash flows from operating activities of the Group. From investing activities Cash flows from investing activities (fixed asset investments and financial investments) and the cash flows. Cash flows related to financing activities, the resources used in financing activities of the Group and repayments. Cash and cash equivalents include cash, bank deposits and investments that are readily convertible into cash at short-term, highly liquid investments with original maturities of three months or less.

**Capital and Dividends**

Ordinary shares are classified as owner's equity. Dividends books after deducted from accumulated profit.

**F. Significant Accounting Estimates**

The preparation of consolidated financial statements requires management to affect the reported amounts of assets and liabilities in the balance sheet at the date of the possible liabilities and commitments and the amounts of revenue and expenses during the reporting period required to make certain assumptions and estimates. These estimates and assumptions are based on management's best knowledge of current events and transactions despite the actual results may vary. Estimates are revised regularly and any necessary corrections are made and are reflected in the income statement in the periods. Critical judgments in applying the Group's accounting policies Summary of Significant Accounting Policies in the process of applying the accounting policies specified in management, with a significant impact on the amounts recognized in the financial statements (other than the estimates discussed below) made the following comments:

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

---

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**F. Significant Accounting Estimates (cont'd)**

- a) Estimates have been used within the scope of IAS 15 "Construction Contracts" when the total cost of the project and project profitability are determined.
- b) A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences. As at 31 December 2018 with the expectation to recover certain part of its tax losses carried forward, the Group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits.
- c) Severance pay provision calculates under actuarial estimations (discount rate, future salary increases and employee leave rate)
- d) Doubtful receivable provisions reflects future loss of possible uncollectible receivable amounts as at balance sheet date. While the determination impairment of receivables, past performance of third party receivables, market credibility's and performances from balance sheet date until the confirmation of financial statements taking into consideration.
- e) Inventory impairment calculates by using list price after discounts. Sales price imponderable inventories evaluated by determining of waiting time of inventories, physical conditions and technical staff opinion. Provision made if net realizable value under the cost value.
- f) While the determination provision for lawsuits, Group's legal advisors and Group Management's opinions regarding possibility of lose lawsuits and liabilities in case of lose took into consodiration. Group Management determines lawsuit provision according to best estimations.

**3. BUSINESS COMBINATIONS**

None. (31.12.2017: None).

**4. INTEREST IN OTHER ENTITIES**

None. (31.12.2017: None).

**5. SEGMENT REPORTING**

Financial performances are not followed separately by the Financial Management. Hence, the Group is not reporting according to the departments of activity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**6. CASH AND CASH EQUIVALENTS**

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Cash in hand	20.054	27.153
Cash at banks		
- Demand deposits	857.063	3.189.490
- Time deposits (with maturities of three months or less)	18.679.466	28.131.066
<b>Total</b>	<b>19.556.583</b>	<b>31.347.709</b>

The maturity breakdown deposits are as of December 31, 2018 and December 31, 2017 as follows;

<b><u>Currency</u></b>	<b><u>Avarege Maturity Date</u></b>	<b><u>Interest Rate (%)</u></b>	<b><u>31.12.2018 TL Equivalent</u></b>	<b><u>Avarege Maturity Date</u></b>	<b><u>Interest Rate (%)</u></b>	<b><u>31.12.2017 TL Equivalent</u></b>
TL	8.1.2019	22,96%	2.831.192	16.1.2018	12,61%	10.303.648
USD	16.1.2019	4,70%	9.813.111	21.1.2018	3,71%	14.666.325
EURO	22.1.2019	2,41%	6.035.163	2.1.2018	0,1%	3.161.093
<b>Total</b>			<b>18.679.466</b>			<b>28.131.066</b>

As of December 31, 2018 there is no blockage on deposits (31.12.2017: None).

Cash and cash equivalents in cash flow statement as of December 31, 2018 and December 31, 2017 as follows:

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Cash and Cash Equivalents	19.556.583	31.347.709
Blocked deposits (-)	-	-
<b>Total</b>	<b>19.556.583</b>	<b>31.347.709</b>

**7. FINANCIAL INVESTMENTS**

**Short-term financial investments**

None (31.12.2017: None).

**Long-term financial investments**

None (31.12.2017: None).

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***8. FINANCIAL LIABILITIES**

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Short-term bank loans	13.080.842	3.584.546
Long-term bank loans	4.001.088	928.343
Credit Cards (*)	1.137.308	625.031
<b>Total</b>	<b>18.219.238</b>	<b>5.137.920</b>

(\*) Credit Cards Liabilities consist of; insurance policy and premium payments, purchases of furniture and fixtures and other expenditures of group headquarters and construction sites.

**Bank loans:**

Short and long-term bank borrowings are summarized as below:

<b><u>December 31, 2018</u></b>					
	<u>Interest Rate</u>	<u>Effective Interest Rate</u>		<u>Short-term portion of</u>	
<u>Currency</u>	<u>(%)</u>	<u>(%)</u>	<u>Short-term</u>	<u>long-term loans</u>	<u>Long-term</u>
TL	13,08-27,50	14,61-32,63	-	13.080.842	4.001.088
<b>Total</b>			-	<b>13.080.842</b>	<b>4.001.088</b>

<b><u>December 31, 2017</u></b>					
	<u>Interest Rate</u>	<u>Effective Interest Rate</u>		<u>Short-term portion of</u>	
<u>Currency</u>	<u>(%)</u>	<u>(%)</u>	<u>Short-term</u>	<u>long-term loans</u>	<u>Long-term</u>
TL	12,48-15	14,10-17,21	-	3.584.546	928.343
<b>Total</b>			-	<b>3.584.546</b>	<b>928.343</b>

The redemption schedule of the financial liabilities is as follows;

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Less than 1 year	13.080.842	3.584.546
1 - 2 years	3.190.815	928.343
2 – 3 years	804.082	-
3 – 4 years	6.191	-
<b>Total</b>	<b>17.081.930</b>	<b>4.512.889</b>

**9. TRADE RECEIVABLES AND PAYABLES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**a) Trade Receivables:**

Details of Group's trade receivables as of balance sheet date:

<b><u>Short-term trade receivables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Trade receivables		
- Due from other parties	14.240.283	14.752.129
- Due from related parties	-	-
Notes receivables		
- Due from other parties	8.590.267	1.298.259
- Due from related parties	-	-
Unearned credit finance income (-)	(245.060)	(182.864)
Income Due Construction Contracts (Note 14)	113.896.233	50.888.112
Doubtful receivables (*)	1.015.427	1.015.427
Provision for doubtful receivables (-)	(1.015.427)	(1.015.427)
<b>Total</b>	<b>136.481.723</b>	<b>66.755.636</b>

As of 31 December 2018, the weighted average of interest rates are % 21,18, % 4,71 and % 2,87 used to calculate unearned finance expense for short-term trade receivables in terms of TL, USD and EUR and weighted average maturity is approximately 2 months. (31.12.2017: TL 14,38%, USD 3,69%, Euro 2,98% and 1,5 months)

The average maturity date of trade and note receivables are as follows:

<b><u>Trade Receivables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
1-3 Months	14.240.283	14.752.129
<b>Total</b>	<b>14.240.283</b>	<b>14.752.129</b>

  

<b><u>Note Receivables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
1-3 Months	8.093.213	507.168
4-6 Months	497.054	791.091
7-9 Months	-	-
<b>Total</b>	<b>8.590.267</b>	<b>1.298.259</b>

**Doubtful receivables**

As of 31 December 2018, amount of TL 1.015.427 (31.12.2017: TL 1.015.427) of trade receivables are doubtful receivables. Doubtful receivables consist of uncollected receivables which are due from completed projects.

(\*)The movements of provision for doubtful receivables are as follows:

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
As of January 1	1.015.427	1.015.709
Provisions no longer required	-	(282)
<b>End of Year</b>	<b>1.015.427</b>	<b>1.015.427</b>

**9. TRADE RECEIVABLES AND PAYABLES (Cont'd)**

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***Long-term trade receivables**

None (31.12.2017: None).

**b) Short-term Trade Payables:**

Details of Group's trade payables as of balance sheet date:

<b><u>Short-term Trade Payables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Trade payables	11.422.074	4.652.938
Notes payables	6.784.004	5.495.608
Unearned credit finance charges (-)	(286.970)	(158.400)
<b>Total</b>	<b>17.919.108</b>	<b>9.990.146</b>

As of December 31, 2018 the weighted average of interest rates are 21,18%, 4,71% and 2,87% used to calculate unearned finance expense for short-term trade payables in terms of TL, USD and EUR and weighted average maturity is approximately 55 days. (31.12.2017: TL 14,38%, USD 3,69%, Euro 2,98% and 2 months)

The average maturity date of trade and note payables are as follows:

<b><u>Trade payables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
1-3 Months	11.199.483	4.652.938
4-6 Months	222.591	-
<b>Total</b>	<b>11.422.074</b>	<b>4.652.938</b>

<b><u>Note payables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
1-3 Months	6.784.004	5.372.608
4-6 Months	-	123.000
<b>Total</b>	<b>6.784.004</b>	<b>5.495.608</b>

**Long-term Trade Payables**

None (31.12.2017: None).

**10.OTHER RECEIVABLES AND PAYABLES**

<b><u>Other current receivables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Due from tax authorities	80.342	62.446
<b>Total</b>	<b>80.342</b>	<b>62.446</b>

<b><u>Other non-current receivables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Deposits and guarantees given	4.394	7.930
<b>Total</b>	<b>4.394</b>	<b>7.930</b>

**10. OTHER RECEIVABLES AND PAYABLES (Cont'd)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

<b><u>Other short-term payables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Other Payables	174.809	400.592
Taxes and Duties Payable	243.672	2.102.909
Other Liabilities	39.521	17.193
<b>Total</b>	<b>458.002</b>	<b>2.520.694</b>
Due to related parties (Note 35)	17.105	16.175
<b>Total</b>	<b>475.107</b>	<b>2.536.869</b>

**Other long-term payables**

None. (31.12.2017: None).

**11.DERIVATIVE INSTRUMENTS**

None. (31.12.2017: None).

**12.INVENTORIES**

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Raw materials and Supplies	3.120.289	2.293.726
<b>Total</b>	<b>3.120.289</b>	<b>2.293.726</b>

As of the balance sheet date, the Group does not have any stocks with a net realizable value less than its cost. Group's all inventories are valued at cost at TL 3.120.289 (31.12.2017: TL 2.293.726)

Group does not have any pledged inventory in return for loans as at December 31, 2018 (31.12.2017: None.)

**13.PREPAID EXPENSES AND DEFERRED INCOME**

<b><u>Current Prepaid Expenses</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Advances Given for Inventories	3.113.024	682.075
Other Advances Given	236.800	236.800
Short-term Prepaid Expenses	43.246	39.644
<b>Total</b>	<b>3.393.070</b>	<b>958.519</b>

<b><u>Non-current Prepaid Expenses</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Advances Given for Investment Properties	-	1.792.651
Long-term Prepaid Expenses	221	4.925
<b>Total</b>	<b>221</b>	<b>1.797.576</b>

<b><u>Short-term Deferred Income</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Advances received	10.922.605	7.950.805
Income relating to future months	3.258.914	173.492
<b>Total</b>	<b>14.181.519</b>	<b>8.124.297</b>

**13. PREPAID EXPENSES AND DEFERRED INCOME (Cont'd)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**Long-term Deferred Income**

None. (31.12.2017: None).

**14.CONSTRUCTION CONTRACTS**

**Assets Related to Ongoing Construction Contracts**

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Assets Related to Ongoing Construction Contracts	113.896.233	50.588.112
<b>Total</b>	<b>113.896.233</b>	<b>50.588.112</b>

The details of assets related to ongoing construction contracts are as follows:

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Assets Related to Ongoing Construction Contracts		
Unearned Assets Related to Domestic Construction Contracts (*)	113.896.233	50.588.112
<b>Total</b>	<b>113.896.233</b>	<b>50.588.112</b>

(\*) Since there is a reasonable assurance about whether the company will meet the requirements for the acquisition of unearned assets, costs of the unearned assets are reflected in the financial statements on an accrual basis at fair value.

**Liabilities Related to Ongoing Construction Contracts**

None (31.12.2017: None).

No guarantees are taken for the projects. Guarantees given are disclosed in Note 19.

**15.INVESTMENT PROPERTIES**

As of December 31, 2018, and December 31, 2017, the details of the investment properties of the Group are as below;

<b>Investment Property</b>	<b>01.01.2018 Opening</b>	<b>Additions</b>	<b>Revaluation</b>	<b>31.12.2018 Closing</b>
Hatay - Land (a)	2.460.000	-	1.540.000	4.000.000
İstanbul Şile Buildings (b)	5.500.000	-	6.560.000	12.060.000
İstanbul Kartal - Store (c)	1.665.000	-	355.000	2.020.000
İstanbul Kadıköy Buildings (d)	2.500.000	266.682	4.433.318	7.200.000
İstanbul Zeytinburnu Buildings (e)	-	2.357.696	442.304	2.800.000
<b>Toplam</b>	<b>12.125.000</b>	<b>2.624.378</b>	<b>13.330.622</b>	<b>28.080.000</b>

**15. INVESTMENT PROPERTIES (Cont'd)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

	01.01.2017				31.12.2017
Investment Property	Opening	Additions	Revaluation	Transfers to buildings	Closing
Hatay - Land (a)	2.452.004	-	7.996	-	2.460.000
İstanbul Şile - Buildings (b)	4.770.000	238.779	491.221	-	5.500.000
İstanbul Kartal - Store (c)	1.625.000	-	40.000	-	1.665.000
İstanbul Ümraniye - Buildings (f)	5.764.384	-	-	(5.764.384)	-
İstanbul Maltepe -Buildings (f)	4.866.709	-	-	(4.866.709)	-
İstanbul Kadıköy Building(d)	-	2.076.271	423.729	-	2.500.000
<b>Total</b>	<b>19.478.097</b>	<b>2.315.050</b>	<b>962.946</b>	<b>(10.631.093)</b>	<b>12.125.000</b>

Buildings located in Şile – Kartal / İstanbul and land located in Hatay has been valued by independent expertise company Lotus Gayrimenkul Değerleme Danışmanlık A.Ş. (CMB licensed).The valuation made according to International Valuation Standards, precedent comparison and income reduction methods are taken into consideration. The Group management believes that the valuation company has up-to-date information about the class and location of the investment property with the relevant professional background.

According to expertize report,

a) According to 31 December 2018 dated expertise report, buildings located in İskenderun – Hatay total values set as 4.000.000 TL. Properties values calculated according to coefficient comparison. Fair value of buildings set as level 2. (31 Aralık 2017: Metrik Gayrimenkul Değerleme Danışmanlık A.Ş. - 2.460.000 TL)

b) According to 31 December 2018 dated expertise report, buildings located in Şile - İstanbul total values set as 12.060.000 TL. Properties values calculated according to coefficient comparison. Fair value of buildings set as level 2. (31 Aralık 2017: Metrik Gayrimenkul Değerleme Danışmanlık A.Ş. -5.500.000 TL)

c) According to 28 December 2018 dated expertise report, buildings located in Kartal - İstanbul total values set as 2.020.000 TL. Properties values calculated according to coefficient comparison and direct capitalization. Fair value of buildings set as level 2. (31 Aralık 2017: Metrik Gayrimenkul Değerleme Danışmanlık A.Ş. -1.665.000 TL)

d) Group bought building in Kadıköy – İstanbul at 08 January 2019 with a total amount of 2.076.271 TL. According to expertise report total values set as 7.200.000 TL. Fair value of buildings set as level 2. (31 Aralık 2017: Lotus Gayrimenkul Değerleme Danışmanlık A.Ş. -2.500.000 TL)

e) In the current period, 2 apartments in the Zeytinburnu-İstanbul, located in İnistanbul Project, were received and registered in investment property account. Since they were not delivered in the last period, they were registered in the account of the advances given. The value of the real estates were appreciated as 2.800.000 TL according to the appraisal report dated 31 December 2018 prepared by Lotus Gayrimenkul Değerleme Danışmanlık A.Ş.

**15. INVESTMENT PROPERTIES (Cont'd)**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

f) Group bought buildings in Ümraniye – İstanbul at 15.06.2016 with a total amount of 5.764.091 TL and also bought buildings in Maltepe İstanbul at 28.09.2016 with a total amount of 4.866.709 TL. Buildings at Ümraniye and Maltepe-İstanbul were decided to be used for the main activities by the Board of Directors' decision dated March 21, 2017 and numbered 06. For this reason, these buildings were transferred to tangible assets.

Company does not have any liabilities arising from building, developing and maintenance agreements for Investment properties as of balance sheet date.

There is no rent income to the Group's from investment property in the current year (31.12.2017: 43.220). There are no amendments to the Group's real estates in the current year (31.12.2017: None).

There are not any mortgages on investment properties (31.12.2017: None). As of December 31, 2018 there is insurance coverage on investment properties amounting TL 5.501.410 (31.12.2017: TL 4.664.905).

**16.TANGIBLE FIXED ASSETS**

<b>Cost</b>	<b>01.01.2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>31.12.2018</b>
Buildings	10.631.093	4.770.000	-	15.401.093
Motor vehicles	1.259.474	186.722	(54.284)	1.391.912
Furniture and fixtures	1.016.744	728.946	-	1.745.690
Leasehold improvements	118.981	34.612	-	153.593
Other fixed assets	189.988	-	-	189.988
<b>Total</b>	<b>13.216.280</b>	<b>5.720.280</b>	<b>(54.284)</b>	<b>18.882.276</b>
<b>Accumulated Depreciation</b>				
Buildings	(212.616)	(284.166)	-	(496.782)
Motor vehicles	(223.113)	(221.743)	35.134	(409.722)
Furniture and fixtures	(450.214)	(163.749)	-	(613.963)
Leasehold improvements	(64.887)	(38.217)	-	(103.104)
Other fixed assets	(11.514)	(62.696)	-	(74.211)
<b>Total</b>	<b>(962.344)</b>	<b>(770.571)</b>	<b>35.134</b>	<b>(1.697.782)</b>
<b>Net book value</b>	<b>12.253.936</b>			<b>17.184.494</b>

**16. TANGIBLE FIXED ASSETS (cont'd)**

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

<b>Cost</b>	<b>01.01.2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfer from Investment Properties</b>	<b>31.12.2017</b>
Buildings	-	-	-	10.631.093	10.631.093
Motor vehicles	318.303	976.157	(34.986)	-	1.259.474
Furniture and fixtures	737.401	279.343	-	-	1.016.744
Leasehold improvements	118.981	-	-	-	118.981
Other fixed assets	-	189.988	-	-	189.988
<b>Total</b>	<b>1.174.685</b>	<b>1.445.488</b>	<b>(34.986)</b>	<b>10.631.093</b>	<b>13.216.280</b>

<b>Accumulated Depreciation</b>					
Buildings		(212.616)	-	-	(212.616)
Motor vehicles	(100.537)	(148.186)	25.610	-	(223.113)
Furniture and fixtures	(340.410)	(109.804)	-	-	(450.214)
Leasehold improvements	(41.091)	(23.796)	-	-	(64.887)
Other fixed assets	-	(11.515)	-	-	(11.514)
<b>Total</b>	<b>(482.038)</b>	<b>(505.917)</b>	<b>25.610</b>	<b>-</b>	<b>(962.344)</b>

<b>Net book value</b>	<b>692.647</b>	<b>12.253.936</b>
-----------------------	----------------	-------------------

Tangible assets depreciation periods are as follow:

	<b>Useful Life</b>
Buildings	50 years
Motor vehicles	4-5 Years
Furniture and fixtures	3-20 Years
Leasehold improvements	5 Years
Other Fixed Asstes	3 Years

As of December 31, 2018 there is TL 8.400.500 insurance coverage on tangible assets. (31.12.2017: TL 7.235.500).

**17.INTANGIBLE FIXED ASSETS**

<b>Cost</b>	<b>01.01.2017</b>	<b>Additions</b>	<b>31.12.2017</b>	<b>Additions</b>	<b>31.12.2018</b>
Rights	36.518	4.876	41.394	88.878	130.272
<b>Total</b>	<b>36.518</b>	<b>4.876</b>	<b>41.394</b>	<b>88.878</b>	<b>130.272</b>

<b>Accumulated Depreciation</b>	<b>01.01.2017</b>	<b>Additions</b>	<b>31.12.2017</b>	<b>Additions</b>	<b>31.12.2018</b>
Rights	(22.404)	(6.513)	(28.917)	(39.586)	(68.503)
<b>Total</b>	<b>(22.404)</b>	<b>(6.513)</b>	<b>(28.917)</b>	<b>(39.586)</b>	<b>(68.503)</b>

<b>Net book value</b>	<b>14.114</b>	<b>12.477</b>	<b>61.769</b>
-----------------------	---------------	---------------	---------------

**17. INTANGIBLE FIXED ASSETS (Cont'd)**

## ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2018

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

Intangible assets depreciation periods are as follow:

	Useful Life
Software	3-11 Years

#### 18. GOODWILL

None (31.12.2017: None).

#### 19. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

##### Provisions

<u>Other short-term provisions</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Provision for lawsuit risks	166.330	91.361
<b>Total</b>	<b>166.330</b>	<b>91.361</b>

(\*) Lawsuit risk provisions are due to legal cases brought by employees.

##### Other long-term provisions

None (31.12.2017: None).

##### Contingent Assets

None (31.12.2017: None).

##### Collaterals, Pledges, Mortgages:

Collaterals/pledges/mortgages ("CPM") position of the Group as of December 31, 2018 and December 31, 2017 is as follows:

<u>CPM's given by the Company</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>December 31, 2018</u> <u>(TL Equivalents)</u>
1. CPM's given for Company's own legal personality	-	3.702.531	26.583.115	48.901.973
2. CPM's given on behalf of fully consolidated companies	-	-	-	-
3. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
4. Total amount of other CPM's	-	-	-	-
- Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
- Total amount of CPM's given on behalf of other Group companies which are not in scope of 2 and 3	-	-	-	-
- Total amount of CPM's given on behalf of third parties which are not in scope of 3	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3.702.531</b>	<b>26.583.115</b>	<b>48.901.973</b>

#### 19. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)*

<b><u>CPM's given by the Company</u></b>	<b><u>USD</u></b>	<b><u>EUR</u></b>	<b><u>TL</u></b>	<b><u>December 31, 2017 (TL Equivalents)</u></b>
1. CPM's given for Company's own legal personality	442.397	3.102.345	21.262.333	36.939.649
2. CPM's given on behalf of fully consolidated companies	-	-	-	-
3. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
4. Total amount of other CPM's	-	-	-	-
- Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
- Total amount of CPM's given on behalf of other Group companies which are not in scope of 2 and 3	-	-	-	-
- Total amount of CPM's given on behalf of third parties which are not in scope of 3	-	-	-	-
<b>Total</b>	<b>442.397</b>	<b>3.102.345</b>	<b>21.262.333</b>	<b>36.939.649</b>

The ratio of other CPM's given by the Group to the equities of Group is 0% as of December 31, 2018. (December 31, 2017: 0%)

TL equivalents of collaterals, pledges and mortgages give as of December 31, 2018 and December 31, 2017 are as follows on original currency basis are as follows:

<b><u>Collaterals, Pledges, Mortgages</u></b>	<b><u>USD</u></b>	<b><u>EUR</u></b>	<b><u>TL</u></b>	<b><u>December 31, 2018 TL Equivalent</u></b>
Collaterals	-	3.702.531	26.583.115	48.901.973
<b>Total</b>	<b>-</b>	<b>3.702.531</b>	<b>26.583.115</b>	<b>48.901.973</b>

<b><u>Collaterals, Pledges, Mortgages</u></b>	<b><u>USD</u></b>	<b><u>EUR</u></b>	<b><u>TL</u></b>	<b><u>December 31, 2017 TL Equivalent</u></b>
Collaterals	442.397	3.102.345	21.262.333	36.939.649
<b>Total</b>	<b>442.397</b>	<b>3.102.345</b>	<b>21.262.333</b>	<b>36.939.649</b>

**Assets have been pledged in return for loans:**

None (31.12.2017: None).

**20.EMPLOYEE BENEFITS**

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Payables to personnel	1.295.039	974.360
Social security payables	670.064	503.476
<b>Total</b>	<b>1.965.103</b>	<b>1.477.836</b>

**20. EMPLOYEE BENEFITS (Cont'd)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

<b>Short-term Provision for Employee Benefits</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Provision for vacation pay liability	62.897	94.191
<b>Total</b>	<b>62.897</b>	<b>94.191</b>

<b>Long-term Provision for Employee Benefits</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Provision for employment termination benefits	529.079	420.218
<b>Total</b>	<b>529.079</b>	<b>420.218</b>

	<b>01 January- December 31, 2018</b>	<b>01 January- December 31, 2017</b>
As of January 1	420.218	346.326
Service cost	213.038	145.050
Interest expense	23.670	15.047
Reversals of provisions	(102.323)	(93.014)
Actuarial gain / losses (*)	(25.525)	6.809
<b>As of December 31/December 31</b>	<b>529.079</b>	<b>420.218</b>

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 ("Employee Benefits") stipulates the development of Company's liabilities by using actuarial valuation methods under defined benefit plans.

As at balance sheet date, provisions calculated according to assumption 8% expected salary increasing rate and 12,75% discount rate and about 4,40% real discount rate and retiring assumption as follows (31.12.2017: 7%, 11% and 3,74%).

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Discount Rate (%)	3,74	3,74
Change in employee benefits liability (%)	94,43	94,43

Main assumption is that maximum liability amount increases parallel to inflation rate for every service year. Therefore, discount rate used is the expected real rate adjusted for the future inflationary effects. Because of this, provisions in the accompanying financial statements as of December 31, 2018 are calculated by estimating present value of probable liabilities arising due to retirement of employees.

TL 5.434,42 (31.12.2017: TL 4.732,48) maximum amount used on calculation of retirement pay provision with effect from 31 December 2018.

(\*) As of December 31, 2018, TL 25.525 (31.12.2017: TL 6.809) Actuarial Income/Loss booked in the statement of comprehensive income.

The total expense has been charged to the general administrative expenses (2017: All).

**21. IMPAIRMENT OF ASSETS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)*

---

Details of provision for doubtful receivables given at Note 9.

**22. GOVERNMENT INCENTIVES AND GRANTS**

Incentives received by the Group has been recognized under other income, are as follows:

**31.12.2018**

i) According to Social Security Law numbered 5510, Group benefits from the incentive, which is up to 5% of the monthly SSI premium of employer-share, since there is no delay in the payment of SSI premiums of employees. The incentive amount utilized by the Group is TL 850.965 as of 31.12.2018 (Note 29).

ii) \*Through Law regarding the Restructuring of Certain Receivables and Amendments on Certain Laws and Statutory Decrees (published in the Official Gazette dated March 8, 2017 and numbered 30001), 5% of income tax and corporate tax rate reduction can be applied. Those who are taxpayers of income tax due to their commercial and those who meet the conditions, 5% of the tax calculated on tax returns are deducted from the income or corporation tax that has to be paid. The incentive amount utilized by the Group is TL 191.055 as of 31.12.2018 (Note 29,33)

**31.12.2017**

i) According to Social Security Law numbered 5510, Group benefits from the incentive, which is up to 5% of the monthly SSI premium of employer-share, since there is no delay in the payment of SSI premiums of employees. The incentive amount utilized by the Group is TL 635.042 as of 31.12.2017 (Note 29).

ii) \*Through Law regarding the Restructuring of Certain Receivables and Amendments on Certain Laws and Statutory Decrees (published in the Official Gazette dated March 8, 2017 and numbered 30001), 5% of income tax and corporate tax rate reduction can be applied. Those who are taxpayers of income tax due to their commercial and those who meet the conditions, 5% of the tax calculated on tax returns are deducted from the income or corporation tax that has to be paid. The incentive amount utilized by the Group is TL 431.297 as of 31.12.2017 (Note 29,33)

**23. BORROWING COST**

None. (31.12.2017: None).

**24. OTHER ASSETS AND LIABILITIES**

<b><u>Other current asset</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
V.A.T. Carried Forward	68.358	17.438
Work Advances	-	907.367
Other	79.317	-
<b>Total</b>	<b>147.675</b>	<b>924.805</b>

**24. OTHER ASSETS AND LIABILITIES (Cont'd)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**Other non-current asset**

None (31.12.2017: None).

**Other Short-Term ve Long-Term Liabilities**

None (31.12.2017: None).

**25. CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

**a) Paid in Capital:**

The capital structure as of December 31, 2018 and December 31, 2017 is as follows:

<b>Capital Structure</b>	<b>December 31, 2018</b>		<b>December 31, 2017</b>	
	<b>Share (%)</b>	<b>Amount (TL)</b>	<b>Share (%)</b>	<b>Amount (TL)</b>
Nevhan Gündüz	21,32%	10.657.503	21,32%	4.263.001
Mahmut Gündüz	0,00%	500	0,00%	200
Orhan Gündüz	32,50%	16.248.750	32,50%	6.499.500
Nevin Gündüz	0,00%	500	0,00%	200
Murat Kartaloğlu	0,00%	250	0,00%	100
Public share	46,18%	23.092.498	46,18%	9.236.999
<b>Paid-in share capital</b>	<b>100,00%</b>	<b>50.000.000</b>	<b>100,00%</b>	<b>20.000.000</b>

Company has accepted the Authorised capital System. Current authorised capital ceiling of the Company is TL 50.000.000 and the issued capital is TL 50.000.000 (31.12.2017: TL 20.000.000). Capital of the Company consists of 50.000.000 shares, none of which has any privillages.

In the General Assembly held on 27 March 2018, after the necessary deductions and separations have been made from the TL 31.427.086 net profit of the period as of 31.12.2017 in the financial statements prepared in accordance with the Capital Market legislation and TL 34.351.751.52 net profit of the period as of 31.12.2017 in the legal records, 30.000.000 TL was added to share capital and it was decided to distribute as share. Capital increase was announced in Trade Registry Gazette No. 9590 dated 31 May 2018.

**b) Share premium (Discount)**

Share premium (Discount)

**Total**

**December 31, 2018** **December 31, 2017**

457.651

457.651

**457.651**

**457.651**

**c) Treasury Shares**

Treasury Shares

**Total**

**December 31, 2018** **December 31, 2017**

(2.870.458)

-

**(2.870.458)**

**-**

**25. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

In February 2018, The Group has repurchased respectively its own shares of TL 259.801 nominal value for the total price of TL 2.326.597, TL 139.001 nominal value for the total price of TL 437.585 and totally TL 788.503 nominal value for the total price of TL 2.764.182 in conformity with Share Buyback Communiqué issued by Capital Markets Board of Turkey. In addition, Liquidity Providing Agreement was signed between Ak Yatırım Menkul Değerler A.Ş. and The Company in the current period. Under this contract, 106.275 TL of Company shares in the current account of The Company at the end of the period, were reported in the treasury shares. Treasury shares reported under shareholders' equity with purchase price.

**d) Other Accumulated Comprehensive Income (Loss)  
that will not be Reclassified in Profit or Loss**

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Other Gains (Losses)	92.666	72.246
<b>Total</b>	<b>92.666</b>	<b>72.246</b>

**e) Restricted Reserves Appropriated From Profits**

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Restricted Reserves	2.546.362	828.774
Treasury Share Reserves	2.870.458	-
<b>Total</b>	<b>5.416.820</b>	<b>828.774</b>

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. Dividend distributions are made in TL in accordance with its Articles of Association, after deducting taxes and setting aside the legal reserves as discussed above.

Public companies in Turkey make profit distributions in accordance with the regulations of CMB.

The Group put aside legal reserves, for the TL 2.870.458 worth of share buyback, as per the article 520 of Turkish Commercial Code with the law no 6102, which has become effective in 2014.

**f) Prior Year's Profit**

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Extraordinary reserves	-	56.341
Prior year's profit / loss (-)	32.601.265	35.705.884
<b>Total</b>	<b>32.601.265</b>	<b>35.762.225</b>

**25. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**



## ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2018

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

Within the year, below transactions have taken place in "prior years' profit and losses" account

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Beginning of the year</b>	35.762.225	16.930.525
Previous year's profit	31.427.086	25.038.815
Transfer to legal reserves	(4.588.046)	(757.114)
Dividends Paid	-	(5.450.001)
Capital Increase	(30.000.000)	-
<b>End of the year</b>	<b>32.601.265</b>	<b>35.762.225</b>

<b>g) Change in non-controlling interests</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Opening balance</b>	<b>(15)</b>	<b>(11)</b>
Additions	-	-
Profit for the year attributable to non-controlling interest portion	(3)	(4)
<b>Non-controlling interests</b>	<b>(18)</b>	<b>(15)</b>

#### **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.

Partnerships, profits will be determined by the General Assembly in accordance with the dividend distribution policy and in accordance with the provisions of the relevant legislation by the General Assembly distributes. Comes within the scope of the notification a minimum distribution rate has not been determined. Companies based in contract or in the manner specified in the dividend distribution policy will pay dividends. In addition, dividends may be paid in installments of equal or different, consistent and interim financial statements of the profits in advance may distribute dividends in cash.

TCC based on separation of reserves required by the articles of association or dividend distribution policy for the shareholders determine dividend allottees other reserves to allocate to the next year to transfer profit and dividend shareholders , management board members subsidiaries to their employees and shareholders, persons other than the profit share to be distributed could not be given , as determined for the shareholders in cash dividends are paid on these shares may not be distributed to persons on the card .

Equity inflation adjustment differences and book value of extraordinary reserves can be used in the capital increase, cash profit distribution or loss deduction. However, equity inflation adjustment differences will be subject to corporate tax in case they are used in cash profit distribution.

## **26.REVENUE AND COST OF SALE**

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***Revenue and Cost of Sales**

<b>Revenue</b>	<b>01.01 - 31.12.2018</b>	<b>01.01 – 31.12.2017</b>
Contracting Sales Revenues	121.108.560	83.495.049
Materials Sales Revenues	8.516.014	1.647.880
<b>Total Income</b>	<b>129.624.574</b>	<b>85.142.929</b>
Sales Return(-)	(1.210.331)	-
<b>Revenue net</b>	<b>128.414.243</b>	<b>85.142.929</b>
<b>Cost of Sales (-)</b>		
- Cost of services given (-)	(71.536.890)	(43.640.929)
- Cost of trade goods sold (-)	(5.174.164)	(1.024.954)
<b>Cost of Sales (-)</b>	<b>(76.711.054)</b>	<b>(44.665.883)</b>
<b>Gross Profit</b>	<b>51.703.189</b>	<b>40.477.046</b>

**27.GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH  
AND DEVELOPMENT EXPENSE****General administrative expense**

	<b>01.01 - 31.12.2018</b>	<b>01.01 – 31.12.2017</b>
Personnel expenses	4.082.588	2.700.209
Consultancy expenses	236.618	217.382
Depreciation and amortization expenses	713.292	442.389
Provision for employment termination benefit	134.386	67.083
Provision for vacation pay liability	(31.294)	74.826
Rent Expense	536.577	450.669
Dues	80.743	45.607
Registration expense	545.930	85.044
Advertisement and public relation expenses	123.451	82.344
Representation expense	309.619	205.509
Travelling expenses	64.424	52.147
Transportation expenses	49.541	19.589
Maintenance expenses	87.093	152.934
Stationary expenses	36.569	16.782
Other	257.170	518.230
<b>Total</b>	<b>7.226.707</b>	<b>5.130.744</b>

There is no marketing expense and research & development expense as of the reporting year (31.12.2017: None).

**28.EXPENSES BY NATURE**

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)*

<b>Depreciation expenses</b>	<b>01.01 - 31.12.2018</b>	<b>01.01 – 31.12.2017</b>
Cost of sales	96.870	70.041
General administrative expense	673.701	435.876
<b>Total</b>	<b>770.571</b>	<b>505.917</b>

<b>Amortization expenses</b>	<b>01.01 - 31.12.2018</b>	<b>01.01 – 31.12.2017</b>
General administrative expense	39.591	6.513
<b>Total</b>	<b>39.591</b>	<b>6.513</b>

<b>Personnel expenses</b>	<b>01.01 - 31.12.2018</b>	<b>01.01 – 31.12.2017</b>
Personnel expenses	19.902.749	12.489.186
Provision for employment termination benefits	228.414	391.776
Provision for vacation pay liability	(31.294)	74.826
<b>Total</b>	<b>20.099.869</b>	<b>12.955.788</b>

**29.OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES****Other income from operating activities**

	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
Government Grants Income	1.397.256	635.042
Foreign exchange gains	7.772.462	1.217.968
Unearned credit finance charges	469.834	300.731
Price variance income	865.324	351.761
Credit finance income	814.736	5.422
Rent income	-	43.221
Other Income	862.959	712.939
<b>Total</b>	<b>12.182.571</b>	<b>3.267.084</b>

**Other expense from operating activities(-)**

	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
Litigation provision expenses	74.969	20.879
Foreign exchange loss	6.598.600	960.181
Unearned credit finance charges	403.460	283.526
Other expenses	538.812	182.452
<b>Toplam</b>	<b>7.615.841</b>	<b>1.447.038</b>

**30.INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***Income from investment activities**

	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
Interest income from bank deposits	1.160.588	984.384
Investment property valuation profit	13.330.623	962.946
<b>Total</b>	<b>14.491.211</b>	<b>1.947.330</b>

**Expense from investment activities**

None (31.12.2017: None).

**31.FINANCIAL INCOME AND EXPENSES****Financial Income**

	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
Foreign exchange gains	8.906.213	3.930.402
<b>Total</b>	<b>8.906.213</b>	<b>3.930.402</b>

**Financial Expense**

	<b>01.01-31.12.2018</b>	<b>01.01-31.12.2017</b>
Foreign exchange losses(-)	4.036.844	2.110.024
Interest and commission expense (-)	3.346.186	1.213.818
<b>Total</b>	<b>7.383.030</b>	<b>3.323.842</b>

**32.FIXED ASSETS HELD FOR SALE AND DISCONTINUING OPERATIONS**

None (31.12.2017: None).

**33.INCOME TAX**

<b><u>Current income tax assets</u></b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Prepaid taxes and withholding taxes	-	80.341

<b><u>Non - current income tax assets</u></b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Prepaid taxes and withholding taxes	1.316.186	1.038.434

<b><u>Tax provisions</u></b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Current year corporation tax expense	3.821.101	8.625.928
Prepaid taxes and withholding taxes (-)	(3.163.545)	(3.699.469)
<b>Tax provisions</b>	<b>657.556</b>	<b>4.926.459</b>

<b><u>Tax Income / (Expense)</u></b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Corporate and income taxes payable (-)	(3.821.101)	(8.625.928)
Deferred tax revenue ( expense)	(9.801.991)	332.772
<b>Total</b>	<b>(13.623.092)</b>	<b>(8.293.156)</b>

**33. INCOME TAX (Cont'd)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)*

---

**Corporate Tax**

The tax legislation provides for a temporary tax (prepaid tax) of 22% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

The corporations earning income from a company or a branch in Turkey do not pay any withholding tax on their dividends. Other dividend payments are subject to withholding tax of 15%. If profit is added to the capital, withholding tax is not applicable. Effective tax rate is 22%. (2017: 20%)

Corporations calculate and pay quarterly temporary corporate tax of 22%. The temporary taxes paid within the year will be offset against the final corporate tax liability for the year. The temporary tax can be offset against any other financial liability against the state.

Tax losses that are reported in the Corporation tax return may be carried forward and deducted from the corporation tax base for a maximum period of five years following the year in which the losses were incurred.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Bazı Vergi Kanunları ile Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

Reconciliation between tax expenses for the years ended December 31, 2018 and 2017 and calculated tax expense using corporate tax rate in Turkey (22%) is as follows:

	<b>31 Aralık 2018</b>	<b>31 Aralık 2017</b>
Profit before tax	65.057.605	39.744.108
Taxable Profit	65.057.605	39.744.108
Corporate Tax Rate in effect (% 20)	22%	20%
Calculated Tax Expense	(14.312.673)	(7.948.822)
Expenses not deductible for tax purposes	(35.504)	(30.392)
Effect on deferred tax balances due to change in income tax rate from 20% to 22%	72.911	(776.728)
Tax Advantages (%5)(*)	(240.241)	431.296
Other	892.416	31.490
<b>Taxation income recognized in statement of profit or loss</b>	<b>(13.623.092)</b>	<b>(8.293.156)</b>

**33. INCOME TAX (Cont'd)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

Income Tax Withholding

In addition to corporate taxes, their share of the profit from the distribution of dividends in the event of the company's income in the statements, including non-resident institutions and branches of foreign companies in Turkey on any dividends distributed, except for the calculation of income tax withholding is required. Income tax 24 April 2003 - 22 July 2006 was 10% in all companies. This rate is from 22 July 2006 2006/10731 15% by the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

Deferred Tax:

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is calculated using tax rates that have been enacted in the period in which assets acquired and/or liabilities carried out and included in the statement of income as income or expense. Deferred tax rate are 22% and 20% (2017: 22-20%)

Deferred Tax Asset	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017
Provision for employment termination benefits	529.079	420.218	105.816	84.044
Provision for doubtful receivables	1.035.136	1.035.136	227.730	227.730
Unearned finance income	245.060	182.864	53.913	40.230
Bank loans interest accrual	223.945	58.451	49.268	12.859
Construction contracts correction	84.212.884	42.590.511	18.526.834	9.369.912
Provision for lawsuit risks	166.330	91.361	36.593	20.099
Provision for unused vacation	62.897	94.191	13.837	20.722
Tax Credits(*)	-	-	191.055	431.296
Other	33.701	35.069	7.414	7.015
<b>Total</b>	<b>86.509.032</b>	<b>44.507.801</b>	<b>19.212.460</b>	<b>10.213.907</b>
<b>Deferred Tax Liabilities</b>				
Difference between the tax base and carrying amount of tangible and intangible assets	(824.232)	(350.817)	(164.846)	(70.163)
Unearned finance expense	(286.970)	(158.400)	(63.133)	(34.848)
Construction contracts correction	(158.514.650)	(82.620.647)	(34.873.223)	(18.176.542)
Difference between the tax base and carrying amount of investment property,	(15.674.850)	(2.344.227)	(2.203.407)	(234.423)
Interest Accrual	(115.815)	(41.826)	(25.479)	(9.202)
Other	(3.694)	-	(739)	-
<b>Total</b>	<b>(175.420.211)</b>	<b>(85.515.917)</b>	<b>(37.330.827)</b>	<b>(18.525.178)</b>
<b>Deferred tax assets / liabilities, net</b>			<b>(18.118.367)</b>	<b>(8.311.271)</b>
Current Year Deferred Tax Expense			(9.807.096)	334.134
Deferred tax liability accounted under equity resulting from actuarial gain / loss			(5.105)	1.362
<b>Current Year Deferred Tax Benefit</b>			<b>(9.801.991)</b>	<b>332.772</b>

**33. INCOME TAX (Cont'd)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

Movement of net deferred tax asset (liability) can be presented as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Opening Balance	(8.311.271)	(8.645.405)
Current year deferred tax (expense) / benefit	(9.801.991)	332.772
Deferred tax liability accounted under equity resulting from actuarial gain / loss	(5.105)	1.362
<b>Total</b>	<b>(18.118.367)</b>	<b>(8.311.271)</b>

(\*) Through Law regarding the Restructuring of Certain Receivables and Amendments on Certain Laws and Statutory Decrees (published in the Official Gazette dated March 8, 2017 and numbered 30001), 5% of income tax and corporate tax rate reduction can be applied. Those who are taxpayers of income tax due to their commercial and those who meet the conditions, 5% of the tax calculated on tax returns are deducted from the income or corporation tax that has to be paid. The Group has reflected the deferred tax on the profit and loss account for the amount of TL 191.055 to be deducted in the corporate tax for December 31, 2018. (31.12.2017: TL 431.296)

**34.EARNINGS PER SHARE**

	<b>01 January- December 31, 2018</b>	<b>01 January- December 31, 2017</b>
Net Profit / (Loss)	51.434.513	31.427.082
Weighted average number of ordinary shares	50.000.000	20.000.000
Basic and diluted earnings / (loss) per share	1,029	1,571

**35.RELATED PARTY TRANSACTIONS**

<b><u>Other Short-term Payables</u></b>	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
<b>Partner</b>		
Orhan Gündüz	17.105	16.175
<b>Total</b>	<b>17.105</b>	<b>16.175</b>

Other short-term payables to related parties amounting TL 17.105 consists of the amount the partner loaned to finance the Group (Note 10).

There are no transactions with related parties for the periods January 1, 2018 – December 31, 2018 and January 1, 2017 – December 31, 2017.

The Group has determined key management personnel as board members, group presidents, vice - presidents. Benefits provided to key management personnel as January 1, 2018 – December 31, 2018 and January 1, 2017 – December 31, 2017 is as follows:

	<b><u>January 01- December 31, 2018</u></b>	<b><u>January 01- December 31, 2017</u></b>
Short term benefits provided to key management personnel	378.000	372.000
<b>Total</b>	<b>378.000</b>	<b>372.000</b>

There are no deposits given to related parties or taken from related parties (31.12.2017: None).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING  
DISCLOSURES)**

**a) Capital Risk Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and equity items including the previous year earnings as specified in note 8.

Board of Directors of the Group periodically examines its capital structure. The board evaluates the risks associated with each capital class together with the capital cost. Based on the recommendations of the board, the Group aims to balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt on the redemption of existing debt.

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

Group strategy is as the as the previous year. Equity to debts ratio as of December 31, 2018 and December 31, 2017 are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Total Financial Liabilities	17.081.930	4.512.889
Cash and Cash Equivalents (-)	(19.556.583)	(31.347.709)
Net Debt	(2.474.654)	(26.834.820)
Total equity	137.132.442	88.547.967
Total capital	50.000.000	20.000.000
Net debt / Total capital	(0,02)	(0,30)

Group management aims to achieve higher profitability and equity levels in order to manage existing debts.

Group strategy is similar to previous year.

**b) Financial Risk Factors**

The Group'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 Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

**b.1) Credit Risk**

Financial losses due to Group's receivables and financial assets which could result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk. Group tries to decrease credit risk by conducting operations with confidential parties and attaining enough collateral. Trade receivables are due from a wide range of customers rather than a narrow customer portfolio.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)  
(Cont'd)**

Details of credit and receivable risk are as follows:

	December 31, 2018		Receivables		Cash and Cash Equivalents
	Trade receivables from	Other	Other receivables from		Deposit in bank
			Related parties	Other	
<b>Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)</b>	-	22.585.489	-	4.394	19.536.529
- Secured portion of the maximum credit risk by guarantees (*)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	-	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	22.585.489	-	4.394	19.536.529
C. Net book value of the impaired assets (3)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
- Not overdue (gross amount)	-	1.015.427	-	-	-
- Impairment (-)	-	(1.015.427)	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-
<b>December 31, 2017</b>					
	December 31, 2017		Receivables		Cash and Cash Equivalents
	Trade receivables from	Other	Other receivables from		Deposit in bank
			Related parties	Other	
<b>Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)</b>	-	15.867.524	-	70.376	31.320.556
- Secured portion of the maximum credit risk by guarantees (*)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	-	15.867.524	-	70.376	31.320.556
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of the impaired assets (3)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	1.015.426	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	(1.015.426)	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)  
(Cont'd)**

**Details of credit and receivable risk are as follows:**

(1) Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality.

(2) All trade receivables consist of receivables from customers and receivables without notes. The Group management anticipates that there will be no problems in the collection of related amounts, taking into account its past experience

(3) Impairment tests were made within the framework of the Group's receivables from customers and the bad debt policy of the management.

**b.2) Liquidity Risk**

The primary responsibility belongs to the board of directors regarding the liquidity risk management. Board of directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following schedules detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The schedules have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest payment date. The schedule includes the interests to be paid on the said liabilities.

The analysis of the Group's financial liabilities with respect to their maturities is as follows:

<b>Current Year <u>Contractual cash outflows</u></b>	<b>Carrying value</b>	<b><u>Contractual cash outflows</u></b>	<b>1-3 months</b>	<b>4-12 months</b>	<b>1-5 years</b>	<b>Note</b>
<b>Non-derivative financial liabilities</b>	<b>39.236.112</b>	<b>41.611.781</b>	<b>30.510.797</b>	<b>5.760.414</b>	<b>5.340.570</b>	
Bank Loans	17.081.930	19.170.629	8.309.341	5.520.718	5.340.570	8
Other Financial Liabilities	1.137.308	1.137.308	1.137.308	-	-	8
Trade Payables	17.919.108	18.206.078	17.983.487	222.591	-	9
Employee Benefit Liabilities	1.965.103	1.965.103	1.965.103	-	-	20
Other Payables	475.107	475.107	458.002	17.105	-	10
Total Income Tax Charge	657.556	657.556	657.556	-	-	33
<b>Prior Year <u>Contractual cash outflows</u></b>	<b>Carrying value</b>	<b><u>Contractual cash outflows</u></b>	<b>1-3 months</b>	<b>4-12 months</b>	<b>1-5 years</b>	<b>Note</b>
<b>Non-derivative financial liabilities</b>	<b>22.985.220</b>	<b>23.993.836</b>	<b>20.243.089</b>	<b>2.634.329</b>	<b>1.116.417</b>	
Bank Loans	4.512.889	4.904.126	1.292.554	2.495.154	1.116.417	8
Trade Payables	9.990.146	10.148.546	10.025.546	123.000	-	9
Employee Benefit Liabilities	1.018.857	1.477.836	1.477.836	-	-	20
Other Payables	2.536.869	2.536.869	2.520.694	16.175	-	10
Total Income Tax Charge	4.926.459	4.926.459	4.926.459	-	-	33

**36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018

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

## DISCLOSURES) (Cont'd)

**b.3) Market Risk**

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Any changes did not occur in the current year in the methods of management and measurement of market risk exposed by the Group and the risks exposed compare to the previous year.

**b.3.1) Foreign Exchange Risk Management**

Foreign currency denominated transactions cause foreign currency risk. Foreign exchange risk is managed with currency purchase/sale contracts which are based on approved policy. The distribution of carrying amount of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the balance sheet date is as follows:

**Foreign currency position**

December 31, 2018	TL Equivalent (Functional Currency)	USD	EUR
1. Trade receivables	7.440.314	-	1.234.292
2a. Monetary financial assets (Includes cash in hand and bank accounts)	15.855.354	1.865.219	1.002.426
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>23.295.668</b>	<b>1.865.219</b>	<b>2.236.719</b>
5. Trade receivables	-	-	-
6a. Monetary financial assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total assets (4+8)</b>	<b>23.295.668</b>	<b>1.865.219</b>	<b>2.236.719</b>
10. Trade payables	10.431.143	471.041	1.319.351
11. Financial liabilities	-	-	-
12a. Monetary other liabilities	-	-	-
12b. Non-monetary financial liabilities	-	-	-
<b>13. Short-term Liabilities (10+11+12)</b>	<b>10.431.143</b>	<b>471.041</b>	<b>1.319.351</b>
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16a. Monetary other liabilities	-	-	-
16b. Non-monetary financial liabilities	-	-	-
17. Other long-term liabilities (14+15+16)	-	-	-
<b>18. Long-term Liabilities (13+17)</b>	<b>10.431.143</b>	<b>471.041</b>	<b>1.319.351</b>
<b>Foreign currency position (net)</b>	<b>12.864.525</b>	<b>1.394.178</b>	<b>917.368</b>

**36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**DISCLOSURES) (Cont'd)**

<b>December 31, 2017</b>	<b>TL Equivalent (Functional Currency)</b>	<b>USD</b>	<b>EUR</b>
1. Trade receivables	2.447.422	62.201	490.047
2a. Monetary financial assets (Includes cash in hand and bank accounts)	17.858.631	3.593.896	952.899
2b. Non-monetary financial assets	-	-	-
3 Other	85.244	-	18.878
<b>4. Current assets (1+2+3)</b>	<b>20.391.297</b>	<b>3.656.097</b>	<b>1.461.824</b>
5. Non-monetary financial assets	-	-	-
6. Other	-	-	-
<b>7. Non-current assets (5+6)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8. Total assets (4+7)</b>	<b>20.391.297</b>	<b>3.656.097</b>	<b>1.461.824</b>
9. Trade payables	5.874.160	779.277	649.940
10. Financial liabilities	-	-	-
11.a. monetary financial liabilities	-	-	-
11.b Non-monetary financial liabilities	140.261	-	31.062
<b>12. Short-term Liabilities</b>	<b>6.014.421</b>	<b>779.277</b>	<b>681.002</b>
13. Financial liabilities	-	-	-
<b>14. Long-term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15. Total Liabilities (12+14)</b>	<b>6.014.421</b>	<b>779.277</b>	<b>681.002</b>
<b>Net foreign currency asset / (liability) position of monetary item</b>	<b>14.376.876</b>	<b>2.876.819</b>	<b>780.822</b>

The Group is mainly exposed to Euro and US Dollars risks.

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates especially US dollars and Euro. 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss or equity.

**36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**DISCLOSURES) (Cont'd)**

**Foreign currency sensitivity**

**Current Year**

	<b>Foreign currency Appreciation</b>	<b>Profit / Loss Foreign currency Depreciation</b>
Increase in value of US Dollar against TL by 10%:		
1- US Dollars net assets / liabilities	733.463	(733.463)
2- US Dollars hedged from risks (-)	-	-
<b>3- US Dollars net effect (1+2)</b>	<b>733.463</b>	<b>(733.463)</b>
Increase in value of Euro against TL by 10%		
4- Euro net assets / liabilities	552.989	(552.989)
5- Euro hedged from risks (-)	552.989	(552.989)
<b>6- Euro net effect (4+5)</b>		
<b>Total (3+6)</b>	<b>1.286.452</b>	<b>1.286.452</b>

**Foreign currency sensitivity**

**Prior Year**

	<b>Foreign currency Appreciation</b>	<b>Profit / Loss Foreign currency Depreciation</b>
Increase in value of US Dollar against TL by 10%:		
1- US Dollars net assets / liabilities	1.085.108	(1.085.108)
2- US Dollars hedged from risks (-)	-	-
<b>3- US Dollars net effect (1+2)</b>	<b>1.085.108</b>	<b>(1.085.108)</b>
Increase in value of Euro against TL by 10%		
4- Euro net assets / liabilities	352.580	(352.580)
5- Euro hedged from risks (-)	-	-
<b>6- Euro net effect (4+5)</b>	<b>352.580</b>	<b>(352.580)</b>
<b>Total (3+6)</b>	<b>1.437.688</b>	<b>(1.437.688)</b>

**b.3.2) Interest rate risk management**

The value of a financial instrument will fluctuate as a result of changes in market prices. The Group's interest rate risk is primarily attributable to its borrowings. The interest-bearing financial liabilities have variable interest rates, whereas the interest bearing financial assets have a fixed interest rate and future cash flows associated with these financial instruments will not fluctuate in amount. The Group is subject to interest risk due to financial liabilities and finance lease obligations. Policy of the Group is to manage this risk through fixed and variable rates borrowings.

**36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**DISCLOSURES) (Cont'd)**

The Group's financial instruments that are sensitive to interest rates are as follows:

**Interest rate sensitivity**

		31.12.2018	31.12.2017
<b>Fixed Interest</b>			
	Financial assets and liabilities designated as at fair value through profit or loss	-	-
Financial Assets	Cash and cash equivalents	17.081.930	28.131.066
Financial Liabilities		18.679.466	4.512.889
<b>Floating Interest</b>			
Financial Assets		-	-
Financial Liabilities		-	-

All financial liabilities of the Group consist of fixed rate loans. Cause of this reason, no interest rate risk calculation for interest rate changes has been made (31.12.2017: None)

**b.3.3) Price Risk**

None (31.12.2017: None).

**c) Information Regarding Major Clients**

The details of company's revenues generated as of 01.01.-31.12.2018 and 01.01.-31.12.2017 according to its operating segments consisting of more than %10 of its clients are as below;

<b>December 31,2018</b>		
<b>Operating Segment</b>	<b>Amount (TL) in Section</b>	<b>The Share (%) in Section</b>
Electricity and Contracting	12.149.152	10%
Electricity and Contracting	19.062.424	16%
Electricity and Contracting	16.220.173	13%
Electricity and Contracting	19.354.116	16%
Electricity and Contracting	36.752.392	30%
<b>December 31,2017</b>		
<b>Operating Segment</b>	<b>Amount (TL) in Section</b>	<b>The Share (%) in Section</b>
Electricity and Contracting	15.828.614	19%
Electricity and Contracting	11.414.956	14%
Electricity and Contracting	21.912.864	26%
Electricity and Contracting	21.423.967	26%

**ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018***(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)***36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont’d)**

<b>December 31, 2018</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets at fair value</b>	<b>Financial liabilities stated at amortised cost</b>	<b>Carrying amount</b>	<b>Note</b>
<b>Financial Assets</b>					
Cash and cash equivalents	19.556.583	-	-	19.556.583	6
Trade receivable	136.481.723	-	-	136.481.723	9
Financial investment	-	-	-	-	7
<b>Financial liabilities</b>					
Bank Loans	-	-	17.081.930	17.081.930	8
Trade Payables	-	-	17.919.108	17.919.108	9
Other Financial Liabilities	-	-	1.137.308	1.137.308	8
<b>December 31, 2017</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	31.347.709	-	-	31.347.709	6
Trade receivable	66.755.636	-	-	66.755.636	9
Financial investment	-	-	-	-	7
<b>Financial liabilities</b>					
Bank Loans	-	-	4.512.889	4.512.889	8
Trade Payables	-	-	9.990.146	9.990.146	9
Other Financial Liabilities	-	-	625.031	625.031	8

Group Management believes that the carrying amount of financial instruments represent their fair values.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
31 DECEMBER 2018**

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

**36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)**

The fair value of financial assets and liabilities are determined as follows:

- Category 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.
- Category 2: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.
- Category 3: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

**Financial assets at fair value as of reporting date**

<b><u>Financial Assets</u></b>	<b><u>31.12.2018</u></b>	<b><u>Category 1</u></b>	<b><u>Category 2</u></b>	<b><u>Category 3</u></b>
Time Deposits	18.679.466	18.679.466	-	-
Investment Properties	28.080.000	-	28.080.000	-

**Financial assets at fair value as of reporting date**

<b><u>Financial Assets</u></b>	<b><u>31.12.2017</u></b>	<b><u>Category 1</u></b>	<b><u>Category 2</u></b>	<b><u>Category 3</u></b>
Time Deposits	28.131.066	28.131.066	-	-
Investment Properties	12.125.000	-	12.125.000	-

**37. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE**

**31 December 2018:**

As of 1 January 2019, the retirement pay provision ceiling amounting increased from TL 5.434,42 to TL 6.017,60.

**December 31, 2017:**

As of 1 January 2018, the retirement pay provision ceiling amounting increased from TL 4.732,48 to TL 5.001,76.

**38. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENT**

None (31.12.2017: None).