

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş.

**JANUARY 1 - MARCH 31, 2019
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS***

**(ENGLISH CONVENIENCE TRANSLATION OF
CONDENSED INTERIM 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.

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ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2019 AND DECEMBER 31, 2018

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

ASSETS	Notes	Unaudited Current Year March 31, 2019	Audited Prior Year December 31, 2018
Current Assets		165.043.053	162.779.682
Cash and cash equivalents	6	13.020.765	19.556.583
Financial investments	7	-	-
Trade receivables		139.642.736	136.481.723
- Trade receivables from related parties	35	-	-
- Trade receivables from non-related parties	9	139.642.736	136.481.723
Other receivables		80.342	80.342
- Other receivables from related parties	35	-	-
- Other receivables from non-related parties	10	80.342	80.342
Inventories	12	8.101.469	3.120.289
Expenses paid in Advance	13	2.767.633	3.393.070
Assets related to the current period tax	33	-	-
Other Current Assets	24	1.430.108	147.675
Non-Current Assets		47.912.139	46.647.064
Financial investments	7	-	-
Trade receivables	9	-	-
Other receivables		4.394	4.394
- Other receivables from related parties	35	-	-
- Other receivables from non-related parties	10	4.394	4.394
Investment property	15	28.080.000	28.080.000
Tangible fixed assets	16	18.018.518	17.184.494
Intangible fixed assets	17	40.794	61.769
Prepaid Expenses	13	-	221
Assets related to the current period tax	33	1.768.433	1.316.186
Other non-current assets	24	-	-
Total Assets		212.955.192	209.426.746

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2019 AND DECEMBER 31, 2018
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	Notes	Unaudited Current Year March 31, 2019	Audited Prior Year December 31, 2018
Short Term Liabilities		43.850.350	49.645.770
Financial liabilities	8	332.891	1.137.308
Current installments of long-term financial liabilities	8	9.230.925	13.080.842
Trade payables		16.070.380	17.919.108
- Due to related parties	35	-	-
- Other trade payables	9	16.070.380	17.919.108
Employee Benefit Liabilities	20	2.959.648	1.965.103
Other payables		445.756	475.107
- Due to related parties	35	17.405	17.105
- Other trade payables	10	428.351	458.002
Deferred income	13	13.885.123	14.181.519
Tax provisions	33	716.137	657.556
Short term provisions		209.490	229.227
-Provisions for Employee Benefits	20	43.160	62.897
-Other provisions	19	166.330	166.330
Other short-term liabilities	24	-	-
Long Term Liabilities		24.150.091	22.648.534
Financial liabilities	8	3.309.003	4.001.088
Long term provisions		643.023	529.079
- Provisions for long term liabilities	20	643.023	529.079
-Other provisions	19	-	-
Deferred tax liabilities	33	20.198.065	18.118.367
Other long-term liabilities	24	-	-
Shareholders' Equity		144.954.751	137.132.442
Total Equity Attributable to Equity Holders of the Company		144.954.770	137.132.460
Issued capital	25	50.000.000	50.000.000
Treasury Shares (-)		(2.773.682)	(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		108.723	92.666
-Gain/loss arising from defined benefit plans	25	108.723	92.666
Other Comprehensive Income That Will Be Reclassified to Profit or Loss		-	-
Restricted Reserves Appropriated From Profits	25	5.320.044	5.416.820
Prior Years' Profits or Losses	25	84.132.557	32.601.265
Current Period Net Profit Or Loss		7.709.477	51.434.516
Non-Controlling Interests		(19)	(18)
Total Liabilities and Shareholders' Equity		212.955.192	209.426.746

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD ENDED MARCH 31, 2019**

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

Profit (Loss)	Notes	Unaudited	
		01.01.- 31.03.2019	01.01.- 31.03.2018
Continuing Operations			
Sales Revenues (Net)	26	26.171.755	21.502.381
Cost Of Sales (-)	26	(14.802.702)	(13.662.423)
Gross Profit		11.369.053	7.839.958
General Administration Expenses	27	(1.581.716)	(1.145.651)
Marketing, Selling And Distribution Expenses	27	-	-
Research and Development Expense	27	-	-
Income From Other Operations	29	1.196.573	2.195.904
Loss From Other Operations	29	(1.222.653)	(851.913)
Gross Operating Profit		9.761.257	8.038.298
Income From Investment Activities	30	207.610	380.240
Expenses From Investment Activities	30	-	-
Operating Income Before Financial Income / (Expense)		9.968.867	8.418.538
Financial Income	31	948.637	328.428
Financial Expense	31	(1.034.713)	(239.062)
Continuing Activities Income Before Tax		9.882.791	8.507.904
Continuing Operations Tax Income / (Expense)		(2.173.315)	(1.849.392)
- Current Tax Income / Expense (-)	33	(97.631)	(777.231)
- Deferred Tax Income / Expense (-)	33	(2.075.684)	(1.072.161)
Continuing Activities Net Income		7.709.476	6.658.512
Discontinued Operations Income After Tax		-	-
Profit For The Year		7.709.476	6.658.512
Non-controlling interests		(1)	(1)
Equity holders of the company		7.709.477	6.658.513
Earnings Per Share From Continuing Activities	34	0,154	0,33
Earnings Per Share From Discontinued Activities		-	-
Profit (Loss) From Continuing Operations		7.709.476	6.658.512
Other Comprehensive Income			
Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		16.057	(30.236)
Gains (Losses) On Remeasurements Of Defined Benefit Plans	25	20.071	(37.795)
Taxes Relating To Remeasurements Of Defined Benefit Plans	33	(4.014)	7.559
- Deferred Tax Credit / (Charge)	33	(4.014)	7.559
Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	25	-	-
Other Comprehensive Income (Loss)		16.057	(30.236)
Total Comprehensive Income (Loss)		7.725.533	6.628.276
Total Comprehensive Income Attributable to:		7.725.533	6.628.276
-Non-controlling interests		(1)	(1)
-Equity holders of the company		7.725.534	6.628.277

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED MARCH 31, 2019 AND DECEMBER 31, 2018.

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

	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			
Balances at January 01, 2018	25	20.000.000	--	457.651	828.774	72.246	35.762.225	31.427.086	88.547.982	(15)	88.547.967
Transfers		-	-	-	2.326.597	-	29.100.489	(31.427.086)	-	-	-
Total Comprehensive Income		-	-	-	-	(30.236)	-	6.658.513	6.628.277	(1)	6.628.276
Increase (Decrease) through Treasury Share Transactions		-	(2.326.597)	-	-	-	-	-	(2.326.597)	-	-
Balances as of March 31, 2018	25	20.000.000	(2.326.597)	457.651	3.155.371	42.010	64.862.714	6.658.513	92.849.662	(16)	92.849.646
Balances at January 01, 2019	25	50.000.000	(2.870.458)	457.651	5.416.820	92.666	32.601.265	51.434.516	137.132.460	(18)	137.132.442
Transfers		-	-	-	(96.776)	-	51.531.292	(51.434.516)	-	-	-
Total Comprehensive Income		-	-	-	-	16.057	-	7.709.477	7.725.534	(1)	7.725.533
Increase (Decrease) through Treasury Share Transactions		-	96.776	-	-	-	-	-	96.776	-	-
Balances as of March 31, 2019	25	50.000.000	(2.773.682)	457.651	5.320.044	108.723	84.132.557	7.709.477	144.954.770	(19)	144.954.751

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED MARCH 31, 2019 AND DECEMBER 31, 2018

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

	Notes	Unaudited	
		01.01.- 31.03.2019	01.01.- 31.03.2018
A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		(1.199.799)	(8.452.777)
Profit (Loss)		7.709.476	6.658.512
Profit (Loss) from continuing operations		7.709.476	6.658.512
Adjustments to Reconcile Profit (Loss)		2.818.175	1.462.184
Adjustments for depreciation and amortisation expense	16-17	411.086	171.678
Adjustments for provisions	20	110.264	93
Adjustments for losses (gains) on disposal of non-current assets,	16-17	(1.665)	-
Adjustments for interest (income) expenses	9	218.792	225.811
Adjustments for tax (income) expenses	33	2.079.698	1.064.602
Changes in Working Capital		(11.333.784)	(17.123.304)
Adjustments for decrease (increase) in trade receivable		5.032.691	(6.274.683)
<i>Decrease (increase) in trade receivables from unrelated parties</i>	9	5.032.691	(6.274.683)
Adjustments for decrease (increase) in other receivables related with operations		-	(84.815)
<i>Decrease (increase) in other unrelated party receivables related with operations</i>	10	-	(84.815)
Adjustments for decrease (increase) in assets arising from customer contracts		(8.308.091)	(7.453.008)
<i>Adjustments for stage of completion of construction or service contracts in progress</i>	14	(8.308.091)	(7.453.008)
Adjustments for decrease (increase) in inventories	12	(4.981.180)	1.320.750
Decrease (increase) in prepaid expenses	13	625.658	1.087.603
Adjustments for increase (decrease) in trade payable		(1.953.133)	(2.127.598)
<i>Increase (decrease) in trade payables to unrelated parties</i>	9	(1.953.133)	(2.127.598)
Increase (decrease) in employee benefit liabilities	20	994.545	198.053
Adjustments for increase (decrease) in other operating payables		(1.166.659)	(1.914.019)
<i>Increase (decrease) in other operating payables to related parties</i>	35	300	-
<i>Increase (decrease) in other operating payables to unrelated parties</i>	10	(1.166.959)	(1.914.019)
Increase (decrease) in deferred income	13	(296.396)	(1.855.579)
Other adjustments for other increase (decrease) in working capital		(1.281.219)	(20.008)
<i>Decrease (increase) in other assets related with operations</i>	24	(1.281.219)	(20.008)
Cash Flows from (used in) Operations		(806.133)	(9.002.608)
Income taxes refund (paid)	33	(393.666)	549.831
B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(1.223.684)	(2.469.956)
Proceeds from sales of property, plant, equipment and intangible assets	16-17	28.785	-
Purchase of property, plant, equipment and intangible assets	16-17	(1.252.469)	(2.469.956)
C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(4.112.335)	(1.939.103)
Proceeds from borrowings	8	-	387.494
Repayments of borrowings	8	(4.209.111)	-
Cash inflows arising from acquiring entity's shares or other equity instruments		96.776	-
Cash inflows arising from the sale of repurchased of entity's own shares	25	96.776	-
Cash outflows arising from acquiring entity's shares or other equity instruments		-	(2.326.597)
Cash outflows arising from the repurchasing of entity's own shares	25	-	(2.326.597)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		(6.535.818)	(12.861.836)
Effect of currency translation differences on cash and cash equivalents		-	-
Net increase (decrease) in cash and cash equivalents	7	(6.535.818)	(12.861.836)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7	19.556.583	31.347.709
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		13.020.765	18.485.873

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 MARCH 2019

(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 March 2019 average number of personnel is 515 (31 December 2018: 472). As the date of balance sheet, there are no employees in the subsidiary. The group also employs personnel through subcontractors. There are no any subcontracted personnel employed as of 31 March 2019. (31 December 2018: 18)

As of 31 March 2019, the share capital of the company is TL 50.000.000 (December 31, 2018: TL 50.000.000), 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 has prepared 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 condensed interim consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 7 June 2013 with the decision numbered 20/670 by POA and the format and mandatory information recommended by CMB.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019**

(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)

For the period ended March 31, 2019, the Group prepared its condensed interim consolidated financial statements in accordance with the Turkish Accounting Standard No.34 Interim Financial Reporting. Condensed interim consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group's annual financial statements as of December 31, 2018.

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.

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 March 31, 2019 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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019**

(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)

Standards, amendments and interpretations applicable as at 31 March 2019:

TFRS 16 Leases

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

IFRIC 23 Uncertainty over income tax treatments

Effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure.

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.

Changes has been applied from annual periods beginning on or after 1 January 2019

Employee benefits' on plan amendment, curtailment or settlement (TAS 19 Changes)

TAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the 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.

Changes has been applied from annual periods beginning on or after 1 January 2019

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019**

(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)

Standards, amendments and interpretations applicable as at 31 March 2019:

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.

Changes has been applied from annual periods beginning on or after 1 January 2019

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

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.

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 March 2019, effective interests of parent company and subsidiary are as below;

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019**

(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)

Consolidation principles

Full Consolidation Method

-The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable /receivable balances and sales / purchase transactions are eliminated.

-The carrying value of the investment held by the Company and its subsidiaries is eliminated against the related shareholders' equity.

-The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders' equity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries have been modified where necessary.

Basis of Consolidation

The consolidated financial statements include the accounts of the parent, Company, and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards by applying uniform accounting policies and presentation.

The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/IFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.

-The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders' equity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries have been modified where necessary.

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 ("IFRS") and its addendum and interpretations ("IFRIC").

The Company's condensed interim financial statements as at 31 March 2019 have been approved by the Board of Directors and authorization for issue has been given on May 09, 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 MARCH 2019**

(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.

The Company has no any products under warranty that presents for its customers.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019**

(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)

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 stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

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 MARCH 2019**

(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 MARCH 2019**

(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 MARCH 2019**

(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

vii) 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
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(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
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(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
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(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.

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31 MARCH 2019**

(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 MARCH 2019**

(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.

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31 MARCH 2019**

(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 are booked 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 MARCH 2019**

(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 March 2019 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. (31.12.2018: None).

4. INTEREST IN OTHER ENTITIES

None. (31.12.2018: 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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***6. CASH AND CASH EQUIVALENTS**

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Cash in hand	61.700	20.054
Cash at banks		
- Demand deposits	675.750	857.063
- Time deposits (with maturities of three months or less)	12.283.315	18.679.466
Total	13.020.765	19.556.583

The maturity breakdown deposits are as of March 31, 2019 and December 31, 2018 as follows;

<u>Currency</u>	<u>Average Maturity Date</u>	<u>Interest Rate (%)</u>	<u>31.03.2019 TL Equivalent</u>	<u>Average Maturity Date</u>	<u>Interest Rate (%)</u>	<u>31.12.2018 TL Equivalent</u>
TL	-	-	-	8.1.2019	22,96%	2.831.192
USD	18.4.2019	3,49%	8.558.905	16.1.2019	4,70%	9.813.111
EURO	15.4.2019	2,11%	3.724.410	22.1.2019	2,41%	6.035.163
Total			12.283.315			18.679.466

As of March 31, 2019 there is no blockage on deposits (31.12.2018: None).

Cash and cash equivalents in cash flow statement as of March 31, 2019 and December 31, 2018 as follows:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Cash and Cash Equivalents	13.020.765	19.556.583
Blocked deposits (-)	-	-
Total	13.020.765	19.556.583

7. FINANCIAL INVESTMENTS**Short-term financial investments**

None (31.12.2018: None).

Long-term financial investments

None (31.12.2018: None).

8. FINANCIAL LIABILITIES

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Short-term bank loans	8.717.660	13.080.842
Long-term bank loans	3.107.732	4.001.088
Short-term- Lease Liabilities	513.265	-
Long-term- Lease Liabilities	201.271	-
Credit Cards (*)	332.891	1.137.308
Total	12.872.819	18.219.238

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***8. FINANCIAL LIABILITIES (cont'd)**

(*) 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:

<u>March 31, 2019</u>					
	<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	-	8.717.660	3.107.732
Total			-	8.717.660	3.107.732

<u>December 31, 2018</u>					
	<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
Total			-	13.080.842	4.001.088

The redemption schedule of the financial liabilities is as follows;

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Less than 1 year	9.230.925	13.080.842
1 - 2 years	2.852.724	3.190.815
2 – 3 years	255.008	804.082
3 – 4 years	201.271	6.191
Total	12.539.928	17.081.930

9. TRADE RECEIVABLES AND PAYABLES**a) Trade Receivables:**

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

<u>Short-term trade receivables</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Trade receivables		
- Due from other parties	15.267.233	14.240.283
- Due from related parties	-	-
Notes receivables		
- Due from other parties	2.301.852	8.590.267
- Due from related parties	-	-
Unearned credit finance income (-)	(130.673)	(245.060)
Income Due Construction Contracts (Note 14)	122.204.324	113.896.233
Doubtful receivables (*)	1.015.427	1.015.427
Provision for doubtful receivables (-)	(1.015.427)	(1.015.427)
Total	139.642.736	136.481.723

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019**

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

9. TRADE RECEIVABLES AND PAYABLES (cont'd)

As of 31 March 2019, 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. (31.12.2018: TL 21,18%, USD 4,71 %, Euro 2,87 % and 2 months)

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

<u>Trade Receivables</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
1-3 Months	15.267.233	14.240.283
Total	15.267.233	14.240.283

<u>Note Receivables</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
1-3 Months	2.301.852	8.093.213
4-6 Months	-	497.054
7-9 Months	-	-
Total	2.301.852	8.590.267

Doubtful receivables

As of 31 March 2019, amount of TL 1.015.427 (31.12.2018: 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:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
As of January 1	1.015.427	1.015.427
Provisions no longer required	-	-
End of Year	1.015.427	1.015.427

Long-term trade receivables

None (31.12.2018: None).

b) Short-term Trade Payables:

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

<u>Short-term Trade Payables</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Trade payables	7.083.910	11.422.074
Notes payables	9.169.035	6.784.004
Unearned credit finance charges (-)	(182.565)	(286.970)
Total	16.070.380	17.919.108

As of March 31, 2019 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. (31.12.2018: TL 21,18%, USD 4,71%, Euro 2,87% and 55 days)

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31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***9. TRADE RECEIVABLES AND PAYABLES (Cont'd)**

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

Trade payables	March 31, 2019	December 31, 2018
1-3 Months	6.430.847	11.199.483
4-6 Months	653.063	222.591
Total	7.083.910	11.422.074

Note payables	March 31, 2019	December 31, 2018
1-3 Months	9.169.035	6.784.004
4-6 Months	-	-
Total	9.169.035	6.784.004

Long-term Trade Payables

None (31.12.2018: None).

10. OTHER RECEIVABLES AND PAYABLES

<u>Other current receivables</u>	March 31, 2019	December 31, 2018
Due from tax authorities	80.342	80.342
Total	80.342	80.342

<u>Other non-current receivables</u>	March 31, 2019	December 31, 2018
Deposits and guarantees given	4.394	4.394
Total	4.394	4.394

<u>Other short-term payables</u>	March 31, 2019	December 31, 2018
Other Payables	129.451	174.809
Taxes and Duties Payable	261.764	243.672
Other Liabilities	37.136	39.521
Total	428.351	458.002

Due to related parties (Note 35)	17.405	17.105
Total	445.756	475.107

Other long-term payables

None. (31.12.2018: None).

11. DERIVATIVE INSTRUMENTS

None. (31.12.2018: None).

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***12.INVENTORIES**

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Raw materials and Supplies	7.417.653	3.120.289
Trade goods	683.816	-
Total	8.101.469	3.120.289

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 8.101.469 (31.12.2018: TL 3.120.289)

Group does not have any pledged inventory in return for loans as at March 31, 2019 (31.12.2018: None.)

13.PREPAID EXPENSES AND DEFERRED INCOME

<u>Current Prepaid Expenses</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Advances Given for Inventories	2.467.947	3.113.024
Other Advances Given	236.800	236.800
Short-term Prepaid Expenses	62.886	43.246
Total	2.767.633	3.393.070

<u>Non-current Prepaid Expenses</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Long-term Prepaid Expenses	-	221
Total	-	221

<u>Short-term Deferred Income</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Advances received	10.626.209	10.922.605
Income relating to future months	3.258.914	3.258.914
Total	13.885.123	14.181.519

Long-term Deferred Income

None. (31.12.2018: None).

14.CONSTRUCTION CONTRACTS**Assets Related to Ongoing Construction Contracts**

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Assets Related to Ongoing Construction Contracts	122.204.324	113.896.233
Total	122.204.324	113.896.233

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019**

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

14.CONSTRUCTION CONTRACTS (cont'd)

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

	March 31, 2019	December 31, 2018
Assets Related to Ongoing Construction Contracts		
Unearned Assets Related to Domestic		
Construction Contracts (*)	122.204.324	113.896.233
Total	122.204.324	113.896.233

(*) 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 (31.12.2018: None).

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

15.INVESTMENT PROPERTIES

As of March 31, 2019, and December 31, 2018, the details of the investment properties of the Group are as below;

	01.01.2019			31.03.2019
Investment Property	Opening	Additions	Revaluation	Closing
Hatay - Land (a)	4.000.000	-	-	4.000.000
İstanbul Şile Buildings (b)	12.060.000	-	-	12.060.000
İstanbul Kartal - Store (c)	2.020.000	-	-	2.020.000
İstanbul Kadıköy Buildings (d)	7.200.000	-	-	7.200.000
İstanbul Zeytinburnu Buildings (e)	2.800.000	-	-	2.800.000
Total	28.080.000	-	-	28.080.000

	01.01.2018			31.12.2018
Investment Property	Opening	Additions	Revaluation	Closing
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
Total	12.125.000	2.624.378	13.330.622	28.080.000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019**

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

15. INVESTMENT PROPERTIES (Cont'd)

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 expertise report,

a) According to 31 December 2018 dated expertise report of Lotus Gayrimenkul Değerleme Danışmanlık A.Ş., 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 of Lotus Gayrimenkul Değerleme Danışmanlık A.Ş., 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 of Lotus Gayrimenkul Değerleme Danışmanlık A.Ş., 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 of Lotus Gayrimenkul Değerleme Danışmanlık A.Ş. 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 previous year, 2 apartments in the Zeytinburnu-Istanbul, 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.

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 (31.12.2018: None).

There are no amendments to the Group's real estates in the current year (31.12.2018: None).

There are not any mortgages on investment properties as of March 31, 2019. (31.12.2018: None). As of March 31, 2019 there is an insurance coverage on investment properties amounting TL 6.079.010 (31.12.2018: TL 5.501.410).

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***16.TANGIBLE FIXED ASSETS**

Cost	01.01.2019	Additions	Disposals	31.03.2019
Buildings	15.401.093	-	-	15.401.093
Motor vehicles	1.391.912	279.000	(40.117)	1.630.795
Furniture and fixtures	1.745.690	75.688	-	1.821.378
Leasehold improvements	153.593	-	-	153.593
Other fixed assets	189.988	-	-	189.988
Operating leased assets	-	897.781	-	897.781
Total	18.882.276	1.252.469	(40.117)	20.094.628
Accumulated Depreciation				
Buildings	(496.782)	(77.004)	-	(573.786)
Motor vehicles	(409.722)	(70.106)	12.997	(466.831)
Furniture and fixtures	(613.963)	(58.629)	-	(672.592)
Leasehold improvements	(103.104)	(10.275)	-	(113.379)
Other fixed assets	(74.211)	(15.674)	-	(89.885)
Operating leased assets	-	(159.637)	-	(159.637)
Total	(1.697.782)	(391.325)	12.997	(2.076.110)
Net book value	17.184.494			18.018.518

Amount of 540.526 TL and 357.255 TL of cost of operating leased assets are respectively composed of office, warehouse rents and vehicle rents.

Cost	01.01.2018	Additions	Disposals	31.12.2018
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
Total	13.216.280	5.720.280	(54.284)	18.882.276
Accumulated Depreciation				
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)
Total	(962.344)	(770.571)	35.134	(1.697.782)
Net book value	12.253.936			17.184.494

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***16.TANGIBLE FIXED ASSETS (cont'd)**

Tangible assets depreciation periods are as follow:

	Useful Life
Buildings	50 years
Motor vehicles	4-5 Years
Furniture and fixtures	3-20 Years
Leasehold improvements	5 Years
Operating leased assets	3 Years
Other Fixed Asstes	3 Years

As of March 31, 2019 there is TL 11.945.680 insurance coverage on tangible assets. (31.12.2018: TL 8.400.500).

17.INTANGIBLE FIXED ASSETS

Cost	01.01.2018	Additions	31.12.2018	Additions	31.03.2019
Rights	41.394	88.878	130.272	-	130.272
Total	41.394	88.878	130.272	-	130.272

Accumulated Depreciation	01.01.2018	Additions	31.12.2018	Additions	31.03.2019
Rights	(28.917)	(39.586)	(68.503)	(20.975)	(89.478)
Total	(28.917)	(39.586)	(68.503)	(20.975)	(89.478)

Net book value	12.477	61.769	40.794
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Intangible assets depreciation periods are as follow:

	Useful Life
Software	3-11 Years

18.GOODWILL

None (31.12.2018: None).

19.COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**Provisions**

<u>Other short-term provisions</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Provision for lawsuit risks	166.330	166.330
Total	166.330	166.330

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***19.COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (cont'd)****Other long-term provisions**

None (31.12.2018: None).

Contingent Assets

None (31.12.2018: None).

Collaterals, Pledges, Mortgages:

Collaterals/pledges/mortgages ("CPM") position of the Group as of March 31, 2019 and December 31, 2018 is as follows:

<u>CPM's given by the Company</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>March 31, 2019 (TL Equivalents)</u>
1. CPM's given for Company's own legal personality	-	3.215.072	29.454.413	49.769.812
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	-	-	-	-
Total	-	3.215.072	29.454.413	49.769.812

<u>CPM's given by the Company</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>December 31, 2018 (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	-	-	-	-
Total	-	3.702.531	26.583.115	48.901.973

The ratio of other CPM's given by the Group to the equities of Group is 0% as of March 31, 2019. (December 31, 2018: 0%)

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 31 MARCH 2019

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

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

TL equivalents of collaterals, pledges and mortgages give as of March 31, 2019 and December 31, 2018 are as follows on original currency basis are as follows:

				March 31, 2019
<u>Collaterals, Pledges, Mortgages</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Collaterals	-	3.215.072	29.454.413	49.769.812
Total	-	3.215.072	29.454.413	49.769.812

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

Assets have been pledged in return for loans:

None (31.12.2018: None).

20.EMPLOYEE BENEFITS

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Payables to personnel	1.539.685	1.295.039
Social security payables	1.419.963	670.064
Total	2.959.648	1.965.103

<u>Short-term Provision for Employee Benefits</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Provision for vacation pay liability	43.160	62.897
Total	43.160	62.897

<u>Long-term Provision for Employee Benefits</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Provision for employment termination benefits	643.023	529.079
Total	643.023	529.079

	<u>01 January- March 31, 2019</u>	<u>01 January- December 31, 2018</u>
As of January 1	529.079	420.218
Service cost	174.846	213.039
Interest expense	11.539	23.670
Reversals of provisions	(52.370)	(102.323)
Actuarial gain / losses (*)	(20.071)	(25.525)
As of December 31/December 31	643.023	529.079

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
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20. EMPLOYEE BENEFITS (Cont'd)

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 8,5% expected salary increasing rate and 12,75% discount rate and about 3,92% real discount rate and retiring assumption as follows (31.12.2018: 8%, 12,75% and 4,40%).

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Discount Rate (%)	3,92	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 March 31, 2019 are calculated by estimating present value of probable liabilities arising due to retirement of employees.

TL 6.017,60 (31.12.2018: TL 5.434,42) maximum amount used on calculation of retirement pay provision with effect from 31 March 2019.

(*) As of March 31, 2019, TL 20.071 (31.12.2018: TL 25.525) Actuarial Income/Loss booked in the statement of comprehensive income.

The total expense has been charged to the general administrative expenses (2018: All).

21. IMPAIRMENT OF ASSETS

Details of provision for doubtful receivables has been given at Note 9.

22. GOVERNMENT INCENTIVES AND GRANTS

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

March 31, 2019

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 274.942 as of March 31, 2019 (Note 29).

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22. GOVERNMENT INCENTIVES AND GRANTS (cont'd)

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 195.937 as of March 31, 2019 (Note 29,33)

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)

23.BORROWING COST

None. (31.12.2018: None).

24.OTHER ASSETS AND LIABILITIES

<u>Other current asset</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
V.A.T. Carried Forward	18.598	68.358
Work Advances	1.219.284	-
Other	192.226	79.317
Total	1.430.108	147.675

Other non-current asset

None (31.12.2018: None).

Other Short-Term ve Long-Term Liabilities

None (31.12.2018: None).

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***25. CAPITAL, RESERVES AND OTHER EQUITY ITEMS****a) Paid in Capital:**

The capital structure as of March 31, 2019 and December 31, 2018 is as follows:

Capital Structure	March 31, 2019		December 31, 2018	
	Share (%)	Amount (TL)	Share (%)	Amount (TL)
Nevhan Gündüz	21,32%	10.657.503	21,32%	10.657.503
Mahmut Gündüz	0,00%	500	0,00%	500
Orhan Gündüz	32,50%	16.248.750	32,50%	16.248.750
Nevin Gündüz	0,00%	500	0,00%	500
Murat Kartaloğlu	0,00%	250	0,00%	250
Public share	46,18%	23.092.498	46,18%	23.092.498
Paid-in share capital	100,00%	50.000.000	100,00%	50.000.000

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 (31.12.2018: TL 50.000.000). 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)

	March 31, 2019	December 31, 2018
Share premium (Discount)	457.651	457.651
Total	457.651	457.651

c) Treasury Shares

	March 31, 2019	December 31, 2018
Treasury Shares	(2.773.682)	(2.870.458)
Total	(2.773.682)	(2.870.458)

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 Communique 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, 9.498 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**

	March 31, 2019	December 31, 2018
Other Gains (Losses)	108.723	92.666
Total	108.723	92.666

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***25. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)**

e) Restricted Reserves Appropriated From Profits	March 31, 2019	December 31, 2018
Restricted Reserves	2.546.362	2.546.362
Reserves for Treasury Shares	2.773.682	2.870.458
Total	5.320.044	5.416.820

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 2.773.682 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	March 31, 2019	December 31, 2018
Extraordinary reserves	-	-
Prior year's profit / loss (-)	84.132.557	32.601.265
Total	84.132.557	32.601.265

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

	March 31, 2019	December 31, 2018
Beginning of the year	32.601.265	35.762.225
Previous year's profit	51.434.516	31.427.086
Transfer to legal reserves	96.776	(4.588.046)
Capital Increase	-	(30.000.000)
End of the year	84.132.557	32.601.265

g) Change in non-controlling interests	March 31, 2019	December 31, 2018
Opening balance	(18)	(15)
Additions	-	-
Profit for the year attributable to non-controlling interest portion	(1)	(3)
Non-controlling interests	(19)	(18)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***25.CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)****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**Revenue and Cost of Sales**

Revenue	01.01 - 31.03.2019	01.01 - 31.03.2018
Contracting Sales Revenues	24.532.037	17.805.749
Materials Sales Revenues	1.639.718	4.671.817
Total Income	26.171.755	22.477.566
Sales Return(-)	-	(975.185)
Revenue net	26.171.755	21.502.381
Cost of Sales (-)		
- Cost of services given (-)	(14.051.180)	(12.032.957)
- Cost of trade goods sold (-)	(751.522)	(1.629.466)
Cost of Sales (-)	(14.802.702)	(13.662.423)
Gross Profit	11.369.053	7.839.958

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***27.GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH
AND DEVELOPMENT EXPENSE****General administrative expense**

	01.01 - 31.03.2019	01.01 - 31.03.2018
Personnel expenses	556.993	560.818
Consultancy expenses	44.536	38.154
Depreciation and amortization expenses	384.524	154.394
Provision for employment termination benefit	134.015	29.872
Rent Expense	1.000	117.447
Dues	23.729	10.598
Registration expense	200.422	4.622
Advertisement and public relation expenses	8.550	24.051
Representation expense	69.273	38.883
Travelling, accommodation expenses	13.394	14.389
Transportation expenses	509	16.315
Maintenance expenses	37.947	18.134
Stationary expenses	9.120	6.737
Other	97.704	111.237
Total	1.581.716	1.145.651

There is no marketing expense and research & development expense as of the reporting year (31.03.2018: None).

28.EXPENSES BY NATURE

Depreciation expenses	01.01 - 31.03.2019	01.01 - 31.03.2018
Cost of sales	27.776	17.284
General administrative expense	363.549	152.618
Total	391.325	169.902
Amortization expenses	01.01 - 31.03.2019	01.01 - 31.03.2018
General administrative expense	20.975	1.776
Total	20.975	1.776
Personnel expenses	01.01 - 31.03.2019	01.01 - 31.03.2018
Personnel expenses	6.488.655	5.291.525
Provision for employment termination benefits	207.038	39.683
Total	6.695.693	5.331.208

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***29.OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES****Other income from operating activities**

	01.01-31.03.2019	01.01-31.03.2018
Government Grants Income	274.942	236.292
Foreign exchange gains	238.102	759.137
Unearned credit finance income	427.625	281.225
Price variance income	116.702	284.432
Other Income	139.202	634.818
Total	1.196.573	2.195.904

Other expense from operating activities(-)

	01.01-31.03.2019	01.01-31.03.2018
Foreign exchange loss	732.270	155.887
Unearned credit finance expenses	417.643	507.036
Tax base increase, prior year stamp taxes	-	44.341
Other expenses	72.740	144.649
Toplam	1.222.653	851.913

30.INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**Income from investment activities**

	01.01-31.03.2019	01.01-31.03.2018
Interest income from bank deposits	207.610	380.240
Total	207.610	380.240

Expense from investment activities

None (31.03.2018: None).

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

	01.01-31.03.2019	01.01-31.03.2018
Foreign exchange gains	948.637	328.428
Total	948.637	328.428

Financial Expense

	01.01-31.03.2019	01.01-31.03.2018
Foreign exchange losses(-)	159.934	7.741
Interest and commission expense (-)	874.779	231.321
Total	1.034.713	239.062

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 31 MARCH 2019

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

32. FIXED ASSETS HELD FOR SALE AND DISCONTINUING OPERATIONS

None (31.12.2018: None).

33. TAX ASSETS AND LIABILITIES

<u>Current income tax assets</u>	March 31, 2019	December 31, 2018
Prepaid taxes and withholding taxes	-	-
<u>Non - current income tax assets</u>	March 31, 2019	December 31, 2018
Prepaid taxes and withholding taxes	1.768.433	1.316.186
<u>Period income tax provisions</u>	March 31, 2019	December 31, 2018
Current year corporation tax expense	3.918.732	3.821.101
Prepaid taxes and withholding taxes (-)	(3.202.595)	(3.163.545)
Period income tax provisions	716.137	657.556
<u>Tax Provisions</u>	March 31, 2019	December 31, 2018
Corporate and income taxes payable (-)	(97.631)	(777.231)
Deferred tax revenue (expense)	(2.075.684)	(1.072.161)
Total tax income / expense	(2.173.315)	(1.849.392)

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%. (2018: 22%)

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 period ended March 31, 2019 and December 31, 2018 and calculated tax expense using corporate tax rate in Turkey (22%) is as follows:

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31 MARCH 2019**

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

33.TAX ASSETS AND LIABILITIES (Cont'd)

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% (2018: 22-20%)

Deferred Tax Asset	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	March 31, 2019	December 31 2018	March 31, 2019	December 31 2018
Provision for employment termination benefits	643.023	529.079	128.605	105.816
Provision for doubtful receivables	1.035.136	1.035.136	227.730	227.730
Unearned finance income	130.673	245.060	28.748	53.913
Bank loans interest accrual	912.877	223.945	200.833	49.268
Construction contracts adjustments	99.206.003	84.212.884	21.825.321	18.526.834
Provision for lawsuit risks	166.330	166.330	36.593	36.593
Provision for unused vacation	43.160	62.897	9.495	13.837
Tax advantage	-	-	195.937	191.055
Other	112.573	33.701	24.766	7.414
Total	102.249.775	86.509.032	22.678.028	19.212.460
Deferred Tax Liabilities				
Difference between the tax base and carrying amount of tangible and intangible assets	(1.651.210)	(824.232)	(345.634)	(164.846)
Unearned finance expense	(182.565)	(286.970)	(40.164)	(63.133)
Construction contracts adjustments	(183.046.687)	(158.514.650)	(40.270.271)	(34.873.223)
Difference between the tax base and carrying amount of investment property,	(15.674.850)	(15.674.850)	(2.203.407)	(2.203.407)
Interest Accruals	(75.269)	(115.815)	(16.559)	(25.479)
Other	(292)	(3.694)	(58)	(739)
Total	(200.630.873)	(175.420.211)	(42.876.093)	(37.330.827)
Deferred tax assets / liabilities, net			(20.198.065)	(18.118.367)
Current Year Deferred Tax Expense			(2.079.698)	(9.807.096)
Deferred tax liability accounted under equity resulting from actuarial gain / loss			4.014	5.105
Current Year Deferred Tax Benefit			(2.075.684)	(9.801.991)

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 MARCH 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***33. TAX ASSETS AND LIABILITIES (Cont'd)**

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

	March 31, 2019	December 31, 2018
Opening Balance	(18.118.367)	(8.311.271)
Current year deferred tax (expense) / benefit	(2.075.684)	(9.801.991)
Deferred tax liability accounted under equity resulting from actuarial gain / loss	(4.014)	(5.105)
Total	(20.198.065)	(18.118.367)

(*) 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 195.937 to be deducted in the corporate tax for December 31, 2018. (31.12.2018: TL 191.055)

34.EARNINGS PER SHARE

	01.01 – 31.03.2019	01.01 – 31.03.2018
Net Profit / (Loss)	7.709.477	6.658.513
Weighted average number of ordinary shares	50.000.000	20.000.000
Basic and diluted earnings / (loss) per share	0,154	0,333

35.RELATED PARTY TRANSACTIONS

<u>Other Short-term Payables</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Partner		
Orhan Gündüz	17.405	17.105
Total	17.405	17.105

As of March 31, 2019 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, 2019 – March 31, 2019 and January 1, 2018 – March 31, 2018.

The Group has determined key management personnel as board members, group presidents, vice - presidents. Benefits provided to key management personnel as January 1, 2019 – March 31, 2019 and January 1, 2018 – March 31, 2018 is as follows:

	<u>January 01- March 31, 2019</u>	<u>January 01- March 31, 2018</u>
Short term benefits provided to key management personnel	94.500	94.500
Total	94.500	94.500

There are no deposits given to related parties or taken from related parties (31.12.2018: None).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
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**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 March 31, 2019 and December 31, 2018 are as follows:

	March 31, 2019	December 31, 2018
Total Financial Liabilities	12.539.928	17.081.930
Cash and Cash Equivalents (-)	(13.020.765)	(19.556.583)
Net Debt	(480.837)	(2.474.654)
Total equity	144.954.751	137.132.442
Total capital	50.000.000	50.000.000
Net debt / Total capital	(0,003)	(0,02)

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

Group strategy does not differ from the previous years strategies.

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 MARCH 2019**

(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:

March 31, 2019	Receivables		Cash and Cash Equivalents		
	Trade receivables from		Other receivables from		Deposit in bank
	Related parties	Other	Related parties	Other	
Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	-	17.438.412	-	84.736	12.959.065
- 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	-	17.438.412	-	84.736	12.959.065
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)	-	1.015.426	-	-	-
- Impairment (-)	-	(1.015.426)	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

(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.

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

December 31, 2018	Receivables		Cash and Cash Equivalents		
	Trade receivables from Related parties	Other	Other receivables from Related parties	Other	Deposit in bank
Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	-	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 (-)	-	1.015.427	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	(1.015.427)	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

(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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
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(Cont'd)**

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

Current Year Contractual cash outflows	Carrying value	Contractual cash outflows	1-3 months	4-12 months	1-5 years	Note
Non-derivative financial liabilities	33.064.740	33.979.096	25.115.367	4.780.205	4.083.525	
Bank Loans	12.539.928	13.271.719	5.078.458	4.109.737	4.083.525	8
Other Financial Liabilities	332.891	332.891	332.891	-	-	8
Trade Payables	16.070.380	16.252.945	15.599.882	653.063	-	9
Employee Benefit Liabilities	2.959.648	2.959.648	2.959.648	-	-	20
Other Payables	445.756	445.756	428.351	17.405	-	10
Total Period Income Tax Provision	716.137	716.137	716.137	-	-	33

Prior Year Contractual cash outflows	Carrying value	Contractual cash outflows	1-3 months	4-12 months	1-5 years	Note
Non-derivative financial liabilities	39.236.112	41.611.781	30.510.797	5.760.414	5.340.570	
Bank Loans	17.081.930	19.170.629	8.309.341	5.520.718	5.340.570	8
Trade Payables	1.137.308	1.137.308	1.137.308	-	-	8
Employee Benefit Liabilities	17.919.108	18.206.078	17.983.487	222.591	-	9
Other Payables	1.965.103	1.965.103	1.965.103	-	-	20
Total Period Income Tax Provision	475.107	475.107	458.002	17.105	-	10

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:

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

Foreign currency position

March 31, 2019	TL Equivalent (Functional Currency)	USD	EUR
1. Trade receivables	6.152.977	-	973.757
2a. Monetary financial assets (Includes cash in hand and bank accounts)	12.433.493	1.523.136	610.982
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	18.586.470	1.523.136	1.584.740
5. Trade receivables	-	-	-
6a. Monetary financial assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Non-current assets (5+6+7)	-	-	-
9. Total assets (4+8)	18.586.470	1.523.136	1.584.740
10. Trade payables	9.997.734	457.404	1.174.793
11. Financial liabilities	-	-	-
12a. Monetary other liabilities	-	-	-
12b. Non-monetary financial liabilities	-	-	-
13. Short-term Liabilities (10+11+12)	9.997.734	457.404	1.174.793
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16a. Monetary other liabilities	-	-	-
16b. Non-monetary financial liabilities	-	-	-
17. Other long-term liabilities (14+15+16)	-	-	-
18. Long-term Liabilities (13+17)	9.997.734	457.404	1.174.793
Foreign currency position (net)	8.588.736	1.065.732	409.947

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

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	-	-	-
4. Current assets (1+2+3)	23.295.668	1.865.219	2.236.719
5. Trade receivables	-	-	-
6a. Monetary financial assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Non-current assets (5+6+7)	-	-	-
9. Total assets (4+8)	23.295.668	1.865.219	2.236.719
10. Trade payables	10.431.143	471.041	1.319.351
11. Financial liabilities	-	-	-
12a. Monetary other liabilities	-	-	-
12b. Non-monetary financial liabilities	-	-	-
13. Short-term Liabilities (10+11+12)	10.431.143	471.041	1.319.351
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16a. Monetary other liabilities	-	-	-
16b. Non-monetary financial liabilities	-	-	-
17. Other long-term liabilities (14+15+16)	-	-	-
18. Long-term Liabilities (13+17)	10.431.143	471.041	1.319.351
Foreign currency position (net)	12.864.525	1.394.178	917.368

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.

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

Foreign currency sensitivity

Current Year

	Foreign currency Appreciation	Profit / Loss Foreign currency Depreciation
Increase in value of US Dollar against TL by 10%:		
1- US Dollars net assets / liabilities	599.836	(599.836)
2- US Dollars hedged from risks (-)	-	-
3- US Dollars net effect (1+2)	599.836	(599.836)
Increase in value of Euro against TL by 10%		
4- Euro net assets / liabilities	259.037	(259.037)
5- Euro hedged from risks (-)	-	-
6- Euro net effect (4+5)	259.037	(259.037)
Total (3+6)	858.874	(858.874)

Foreign currency sensitivity

Prior Year

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

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.

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

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

Interest rate sensitivity

		31.03.2019	31.12.2018
Fixed Interest			
	Financial assets and liabilities designated as at fair value through profit or loss	-	-
Financial Assets	Cash and cash equivalents	12.283.315	17.081.930
Financial Liabilities		18.679.466	12.539.928
Floating Interest			
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 (31.12.2018: None)

b.3.3) Price Risk

None (31.12.2018: None).

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March 31, 2019	Financial assets at amortised cost	Financial assets at fair value	Financial liabilities stated at amortised cost	Carrying amount	Note
Financial Assets					
Cash and cash equivalents	13.020.765	-	-	13.020.765	6
Trade receivable	139.642.736	-	-	139.642.736	9
Financial investment	-	-	-	-	7
Financial liabilities					
Bank Loans					
Trade Payables	-	-	12.539.928	12.539.928	8
Other Financial Liabilities	-	-	16.070.380	16.070.380	9
December 31, 2018	Financial assets at amortised cost	Financial assets at fair value	Financial liabilities stated at amortised cost	Carrying amount	Note
Financial Assets					
Cash and cash equivalents	19.556.583	-	-	19.556.583	6
Trade receivable	136.481.723	-	-	136.481.723	9
Financial investment	-	-	-	-	7
Financial liabilities					
Bank Loans					
Trade Payables	-	-	17.081.930	17.081.930	8
Other Financial Liabilities	-	-	17.919.108	17.919.108	9

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

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(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

<u>Financial Assets</u>	<u>31.03.2019</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Time Deposits	12.283.315	12.283.315	-	-
Investment Properties	28.080.000	-	28.080.000	-

Financial assets at fair value as of reporting date

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

37. EVENTS AFTER THE BALANCE SHEET DATE

None.

December 31, 2018:

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

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

None (31.12.2018: None).