AE ARMA ELEKTROPANÇ ELEKTROMEKANİK SANAYİ MÜHENDİSLİK TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2018
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

(Translated into English from the report originally issued in Turkish)

REPORT NO:SBD/62-03

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITORS' REPORT

To the General Assembly of
AE Arma Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş.

Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of AE Arma Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred as, the "Group"), which comprise the consolidated balance sheet as at 31 December 2018, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The debt securities issued according to Capital Markets Board's "Communique on the Sale of Capital Market Instruments" and "Communique on Principles regarding Investment Companies" which is amounted TRY 80,000,000 contain financial covenants of Net Debt to Equity Capital Ratio and Net Debt to EBITDA the Company has not complied with these financial covenants. These two ratios should not be over 2 and 3.5 respectively; however, according to the accompanying consolidated financial statement these ratios have been calculated as 30.39 and 3.58, respectively.

We conducted our audit in accordance with International Standards of Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Boards for Accountants' Code of Ethics for Professional Accountants (IEASBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IEASBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

T.C. BAĞIMSIZ DENETÇİ 4890 1923

Explanation about Going Concern

The Group's consolidated financial statements are prepared according to going concern concept. As mentioned in Note 2.1, we emphasize on that the Group's shareholders' equity has been decreased by 80% due to foreign exchange translation differences. This situation shows that, there is significant uncertainty on going concern of the Group. On the other hand, this situation is the sign that the Group has run into debt according to the Turkish Commercial Code ("TCC") Article 376 and the Board of Directors of the Group should take precautions stated in the related article of the TCC. This situation does not change our audit opinion.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
Revenue Recognition on construction contracts Revenue arising from construction contracts represents 85% of the Group's total revenue. The measurement and timing of the revenue arising from construction contracts are recognized by reference to the "percentage of completion" in the period in which are incurred calculated and recognized by input method under the IFRS 15 - Revenue from Contracts with Customers. The measurement of the contract revenue and estimation of the contract costs have been affected by a variety of uncertainties that depend on the outcome of the future events and the management's estimates and judgements need to be revised as events occurred. Revenue recognition on construction contracts was considered to be a key audit matter, due to the significance of the estimates and the level of judgement applied by the management. For detailed information, please refer to Note 15.	Our procedures included: - We have ensured that the revenue recognition method applied under IFRS 15 was appropriate based on the terms and conditions of the contracts. - We obtained an understanding of the processes and tested the operating effectiveness of the relevant controls, which impact the revenue recognition. -We discussed with the Group finance and operational teams for uncompleted projects, visited uncompleted projects and the corresponding statements have been verified with the supporting documentation. - Recalculated the revenue based on the stage of completion of the projects. -We assessed the management's ability to deliver contracts within budgeted margins by analyzing the historical accuracy of forecasting margins, sufficiency of immediate losses and the relationship of cost versus billing status on contracts.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but not to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of and audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to prove a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of independent auditors' report. However, future events or conditions may cause the Group to cease to continue to continue as a going concern.

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- Evaluate the overall presentation, structure and the content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Responsibilities Arising From Regulatory Requirements

1. In accordance with subparagraph 4, Article 402 of the Turkish Commercial Code ("TCC"), no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2018 is not in compliance with the "TCC" and provisions of the Company's articles of association in relation to financial reporting.

2. Pursuant to subparagraph 4, Article 402 of the "TCC", the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

3. Pursuant to Article 398 of the "TCC", the independent auditors' report on early detection of risk system and the authorized committee is submitted to the Company's General Assembly on 18 March 2019.

The name of the responsible auditor who supervised and concluded this audit is İsmet Tuğul.

HLB SAYGIN BAĞIMSIZ DENETİM A.Ş.
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İsmet Tuğul, CPA
Responsible Auditor

Istanbul, 18 March 2019

T.C. BAĞIMSIZ DENETÇİ 1925 0664

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AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018

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

ASSETS	Notes	Audited 31.12.2018	Audited 31.12.2017
Current Assets		**1,505,964,987**	**1,010,879,447**
Cash and Cash Equivalents	6	1,080,860	68,917,106
Trade Receivables			
- Due from Related Parties		-	-
- Other Trade Receivables	10	313,899,748	191,636,522
Other Receivables			
- Due from Related Parties	38	4,476,318	-
- Other Receivables	11	40,943,322	4,027,998
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts	15	1,027,784,025	649,007,691
Inventories	13	35,382,376	323,542
Prepaid Expenses	25	62,331,470	75,387,469
Assets related with current taxes		6,855,648	4,839,104
Other Current Assets	26	13,211,220	16,740,015
Non-Current Assets		**33,100,100**	**32,193,865**
Other Receivables			
- Other Receivables	11	8,120,247	5,552,405
Financial Assets	16	13,087	13,087
Property, Plant and Equipment	18	10,846,341	12,435,235
Intangible Fixed Assets			
- Other intangible fixed assets	19	1,514,090	1,781,170
Deferred Tax Assets	36	12,606,335	9,716,694
Other Non-Current Assets	26	-	2,695,274
TOTAL ASSETS		**1,539,065,087**	**1,043,073,312**

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

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AE ARMA ELEKTROPANÇ ELEKTROMEKANİK SANAYİ MÜHENDİSLİK TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018

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

LIABILITIES	Notes	Audited 31.12.2018	Audited 31.12.2017
Short-Term Liabilities		**1,441,296,691**	**780,882,709**
Financial Liabilities			
- Bank Borrowings	8	540,929,459	132,704,943
-Debt securities in issue	8	81,963,333	20,084,568
Other Financial Liabilities	9	1,972,080	2,398,211
Trade Payables			
-Due to related Parties		-	-
-Other Payables	10	453,065,384	472,274,447
Employee Benefits Payables	24	17,294,697	16,655,479
Other Payables			
- Due to Related Parties	38	58,495,404	-
- Other Payables	11	2,446	94,494
Deferred Revenue	21	193,918,925	98,612,902
Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts	15	66,334,686	26,840,158
Taxes on Income		670,857	1,428,661
Other Current Liabilities	26	26,649,420	9,788,846
Long-Term Liabilities		**75,277,657**	**148,729,108**
Financial Liabilities			
- Bank Borrowings	8	55,054,911	21,646,297
-Debt securities in issue	8	-	60,000,000
Other Financial Liabilities	9	4,675,472	4,112,608
Deferred Revenue	21	1,302,516	46,804,273
Employee Benefits	24	6,871,726	6,331,048
Deferred Tax Liabilities	36	7,373,032	9,834,882
EQUITY CAPITAL		**22,490,739**	**113,461,495**
Equity Attributable to Equity Holders of the Parent		**39,610,896**	**90,999,164**
Paid-in Share Capital	27	100,000,000	100,000,000
Inflation Adjustments	27	66,213	66,213
Other Comprehensive Income /(Expense) not to be Reclassified to Profit or Loss			
- Gains (Losses) on Revaluation and Remeasurement		-	-
- Actuarial gains and losses		(346,851)	(313,019)
Other Comprehensive Income /(Expense) to be Reclassified to Profit or Loss			
-Foreign Currency Translation Differences	27	(80,470,499)	(50,284,112)
Restricted Reserves	27	1,613,685	1,597,775
Retained Earnings	27	39,916,397	16,027,391
Profit/(Loss) for the Year		(21,168,049)	23,904,916
Non-controlling Interest		**(17,120,157)**	**22,462,331**
TOTAL EQUITY CAPITAL AND LIABILITIES		**1,539,065,087**	**1,043,073,312**

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

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1995 İSTANBUL

AE ARMA ELEKTROPANÇ ELEKTROMEKANİK SANAYİ
MÜHENDİSLİK TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

OPERATING INCOME	Notes	Audited 01.01.-31.12.2018	Audited 01.01.-31.12.2017
Sales	28	1,292,879,758	1,341,914,157
Cost of Sales (-)	28	(1,135,301,199)	(1,200,408,512)
GROSS PROFIT		**157,578,559**	**141,505,645**
Marketing Expenses (-)	29	(698,470)	(2,283,517)
General Administrative Expenses (-)	29	(52,232,845)	(44,079,869)
Incomes From Other Operations	31	9,551,133	9,477,663
Expenses From Other Operations (-)	31	(35,829,921)	(5,591,379)
OPERATING PROFIT/ (LOSS)		**78,368,456**	**99,028,543**
Income from Investing Activities	32	1,042,012	1,193,850
Expenses from Investing Activities	32	(570,688)	(35,842)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		**78,839,780**	**100,186,551**
Financial Incomes	33	45,438,675	18,972,335
Financial Expenses (-)	34	(108,885,781)	(71,609,095)
PROFIT/ (LOSS) BEFORE PROVISION FOR TAXES		**15,392,674**	**47,549,791**
Tax Income/(Expense) From Operating Activities			
-Tax For The Year	36	(670,857)	(1,428,661)
-Deferred Tax Income/ (Expense)	36	5,351,491	(951,310)
NET PROFITFOR THE YEAR		**20,073,308**	**45,169,820**
	27		
Non-controlling Interest		41,241,357	21,264,904
Attributable to Equity Holders of the Parent Company		(21,168,049)	23,904,916
Earnings /(Losses) Per Share	37	**(0.212)**	**0.239**
Earnings /(Losses) Per Share From Operating Activities		(0.212)	0.239

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AE ARMA ELEKTROPANÇ ELEKTROMEKANİK SANAYİ
MÜHENDİSLİK TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Audited 01.01.-31.12.2018	Audited 01.01.-31.12.2017
NET PROFIT FOR THE YEAR	**20,073,308**	**45,169,820**
Other Comprehensive (Expense) / Income:		
Gain / (loss) on revaluation of available for sale financial investments	-	-
Gain / (loss) on revaluation of available for non-current items	-	-
Gain / (loss) on revaluation of available for hedge funds	-	-
Currency translation reserve differences	(30,186,387)	(31,439,095)
Gain on revaluation of defined retirement benefit plans	(33,832)	-
Shares of other comprehensive income of equity-valued partnerships	-	-
Gain / (loss) on tax related to other comprehensive income items	-	-
OTHER COMPREHENSIVE (EXPENSE) / INCOME:	**(30,220,219)**	**(31,439,095)**
TOTAL COMPREHENSIVE (EXPENSE) / INCOME:	**(10,146,911)**	**13,730,725**
Attributable to:		
Non-controlling Interest	(14,744,477)	11,338,640
Equity holders of the Parent Company	4,597,566	2,392,085

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AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

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

						Other Coprehensive Profit/(Loss) not to be reclassified on profit or loss		Other Coprehensive Profit/(Loss) to be reclassified on profit or loss			Retained Earnings				
PREVIOUS PERIOD	Notes	Paid-in Capital	Inflation Adjustment	Actuarial Gains	Share Premius	Ravaluation Income/(Losses)	Other Gain/(Loss)	Currency Translation Differences	Remeasurement Gain/(Losses)	Restricted Reserves	Retained Earnings	Profit for the year	Equity holders of the parent	Non-controlling Interest	Total Equity Capital
Balance as of 01 January 2017	27	100,000,000	66,213	(313,019)	-	-	-	(18,845,017)	-	1,597,775	6,049,317	9,978,074	98,533,343	36,022,030	134,555,373
Adjustment Related to Acounting Policy Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit / (Loss)		-	-	-	-	-	-	-	-	-	-	23,904,916	23,904,916	21,264,904	45,169,820
Transfers		-	-	-	-	-	-	-	-	-	9,978,074	(9,978,074)	-	-	-
Total Comprehensive Income / (Loss)		-	-	-	-	-	-	(31,439,095)	-	-	-	-	(31,439,095)	(34,824,603)	(66,263,698)
Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Pay		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transaction with non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Changes Increase / Decrease		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2017	27	100,000,000	66,213	(313,019)	-	-	-	(50,284,112)	-	1,597,775	16,027,391	23,904,916	90,999,164	22,462,331	113,461,495
CURRENT PERIOD															
Balance as of 01 January 2018	27	100,000,000	66,213	(313,019)	-	-	-	(50,284,112)	-	1,597,775	16,027,391	23,904,916	90,999,164	22,462,331	113,461,495
Adjustment Related to Acounting Policy Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit / (Loss)		-	-	-	-	-	-	-	-	-	-	(21,168,049)	(21,168,049)	41,241,357	20,073,308
Transfers		-	-	-	-	-	-	-	-	-	23,904,916	(23,904,916)	-	-	-
Total Comprehensive Income / (Loss)		-	-	(33,832)	-	-	-	(30,186,387)	-	-	-	-	(30,220,219)	(80,823,845)	(111,044,064)
Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to restricted reserves allocated		-	-	-	-	-	-	-	-	15,910	(15,910)	-	-	-	-
Transaction with non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Changes Increase / Decrease		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2018	27	100,000,000	66,213	(346,851)	-	-	-	(80,470,499)	-	1,613,685	39,916,397	(21,168,049)	39,610,896	(17,120,157)	22,490,739

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

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AE ARMA ELEKTROPANÇ ELEKTROMEKANİK SANAYİ MÜHENDİSLİK TAAHHÜT VE TİCARET A.Ş.
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASHFLOW FOR THE YEAR ENDED 31 DECEMBER 2018
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 01.01.-31.12.2018	Audited 01.01.-31.12.2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		(417,288,489)	16,911,705
Adjustments to reconcile net profit to net cash provided by operating activities:		20,073,308	45,169,820
Depreciation and amortization (+)	18,19	3,815,331	3,425,660
Income from sale of fixed assests		(1,367,284)	920,697
Interest accurals		932,546	180,413
Adjustments for impairment	13	4,900,267	-
Retirement pay provision (+)	24	2,580,987	2,219,289
Tax accruals	36	(4,680,634)	2,379,971
Expense accruals	10	(58,067,969)	(6,113,830)
Other non-cash adjustments		41,241,357	21,264,904
Adjustments for provisions		21,455,051	1,747,448
Other adjustment to Reconcilation of Profit for the Year		8,719,731	(2,846,767)
Operating cash flows before movements in working capital:		**39,602,691**	**68,347,605**
Increase (-) / Decrease (+) on trade and other receivables (-)	10	(123,052,663)	47,196,540
Increase (-) / Decrease (+) on other receivables from non-related parties	11	(53,964,595)	(4,555,469)
Increase (-) / Decrease (+) on inventories	13	(39,959,101)	409,851
Increase (-) / Decrease (+) on billings in excess of costs and estimated earnings on uncompleted contracts	15	(378,776,334)	(227,296,217)
Increase (-) / Decrease (+) on prepaid expenses	25	13,055,999	(25,489,082)
Increase (-) / Decrease (+) on other current assets	26	3,528,795	(3,706,957)
Increase (+) / Decrease (-) on trade and other payables	10	(33,740,458)	142,658,877
Increase (+) / Decrease (-) on deferred revenue	21	49,804,266	12,623,264
Increase (+) / Decrease (-) on billings in excess of costs and estimated earnings on uncompleted contracts	15	39,494,528	6,476,158
Increase (-) / Decrease (+) on related party other receivables	38	(4,476,318)	-
Increase (+) / Decrease (-) on related party trade and other payables	38	58,495,404	-
Increase (+) / Decrease (-) on employee benefits payables	24	639,218	2,182,845
Increase (+) / Decrease (-) on other liabilities		14,844,030	932,323
Cash provided by (used in) operating activities		**(414,504,538)**	**19,779,737**
Employee termination benefits paid (-)	24	(2,006,477)	(1,062,546)
Tax payments (-)		(777,474)	(1,805,486)
Net cash provided by (used in) operating activities		**(417,288,489)**	**16,911,705**
Net cash provided by (used in) investing activities			
Purchase/Sales financial assets		-	40,070
Purchase of property, plant and equipment (-)	18,19	(881,983)	(2,335,970)
Sales of property, plant and equipment	18,19	349,575	75,231
Purchase of intangible assets (-)	18,19	(59,665)	(186,288)
Other cash changes		2,695,274	(1,748,810)
Net cash provided by (used in) investing activities		**2,103,201**	**(4,155,767)**
Net cash provided by financing activities			
Cashflow from financial liabilities	8	443,648,628	123,857,220
Other cash changes		14,744,477	(11,338,640)
Net cash provided by financing activities		**458,393,105**	**112,518,580**
NET (DECREASE)/INCREASE BEFORE THE TRANSLATION DIFFERENCE EFFECT		**43,207,817**	**125,274,519**
Effects of translation difference		(111,044,064)	(66,263,698)
Net (decrease)/increase in cash and cash equivalents		**(67,836,247)**	**59,010,821**
Cash and cash equivalents at the beginning of the year	6	**68,917,106**	**9,906,284**
Cash and cash equivalents at the end of year	6	**1,080,860**	**68,917,106**

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

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

1. ORGANIZATION AND ACTIVITIES

AE Arma Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş. (the Company) was established in 2001. The Company and its subsidiaries are described as "Group".

The Group's Main Activities:

The Group's operations are mainly comprised of contracting of electrical, electronic and mechanical system installations predominantly in functional structures and also buying and selling inside and outside of Turkey.

As of 31 December 2018, the Company's capital is TRY 100,000,000 (31 December 2017:TRY 100,000,000). There is no registered capital system.

Number of the average employed personnel by the Group as of 31 December 2018 is 1,375 (31 December 2017: 2,037)

The address of the headquarters and registered office of the Group is Fulya Mahallesi, Vefa Deresi Sokak, No 11 Şişli/İstanbul-Turkey

Trade Registry Information

Trade Registry	: İstanbul Chamber of Commerce
Registry No	: 463497
Mersis No	: 0008-0332-6410–0018

The Group has branches in Russia, United Arab Emirates, Azerbaijan and Cyprus.

Moscow Branch	Grand Setun Plaza, Gorbunova Street No;2 /204, Office B-408, Moscow – RUSSIA
Abu Dhabi Branch	Al Otaiba Tower, Flat No: 1201 Electra Street, P.O.Box: 111246 Abu Dhabi – U.A.E
Baku Branch	Uzeyir Hajibeyov Street 46/50 Baku – AZERBAIJAN
Cyprus Branch	Şehit Osman Yusuf Street No.1 Yenişehir Nicosia- CYPRUS

The subsidiaries included in the consolidation scope of AE Arma Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş as of 31 December 2018 are as follows:

Name of Subsidiary	Field of Activity	Share (%)	Country
Arma Electropanc Electromechanical CO. L.L.C.	Electronic and mechanical system contracting	49.00%	U.A.E.
OOO AE Arma-Elektropanc Electromechanical	Electronic and mechanical system contracting	100.00%	Russia
AE Arma Elektropanc d.o.o	Electronic and mechanical system contracting	70.00%	Bosnia
AE Arma Electropanc Electromechanical Contracting Lebonan S.A.R.L. UC	Electronic and mechanical system contracting	45.00%	Lebanon
AE Arma-Elektropanc Building Services Limited	Electronic and mechanical system contracting	25.00%	England

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1. ORGANIZATION AND ACTIVITIES (continued)

Subsidiaries which are subjected to Full Consolidation Method:

31.12.2018

Name of Subsidiary	Field of Activity	Share (%)	Country
Arma Electropanc Electromechanical CO. L.L.C.	Electronic and mechanical system contracting	49.00%	U.A.E.
OOO AE Arma-Elektropanc Electromechanical	Electronic and mechanical system contracting	100.00%	Russia
AE Arma Elektropanc d.o.o (*)	Electronic and mechanical system contracting	70.00%	Bosnia
AE Arma-Elektropanc Building Services Limited	Electronic and mechanical system contracting	25.00%	England

31.12.2017

Name of Subsidiary	Field of Activity	Share (%)	Country
AE Arma Elektropanc Mechanical Contracting Qatar W.L.L	Electrical and mechanical system contracting	48.00%	Qatar
Arma Electropanc Electromechanical CO. L.L.C.	Electronic and mechanical system contracting	49.00%	Dubai
OOO AE Arma-Elektropanc Electromechanical	Electronic and mechanical system contracting	100.00%	Russia
AE Arma-Elektropanc Building Services Limited	Electronic and mechanical system contracting	25.00%	England

(*) AE Arma Elektropanc d.o.o was established on October 15, 2018 in Bosnia and Herzegovina. AE Arma Elektropanc d.o.o did not operate during 2018.

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1. ORGANIZATION AND ACTIVITIES (continued)

Equity Participation which is subjected to equity method:

31.12.2018

Name of Subsidiary	Field of Activity	Share (%)	Country
AE Arma Electropanc Electromechanical Contracting Lebanon S.A.R.L. UC	Electronic and mechanical system contracting	45.00%	Lebanon

31.12.2017

Name of Subsidiary	Field of Activity	Share (%)	Country
AE Arma Electropanc Electromechanical Contracting Lebanon S.A.R.L. UC	Electronic and mechanical system contracting	45.00%	Lebanon

Confirmation of Financial Statements

The consolidated financial statements were authorized for issue on 18 March 2019 by the management of the Group. Although there is no such intention, the General Assembly and/or certain regulatory bodies have the power to amend the consolidated financial statements after issue.

2.BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). The consolidated financial statements are prepared based on the historical cost convention except for the financial assets and liabilities which are expressed with their fair values.

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and Tax Legislation. Subsidiaries, associates, joint ventures and branches that are registered in foreign countries maintain their books of account and prepare their statutory statements in the currency of their registered countries and in accordance with the prevailing accounting principles in their registered countries.

The accompanying consolidated financial statements have been prepared in accordance with the Communiqué Series II, 14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 which was published on Official Gazette numbered 28676. International Accounting Standards and additions and interpretations regarding these standards ("IAS") as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") are predicated on in accordance with article 5th of the Communiqué.

The Group also reported separately for consolidated financial statements for the same year prepared in accordance with accounting principles promulgated by CMB.

There are no differences between the consolidated financial statements prepared in accordance with the accounting policies promulgated by CMB and consolidated IFRS financial statements.

There are no substantial seasonal and periodical changes that will affect the Group's operation.

2.BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Comparative information, changes in accounting policies and restatement of prior period financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is re-classed and significant changes are disclosed if necessary.

Going Concern Concept

Consolidated financial statements are prepared according to going concern concept is a business that functions without the threat of liquidation for the foreseeable future, usually regarded as at least within 12 months. It implies for the business the basic declaration of intention to keep running its activities at least for the next year, which is a basic assumption to prepare financial statements. Hence, the declaration of going concern means that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations. The Group's shareholders' equity has been decreased by 80% due to foreign exchange translation differences. This situation shows that, there is significant uncertainty on going concern of the Group. On the other hand, this situation is the sign that the Group has run into debt according to the Turkish Commercial Code ("TCC") Article 376 and the Board of Directors of the Group should take precautions stated in the related article of the TCC.

Presentation and Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign Subsidiaries' and branches assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "cumulative translation differences" under the equity.

The consolidated financial statements of each corporation of the Group are presented with the currency (functional currency) valid in the main economic environment they operate. Financial conditions and the activity results of each corporation are explained in Turkish Lira (TRY) which is the functional currency of the Company and the presentation currency for consolidated financial statements.

The consolidated financial statements are presented in Turkish Lira ("TRY").

	31 December 2018		31 December 2017	
Currency Type	Year End	Period Average	Year End	Period Average
US Dollars (USD)	5.2609	4.8300	3.7719	3.6362
Euro (EUR)	6.0280	5.6761	4.5155	4.1375
Russian Rouble (RUB)	0.0767	0.0755	0.0655	0.0626
U.A.E. Dirhem (AED	1.4429	1.3197	1.0306	0.9935
Azerbaijan Manat (AZN)	3.1065	2.8411	2.2186	2.1083
English Pound (GBP)	6.6528	6.3858	5.0803	4.7117

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of the presentation (continued)

Presentation and Functional Currency (continued)

Effective from January 1, 2005; concurrent with the removal of six zero digits, the new currency unit of Turkey was introduced as New Turkish Lira (NTRY). The Government resolved to remove the "New" phrase in the local currency unit effective from January 1, 2009.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Consolidation Principles

Subsidiaries

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

1) Arma Electropanc Electromechanical CO. L.L.C./Dubai

The Company was established in 2006 in Dubai-United Arab Emirates. The main company has 49% share of this subsidiary and controls 51% indirectly.(31.12.2017: 51 %)

The company operates in electrical and mechanical contracting.

2) AE Arma-Elektropanc Building Services Limited/ England

The Company was established in 2015 in London, England. The main company has 25% share of this subsidiary and controls 51 % indirectly.(31.12.2017: 51 %).

The company operates in electrical and mechanical contracting.

3) OOO AE Arma Elektropanc Elektromechanical/ Russia

The Company was established in 2005 in Moscow, Russia. The main company has 100% share of this subsidiary. (31.12.2017: 100 %).

The company operates in electrical and mechanical contracting.

4) AE Arma Elektropanc d.o.o

AE Arma Elektropanc d.o.o was established on October 15, 2018 in Bosnia and Herzegovina. AE Arma Elektropanc d.o.o did not operate during 2018.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of the presentation (continued)

Consolidation Principles (continued)

Subsidiaries (continued)

The subsidiaries included in consolidation and their shareholding percentages at 31.12.2018 are as follows:

Name of Company	Share (%)	Capital (TRY)	Share (TRY)
Arma Electropanc Electromechanical CO. L.L.C.	49.00%	718,702	352,164
OOO AE Arma-Elektropanc Elektromechanical	100.00%	5,345	5,345
AE Arma Elektropanc d.o.o	70.00%	3,077	2,154
AE Arma-Elektropanc Building Services Limited	25.00%	666	167

Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company, either (a) 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 (b) 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.

Note 1 sets out all subsidiaries included in the scope of consolidation and it shows their ownership and effective interests (%) as of 31 December 2018 and 31 December 2017.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The result of operations of subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of the presentation (continued)

Consolidation Principles (continued)

The statements of financial position and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries are eliminated against the related equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from equity and income for the period, respectively.

The non-controlling shareholders' share in the net assets and results of subsidiaries for the year are separately classified as non-controlling interest in the consolidated statements of financial position and statements of income. The non-controlling interests consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date. When the losses applicable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling are charged against the non-controlling interest.

Full Consolidation Method

Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All significant intra-group transactions and balances between consolidated subsidiaries are eliminated.

Non-controlling interests represent the portion of income statement and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

On acquisition, assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of non-controlling shareholders is stated at the non-controlling's proportion of their fair values of the assets and liabilities recognized. The balance sheet and income statement of the subsidiary is consolidated on a line by line basis, and the carrying value of the investment held by the Group is eliminated against related equity and reserves accounts.

All significant inter-Group transactions and balances between group enterprises are eliminated on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of the presentation (continued)

Consolidation Principles (continued)

Equity Method

A Group's share in an associate is the aggregate of the company's in that associate by the parent and its subsidiaries. To apply equity method, the share of other associates and joint ventures of the associates are ignored.

When an associate has subsidiaries, associates, or joint ventures, the profits or losses and net assets taken into account in applying the equity method are those recognised in the associate's financial statements, after any adjustments necessary to give effect of uniform accounting policies.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognising its share of further losses. After the interest in an associate is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Associates where the equity method is applied:

Name of Company	Share %	Capital (TRY)	Share (TRY)
AE Arma Electropanc Electromechanical Contracting Lebanon S.A.R.L. UC	45.00%	9,627	4,332

2.2. Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group consolidated has not early adopted are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

IFRS 16 Leases

On 13 January 2016, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2. Standards and interpretations issued but not yet effective (continued)

IFRS Interpretation 23 Uncertainty Over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective from 1 January 2019, with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

Amendments to IFRS 9 - Prepayment features with negative compensation

On December 2017, IASB issued amendments to IFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. Under IFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 9.

Amendments to IAS 28- Long-term Interests in Associates and Joint Ventures

On December 2017, IASB issued amendments to IAS 28 to clarify that entities also apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of IAS 28. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Revised Conceptual Framework

The revised Conceptual Framework was issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2. Standards and interpretations issued but not yet effective (continued)

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle for applicable standards. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

IAS 12 Income Taxes

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

IAS 23 Borrowing Costs

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group does not expect that application of these amendments to IAS 19 will have significant impact on its consolidated financial statements.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2. Standards and interpretations issued but not yet effective (continued)

Annual Improvements to IFRSs 2015-2017 Cycle **(continued)**

Improvements to IFRSs (continued)

IFRS 17 Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

Amendments to IAS 1 and IAS 8 - Definition of Material

In October 2018 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Group does not expect that application of these amendments to IAS 1 and IAS 8 will have significant impact on its consolidated financial statements.

Amendments to IFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations that seek to clarify this matter. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted. The Group does not expect that application of these amendments to IFRS 3 will havet impact on its consolidated financial statements

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3. Change in Accounting Policies

With the exception of followings, the accounting policies applied in the consolidated financial statements as at and for the year ended 31 December 2018 are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

a) IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretation.

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new standard is effective for periods beginning on or after 1 January 2018 and the application of IFRS 15 has not had significant impact on the consolidated financial statements and performance of the group based on the analysis performed.

b) IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of IFRS 9 are set out below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

Detailed information on how the Group classifies and measures and financial assets in accordance with IFRS 9 is presented below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

ii. Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost and contract assets but not to investments in equity instruments.

IFRS 9 has not had a significant impact on the Group's financial statements based on the analysis performed.

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2.4. Change in accounting estimates and errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively. There is no material change in accounting estimates of the Group in the current year.

When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated. The Group did not detect any significant accounting error in the current year.

2.5. Summary of Significant Accounting Policies

The significant accounting policies are followed in the preparation of the accompanying financial statements are summarized below:

Revenue

In accordance with IFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the entity satisfies a performance obligation

The Group evaluates the goods or services it undertakes in each contract with the customers and determines each commitment to transfer the said goods or services as a separate performance obligation. It is determined in the beginning of the contract whether the performance obligation will be carried out over a period of time or it will be performed at a certain time for each performance obligation. The Group recognizes the revenue over a period of time by measuring the progress attributed to complete fulfillment of performance obligation in question on the occasion that the Group transfers the control of a good or a service and therefore it fulfills the performance obligation related to these sales over time.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is reduced for estimated or realized customer returns, discount commissions, rebates and taxes related to sales.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

Revenue (continued)

Interest Income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Service income and other revenues are recognized on accrual basis at the fair value of the amount obtained or to be obtained based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable.

Segmental information

Due to management proposal, The Group's activities were separated into six main groups as geographical regions as Turkey-Cyprus-Algeria, Russia, Russia Branch, Abu Dhabi, Dubai, Azerbaijan, Qatar and England. The relevant regions of the Group are organized as Turkey Financial information's according to segments and geographical regions are presented in (Note 5)

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments whose maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include amounts of cash and deposits at banks. (Note 6)

Trade Receivables and Payables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables that deferred financial income is netted-off against and which are calculated by discounting the amounts that will be collected of trade receivables are recorded at the original invoice value in the subsequent periods using the effective yield method. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant. (Note 10)

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income. (Note 10)

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

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

Costs and estimated earnings in excess of billings on uncompleted contracts represent revenues recognized in excess of amounts billed. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized. (Note 15)

Retention Receivables from Contractors

The Group's interim progress billings from its employees are subject to retention deductions, which vary, based on the individual agreements. These balances are collected from the employees upon successful completion of the contract at the end of the warranty period.

Other Receivables and Debts

The accounts cannot be shown in trade receivable and trade payable shown as Other Receivables and Debts such as deposits and guaranties given/ received, dues to/from tax authority, nontrade liabilities/ receivables to/from related parties. (Note 11)

Inventories

Held for resale in the ordinary course of business, which is being produced to be sold or used in the production process or service delivery assets shown in the pen in the form of substances and materials. Stock up on advances given are classified as other current assets.

Inventories are valued at the lower of cost and net realizable value. The cost of inventories; all purchase costs, conversion costs and other costs incurred to bring inventories to their present condition and contain. Costs of conversion of inventories, such as direct labor costs, includes costs directly related to production. These costs are also incurred in the first article and material to product conversion of fixed and variable production overheads that include a systematic allocation of.

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

Inventories (continued)

Net realizable value is the estimated selling price in the ordinary course of business, the estimated costs of completion and estimated costs necessary to realize the sale is obtained by deducting the sum. Stocks of financial statements, as a result of the use or sale cannot be traced with a cost higher than the amount expected to be obtained. Amount of costs to be obtained as a result of use or sale if it is higher, the stock is divided Impairment. The Group accounts merchandise purchase cost on a weighted average basis. (Note 13)

Other Assets and Liabilities

Other Current/Noncurrent Assets

Prepaid taxes and funds, Advances given for business purposes, advances given to personnel, VAT carried forward, VAT deductible, other VAT, sundry assets are reported in Other Current/Noncurrent Assets (Note 26).

Other Current/Noncurrent Liabilities

Incomes related to following months and years, expense accruals, other sundry payables and liabilities are reported in Other Current/Noncurrent Liabilities (Note 26).

Property, Plant and Equipment

Property, plant, equipment are carried at cost, restated in equivalent purchasing power at 31 December 2018 less accumulated depreciation. Depreciation is provided on the restated amounts of property, plant, equipment on a straight-line monthly basis over the useful lives.

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.

The depreciation periods for property, plant, equipment, which approximate the economic useful life of such assets, are as follows:

	(Years)
Building	
Property, plant and equipment	50
Motor vehicles	4-10
Furniture, fixtures and office equipment	4-5
Leasehold Improvements	3-15
	5

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end. (Note 18)

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

Intangible Fixed Assets

Intangible fixed assets consist of rights, computer programs and ERP System that are carried at cost, restated in equivalent purchasing power of 31 December 2018 accumulated depreciation. Depreciation is provided on the restated amounts on a straight-line monthly basis over the useful lives of 3-5 years. (Note 19) Amortisation of intangible fixed assets is stated at the general administrative expenses account of the financial statements. (Note 29)

Financial Leases

a) The Group as the lessee

Financial Leasing

Leasing of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leasing. Finance leased is capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Financial costs of leasing are distributed over the lease period with a fixed interest rate. The property, plant and equipment acquired under financial leases are depreciated over the useful lives of the assets. If there is a decrease in the value of the property, plant and equipment under financial leasing, the Group provides impairment. The foreign exchange and interest expenses related with financial leasing have been recorded in the income statement. Lease payments have been deducted from leasing debts.

Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the statement of income on a straight-line basis over the period of the lease.

b) The Group as the lessor

Assets leased out under operating leases, excluding land and investment properties, are included in property, plant and equipment in the consolidated statements of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term.

Business Combinations

Purchase of property, using the purchase method is accounted for. The consideration transferred in a business combination is its fair value is measured at cost being transferred, the acquirer acquisition-date fair values of the assets transferred by the acquirer to former owners of the debts incurred by the acquired entity and are calculated as the sum of the equity interests issued by the acquirer. Acquisition-related costs are generally recognized as an expense. The identifiable assets acquired and the liabilities assumed are recognized at their fair values at the acquisition date. In this way are not recognized as provided below:

- Deferred income tax assets or liabilities or assets related to employee benefits or liabilities, respectively, IAS 12 Income Taxes and IAS 19 Employee Benefits in accordance with the standards recognized and measured;

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

Business Combinations (continued)

- The acquired entity's share-based payment arrangements of the acquiree or share-based payment arrangements of the Group signed a share-based payment arrangements intended to replace liabilities or equity instruments related to the acquisition date are accounted for in accordance with IFRS 2 Share-based Payment Arrangements, and

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are classified as held for sale in accordance with current assets (or disposal groups) that are recognized in accordance with the requirements of IFRS at 5.

Goodwill is the consideration transferred for the acquisition, non-controlling interests in the acquire, and if you have, if any, of the acquirer in a business combination achieved in stages, previously of the total fair value of the equity interest in the acquire, on the purchase date of the acquiree's identifiable assets, and net liabilities assumed exceeds the amount calculated as described. After reassessment, the acquiree's identifiable assets and assumed on acquisition of net identifiable liabilities, transferred to the purchase price, and the non-controlling interest in the acquiree, if any, in the acquiree prior to the acquisition exceeds the sum of the fair value of the shares, the amount directly as a gain on bargain purchase in profit / loss recognized.

The consideration transferred by the Group in a business combination, contingent consideration included cases, the contingent consideration is measured at its acquisition-date fair value and the consideration transferred in a business combination are included. Arising during the measurement period as a result of the additional information you need to fix the fair value of the contingent consideration, the amendment retroactively adjusted for goodwill. The measurement period following the date of the merger, the period adjustments are adjustments that the provisional amounts recognized in the acquirer in a business combination. This period cannot be more than 1 year from date of purchase.

The fair value of the contingent consideration that qualify as measurement period adjustments The subsequent accounting for changes, depends on how the contingent consideration is classified. Contingent consideration is classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is the nature of financial instruments. In the presence of the scope of the standard, the contingent consideration is measured at fair value and gains or losses arising from changes in profit or loss or in other comprehensive income accounted for.

Acquired in a business combination achieved in stages, the Group's previously held equity interest to fair value at the acquisition date (i.e. the date when the Group obtains control) is measured again, and if the resulting gain / loss in profit / loss accounted for. Prior to the date of acquisition recognized in other comprehensive income amounts arising from interests in the acquiree, under the assumption that interest were disposed of the profit / loss is transferred.

The initial accounting for a business combination is incomplete by the end of the reporting period when the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. During the measurement period, are adjusted during the measurement period, or may have an effect on the amounts recognized at the acquisition date and the date on events and situations that arise, resulting in additional assets or liabilities are recognized to reflect new information.

Business combinations prior to January 1, 2010, accounted for in accordance with the previous version of IFRS 3.Betterment.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately 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 date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized to the cost of those assets, until the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recorded in the income statement in the period in which they are incurred.

If there are assets which are difficult to make ready to sale, debt costs regarding purchasing, producing the asset adding to asset cost until it's ready to sale. (Note 8)

Earnings per share

Earnings per share as indicated on the income statement are ascertained by dividing net profit to weighted average number of shares. In Turkey, companies can increase their share capital by making; a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares in existence during the year has been adjusted in respect of bonus share issue without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year, as if the event had occurred at the beginning of the earliest period reported. (Note 37)

Foreign Currency Transactions and Translation

The financial statements of the branches and subsidiaries operating in foreign countries were prepared in accordance with the applicable laws and regulations effective in such countries and issued by reflecting the required corrections and classifications for the purpose of proper presentation pursuant to International Financial Reporting Standards. The assets and liabilities of the foreign partnerships concerned were converted to Turkish Lira by using the exchange rate, income and expense average exchange rate at the date of consolidated balance sheet. Exchange differences arising from the use of closing and average rate are followed under the foreign currency translation differences item within the equity.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

Post Balance Sheet Events

Post balance sheet events, with the balance sheet date between the date of approval for the publication of consolidated financial statements, the Group refers to events that occur in favor or against. Correction is carried out, according to the situation described two types:

- Adjusting events after the balance sheet, balance sheet as of the date the evidence concerning the relevant facts showing that there are situations where the conditions,

- To indicate that the developments related events occur after the balance sheet date (adjusting events after the balance sheet)

The Group's consolidated financial statements, adjusting events after balance sheet date that do not require significant events after the balance sheet was taken and shown in the notes (Note 41).

Provisions, Contingent Assets and Contingent Liabilities

Provisions

Have a present legal or constructive obligation arising from past events and resources embodying economic benefits to settle the obligation is probable and the Company to exit in case of liability is estimated in a safe manner should be recognized in the consolidated financial statements. Provisions for fulfilling the obligation of expenses in the most realistic estimates made by management of the Company calculated and discounted to present value where the effect is significant.

Contingent Liabilities

This Company entered the obligations arising from past events and whose existence is not entirely under the control of one or more uncertain future events by realization of non-existence of nature, which can be confirmed and evaluated as contingent liabilities, obligations are not included in the consolidated financial statements. Because, to settle the obligation, do not have the possibility of an outflow of resources embodying economic benefits or the amount of liability measured with sufficient reliability. Company of resources embodying economic benefits will likely come out very far, unless the consolidated financial statements show that the conditional obligations (Note 22).

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

Contingent Assets

Company arising from past events and whose existence is not fully controlled by one or more assets that are to be confirmed by the occurrence uncertain, contingent asset is considered. Inflow of resources embodying economic benefits is uncertain and contingent assets in the consolidated financial statements.

Or all of the economic benefits required to settle a provision are expected to be a third party, which will be charged on the amount of cases, it is virtually certain that reimbursement will be received and if the amount can be measured reliably, are accounted for and reported as an asset.

Related Parties

The Company's related parties, ownership, contractual right, family relation or similar means, directly or indirectly against the side of the cover is capable of controlling or significantly affect the institutions. The accompanying consolidated financial statements of the Company's shareholders and the companies owned by shareholders, their key management personnel and other companies known to be associated with related parties, defined as.

Presence of one of the following criteria, shall be deemed a party associated with the Company:

i) Mentioned directly, or indirectly by means of one or more of:

- The Company controls, is controlled by the Company or

- The Company is under common control with (parents, subsidiaries and fellow subsidiaries, including the same);

- That gives it significant influence over the Company has an interest, or has joint control over the Company;

ii) The party is an associate of the Company;

iii) The party is a joint venture of the Company as a joint enterprise;

iv) The party is a member of key management personnel of the Company or its parent;

v) The party (i) or (iv) said articles being of any individual member of a family;

vi) The party controlled, joint controlled or an important influence, or (iv) or (v) said articles of any individual, either directly or indirectly, an operating key has the right to vote, or

vii) The party is a party of a business enterprise or its employees associated with the post-employment benefit plans must be provided.

Related party transactions between related parties, resources, services, or transfer of obligations, regardless of whether a price is charged. (Note 38)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

Taxes Calculated on the Basis of The Company's Earnings

Income tax expense represents the sum of the current tax payable and deferred tax.

Current Tax Payable

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. (Note 36)

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities calculated for taxable temporary difference correlated with related parties, investments on affiliates and shares on joint ventures. This kind arising from deductible temporary differences associated with investments and deferred tax assets are sufficient taxable profits in the near future benefit from these differences it is probable that the deductible temporary differences, and the disappearance of the future they are expected.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax calculates over legalized tax rates as of balance sheet date and expected to be valid at the period assets would be realized and liabilities would be met. During the calculation of the deferred tax assets and liabilities of the Group as at the balance sheet date the carrying amount of assets to meet its obligations to recover or estimated tax consequences are taken into account.

The same country being subject to tax legislation be offset against current tax liabilities and assets for current tax is a legally enforceable right exists to a deferred income tax assets and liabilities are offset from each other.

Current tax and Deferred Tax

Current tax and deferred tax on the period correlated with items booking as debit or credit (in which case the deferred tax relating to items recognized directly in equity) on equity books as income or expense on the income statement. Business combinations, goodwill or the purchaser of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition fair value of the acquirer's interest taken into account in determining the tax effect.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of Significant Accounting Policies (continued)

Employee Termination Benefits

Under Turkish labour law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. Such payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 5,001 at 1 January 2018 per year of employment at the rate of pay applicable at the date of retirement. According to IFRS 19 ("Employee Benefits") the calculation of reserve for termination indemnity is based on future termination indemnity payments are discounted to the balance sheet date by the net of the relevant discount rate and the assumed inflation rate. (Note 24)

Reporting of Cash Flows

In consolidated statement of cash flows, cash flows are classified according to operating, investment and finance activities. Cash flows from operating activities reflect cash flows generated from sales of the Group. Cash flows from investing activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group. Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Earnings per share

Basic earnings per share (EPS) disclosed in the consolidated statement of profit or loss are determined by dividing net profit by the weighted average number of shares that have been outstanding during the related year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (Bonus Shares) to existing shareholders without a consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the EPS calculation, such bonus share distributions are regarded as stock dividends. If the number of ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic EPS for all periods presented is adjusted retrospectively. If these changes occur after the balance sheet date but before the financial statements are authorized for issue, the EPS calculations for those and any prior period financial statements presented is based on the new number of shares.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.6. Significant Accounting Estimates

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the consolidated statement of profit or loss and in the carrying value of assets and liabilities in the consolidated balance sheet, and in the disclosure of information in the notes to the consolidated financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the consolidated financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

The key assumptions concerning the future and other key resources of estimation at the consolidated 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 and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

a) Note 15– Construction contract receivables/payables

b) Note 24 – Provisions for employee benefits

c) Note 10 – Doubtful trade receivables

d) Note 23- Provisions for litigations

e) Note 13- Impairment on inventory

3. BUSINESS COMBINATIONS

None. (31.12.2017: None.)

4. JOINT ARRANGEMENTS

None. (31.12.2017: None.)

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5. SEGMENT INFORMATION

Segment Reporting: Income Statements

The Group operates in six main geographical segments, which are Turkey, Russia, United Arab Emirates (UAE), Azerbaijan, Qatar and England.

OPERATING INCOME	01.01-31.12.2018 Turkey TRY	01.01-31.12.2018 Russia TRY	01.01-31.12.2018 UAE TRY	01.01-31.12.2018 Azerbaijan TRY	01.01-31.12.2018 Qatar TRY	01.01-31.12.2018 England TRY	01.01-31.12.2018 Consolidation Eliminations (TRY)	01.01-31.12.2018 Consolidated TRY
Sales	101,288,493	199,825,564	1,002,835,320	-	-	16,438,685	(27,508,304)	1,292,879,758
Cost of Sales (-)	(143,789,153)	(138,314,740)	(872,925,814)	-	-	(7,779,796)	27,508,304	(1,135,301,199)
GROSS PROFIT	**(42,500,660)**	**61,510,824**	**129,909,506**	-	-	**8,658,889**	-	**157,578,559**
Marketing Expenses (-)	(690,984)	(1,048)	(5,611)	-	-	(827)	-	(698,470)
General Administrative Expenses (-)	(14,587,017)	(4,107,501)	(30,592,849)	(639,640)	-	(2,305,838)	-	(52,232,845)
Other Operating Income	1,299,613	979,530	7,268,623	-	-	-	3,367	9,551,133
Other Operating Expenses (-)	(13,706,879)	(4,702,262)	(17,303,739)	(117,041)	-	-	-	(35,829,921)
OPERATING PROFIT/ (LOSS)	**(70,185,927)**	**53,679,543**	**89,275,930**	**(756,681)**	-	**6,352,224**	**3,367**	**78,368,456**
Income from investing activities	1,042,012	-	-	-	-	-	-	1,042,012
Losses from investing activities	-	(570,688)	-	-	-	-	-	(570,688)
OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSES	**(69,143,915)**	**53,108,855**	**89,275,930**	**(756,681)**	-	**6,352,224**	**3,367**	**78,839,780**
Financial Incomes	15,122,328	9,036,266	-	-	-	-	21,280,081	45,438,675
Financial Expenses (-)	(52,331,310)	(21,679,893)	(33,726,466)	(208)	-	(1,147,904)	-	(108,885,781)
PROFIT/ (LOSS) BEFORE PROVISION FOR TAXES	**(106,352,897)**	**40,465,228**	**55,549,464**	**(756,889)**	-	**5,204,320**	**21,283,448**	**15,392,674**
Tax Income/(Expense) from Operating Activities								
-Tax for the Year	-	(670,857)	-	-	-	-	-	(670,857)
-Deferred Tax Income/(Expense)	3,712,532	983,134	-	18,604	-	640,588	(3,367)	5,351,491
NET PROFIT/ (LOSS) FOR THE YEAR	**(102,640,365)**	**40,777,505**	**55,549,464**	**(738,285)**	-	**5,844,908**	**21,280,081**	**20,073,308**

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5. SEGMENT INFORMATION (continued)

Segment Reporting: Income Statements (continued)

OPERATING INCOME	01.01-31.12.2017 Turkey TRY	01.01-31.12.2017 Russia TRY	01.01-31.12.2017 UAE TRY	01.01-31.12.2017 Azerbaijan TRY	01.01-31.12.2017 Qatar TRY	01.01-31.12.2017 England TRY	01.01-31.12.2017 Consolidation Eliminations (TRY)	01.01-31.12.2017 Consolidated TRY
Sales	297,444,566	384,423,284	791,887,324	-	-	65,832,197	(197,673,214)	1,341,914,157
Cost of Sales (-)	(297,307,390)	(328,630,627)	(713,092,734)	-	-	(59,050,975)	197,673,214	(1,200,408,512)
GROSS PROFIT	**137,176**	**55,792,657**	**78,794,590**	-	-	**6,781,222**	-	**141,505,645**
Marketing Expenses (-)	(2,103,489)	-	(74,426)	(100,478)	-	(5,124)	-	(2,283,517)
General Administrative Expenses (-)	(14,331,000)	(7,244,398)	(18,947,496)	(382,751)	(44,950)	(3,129,274)	-	(44,079,869)
Other Operating Income	2,376,151	1,297,297	5,538,295	265,920	-	-	-	9,477,663
Other Operating Expenses (-)	(1,477,464)	(1,641,949)	(2,325,294)	(146,672)	-	-	-	(5,591,379)
OPERATING PROFIT/ (LOSS)	**(15,398,626)**	**48,203,607**	**62,985,669**	**(363,981)**	**(44,950)**	**3,646,824**	-	**99,028,543**
Income from investing activities	1,118,477	75,373	-	-	-	-	-	1,193,850
Losses from investing activities	-	(35,842)	-	-	-	-	-	(35,842)
OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSES	**(14,280,149)**	**48,243,138**	**62,985,669**	**(363,981)**	**(44,950)**	**3,646,824**	-	**100,186,551**
Financial Incomes	16,684,730	2,287,605	-	0	-	-	-	18,972,335
Financial Expenses (-)	(24,325,116)	(7,161,059)	(23,275,458)	(294,943)	-	(4,928,386)	(11,624,133)	(71,609,095)
PROFIT/ (LOSS) BEFORE PROVISION FOR TAXES	**(21,920,535)**	**43,369,684**	**39,710,211**	**(658,924)**	**(44,950)**	**(1,281,562)**	**(11,624,133)**	**47,549,791**
Tax Income/(Expense) from Operating Activities								
-Tax for the Year	(397,197)	(1,031,464)	-	-	-	-	-	(1,428,661)
-Deferred Tax Income/(Expense)	(1,434,903)	809,386	-	83,925	-	(409,718)	-	(951,310)
NET PROFIT/ (LOSS) FOR THE YEAR	**(23,752,635)**	**43,147,606**	**39,710,211**	**(574,999)**	**(44,950)**	**(1,691,280)**	**(11,624,133)**	**45,169,820**

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

5. SEGMENT INFORMATION (continued)

	31.12.2018 Turkey TRY	31.12.2018 Russia TRY	31.12.2018 UAE TRY	31.12.2018 Azerbaijan TRY	31.12.2018 Qatar TRY	31.12.2018 England TRY	31.12.2018 Consolidation Eliminations (TRY)	31.12.2018 Consolidated TRY
Detailed Info:								
-Total Assets	703,693,478	299,071,441	1,130,032,059	66,289	-	3,149,627	(596,947,807)	1,539,065,087
-Total Liabilities	736,063,709	235,580,481	1,125,958,767	63,031	-	14,688,581	(595,780,221)	1,516,574,348

	31.12.2017 Turkey TRY	31.12.2017 Russia TRY	31.12.2017 UAE TRY	31.12.2017 Azerbaijan TRY	31.12.2017 Qatar TRY	31.12.2017 England TRY	31.12.2017 Consolidation Eliminations (TRY)	31.12.2017 Consolidated TRY
Detailed Info:								
-Total Assets	446,514,992	326,354,187	615,488,420	10,429,525	19,689	52,566,616	(408,300,117)	1,043,073,312
-Total Liabilities	370,264,891	294,325,067	559,703,642	8,695,007	1,812,805	56,140,738	(361,330,333)	929,611,817

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6. CASH AND CASH EQUIVALENTS

	31.12.2018	31.12.2017
Cash	939,881	305,708
Banks		
- Demand deposits	140,979	68,545,978
- Time deposits	--	65,420
Total	1,080,860	68,917,106

As of 31 December 2018 and 31 December 2017, foreign exchange demand deposits are as follows:

Cash and Cash Equivalents	TRY Equivalent 31.12.2018	TRY Equivalent 31.12.2017
Cash		
USD	600	980
EUR	13	10
Banks		
USD	1,306	526,204
EUR	7,247	39,823

There are blocked bank accounts amounted to TRY 38,630,153 and they are reclassed to other short term receivables (31 December 2017: TRY 2,510,232).

As of 31.12.2018 and 31.12.2017 deposits in banks' credit risk analysis is described in detail in Note 39.

7. FINANCIAL ASSETS

As of 31 December 2018, the Group does not possess any financial assets. (31.12.2017: None)

8. FINANCIAL LIABILITIES

Short term borrowings	Weighted Average Interest Rate (%)	31.12.2018	Weighted Average Interest Rate (%)	31.12.2017
Turkish Lira bank borrowings	21.92	540,929,459	12.21	132,704,943
Debt securities in issue (**)		81,963,333		20,084,568
Total		622,892,792		152,789,511

(*) Short term bank loans Currency Type	Weighted Average Interest Rate (%)	31.12.2018 TRY Equivalent	Weighted Average Interest Rate (%)	31.12.2017 TRY Equivalent
TRY Loans	30.04	337,661,318	16.24	121,228,328
USD Loans	9.32	30,013,379	5.64	8,096,294
AED Loans	7.57	114,796,654		536,010
EUR Loans	12.28	58,458,108		--
RUB Loans		--	14.75	2,844,311
Total		540,929,459		132,704,943

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8. FINANCIAL LIABILITIES (continued)

Long term borrowings	Weighted Average Interest Rate (%)	31.12.2018	Weighted Average Interest Rate (%)	31.12.2017
Turkish Lira bank borrowings (*)	26.06	55,054,911	18.68	21,646,297
Debt securities in issue (**)		--		60,000,000
Total		55,054,911		81,646,297

(*) Long term bank loans Currency Type	Weighted Average Interest Rate (%)	31.12.2018 TRY Equivalent	Weighted Average Interest Rate (%)	31.12.2017 TRY Equivalent
TRY Loans	26.39	53,843,935	18.68	21,646,297
USD Loans	9.75	779,755		--
AED Loans	13.5	431,221		--
Total		55,054,911		21,646,297

(**) Issued Bond Interest Rate for TRSAEST91911 ISIN Code is "Government Debt Securities" (Benchmark)+ yearly additional yield ratio is 5% which is also 3-month interest coupon payment. Issued Bond Interest Rate for TRSAEST91812 ISIN Code is 'is 38% and it is rescheduled to 31 May, 2019 for principal interest coupon payment.

The Group, has started negotiations with the financial institutions to re-construct its short term loans as long term loans on November 5, 2018 in consideration of Financial Restructuring Framework Agreement.

9. OTHER FINANCIAL LIABILITIES

Short term borrowings	Weighted Average Interest Rate (%)	31.12.2018	Weighted Average Interest Rate (%)	31.12.2017
Finance lease payables (USD)	5.7	64,530	5.7	381,497
Finance lease payables (TRY)		17,151		14,951
Finance lease payables (EUR)	2.2	1,890,399	2.2	1,725,882
Finance lease payables (RUB)		--		275,881
Total		1,972,080		2,398,211

Long term borrowings	Weighted Average Interest Rate (%)	31.12.2018	Weighted Average Interest Rate (%)	31.12.2017
Finance lease payables (USD)		--	5.7	64,530
Finance lease payables (TRY)		--	--	17,151
Finance lease payables (EUR)	2.2	4,675,472	2.2	4,030,927
Total		4,675,472		4,112,608

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9. OTHER FINANCIAL LIABILITIES (continued)

Financial lease obligations (continued)

The amount of the minimum lease payments and the present value of the payments are as follows:

31.12.2018	TRY **< 1 year**	TRY **1 year – 4 years**	TRY **Total**
Minimum lease payments			
-USD denominated financial leases	67,530	-	67,530
-TRY denominated financial leases	19,552	-	19,552
-EUR denominated financial leases	2,182,996	5,029,946	7,212,942
-RUB denominated financial leases	-	-	-
Total	2,270,078	5,029,946	7,300,024
Present value of payments			
-USD denominated financial leases	64,530	-	64,530
-TRY denominated financial leases	17,151	-	17,151
-EUR denominated financial leases	1,890,399	4,675,472	6,565,871
-RUB denominated financial leases	-	-	-
Total	1,972,080	4,675,472	6,647,552

31.12.2017	TRY **< 1 year**	TRY **1 year – 4 years**	TRY **Total**
Minimum lease payments			
-USD denominated financial leases	411,569	67,530	479,099
-TRY denominated financial leases	18,691	19,552	38,243
-EUR denominated financial leases	1,974,324	4,263,851	6,238,175
-RUB denominated financial leases	275,881	-	275,881
Total	2,680,465	4,350,933	7,031,399
Present value of payments			
-USD denominated financial leases	381,497	64,530	446,027
-TRY denominated financial leases	14,951	17,151	32,103
-EUR denominated financial leases	1,725,882	4,030,927	5,756,808
-RUB denominated financial leases	275,881	-	275,881
Total	2,398,211	4,112,608	6,510,819

The Group capitalized its real estate amounted to TRY 1,952,225 as of 17 February 2016 and then did sell and lease back to Halk Finansal Kiralama A.Ş. as of 18 February 2016 for 5 years period with value of EUR 2,522,067.

Liabilities related to finance lease, has been secured through the right of lessor on leased assets. Interest rates related to leasing transactions are fixed by contracts for the entire rental period.

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10. TRADE RECEIVABLES AND PAYABLES

Short Term Trade Receivables	31.12.2018	31.12.2017
Trade Receivables (*)	168,813,426	91,372,298
Notes receivable (**)	150,000	1,252,501
Income accurals	58,067,969	6,113,809
Retention receivables from contractors (****)	86,868,353	92,897,914
Doubtful receivables (***)	1,721,135	931,698
Allowance for doubtful receivables (-)	(1,721,135)	(931,698)
Total	313,899,748	191,636,522

(*) Maturity of trade receivables is as follows:

Trade Receivables	31.12.2018	31.12.2017
Maturity of receivables up to a month	30,157,551	22,961,757
Maturity of receivables up to three months	138,655,875	38,496,054
Maturity of receivables up to three-six months	--	29,914,487
Total	168,813,426	91,372,298

(**) Maturity of notes receivables is as follows:

Notes receivable	31.12.2018	31.12.2017
Maturity of notes receivables up to a month	50,000	--
Maturity of notes receivables up to three months	100,000	313,126
Maturity of notes receivables up to three-six months	--	939,375
Total	150,000	1,252,501

The average effective interest rate applied for term notes receivables in TRY is 23.50%. (31.12.2017:11.00%)

Allowance for doubtful receivables is determined by referring top as default experience.

(***) Doubtful trade receivables are as follows:

Allowance for doubtful receivables	31.12.2018	31.12.2017
Beginning of the year	(931,698)	(855,729)
Allowance during the year	(789,437)	(75,969)
Collections (-)	--	--
Year end balance	(1,721,135)	(931,698)

(****) The Group's interim progress billings from its employee are subject to retention deductions, called "Retention receivables from contractors" which vary, based on the individual agreements. These balances are collected from the employees upon successful completion of the contract at the end of the warranty period.

There are not any guarantees received for not due trade receivables.

As of 31.12.2018 and 31.12.2017 the aging of overdue receivables and credit risk analysis are stated in Note 39.

Collection period of receivables related to construction contract varies according to the circumstances, these periods vary between 30 days and 180 days.

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10. TRADE RECEIVABLES AND PAYABLES (continued)

Short Term Trade Payables	**31.12.2018**	**31.12.2017**
Trade Payables (*)	118,720,621	327,003,210
Notes Payable (**)	265,561,935	117,892,073
Other Payable	72,098,527	31,086,107
Less: Unearned interest on payables (-)	(3,315,699)	(3,706,944)
Total	453,065,384	472,274,447

(*) Trade payables details:

Trade Payables	**31.12.2018**	**31.12.2017**
Maturity of trade payables up to a month	56,998,902	40,700,132
Maturity of trade payables up to three months	27,464,547	75,115,103
Maturity of trade payables up to three-six months	26,968,401	103,938,044
Maturity of trade payables up to six months and more	7,288,771	107,249,930
Total	118,720,621	327,003,210

(**) Notes payables details:

Notes Payables	**31.12.2018**	**31.12.2017**
Maturity of notes payables up to a month	89,752,278	48,684,085
Maturity of notes payables up to three months	95,990,332	42,860,785
Maturity of notes payables up to three-six months	76,516,885	24,996,273
Maturity of notes payables up to six months and more	3,302,440	1,350,930
Total	265,561,935	117,892,073

The effective interest rate applied for short-term notes payables in TRY is 23.50% (31.12.2017:11.00%).

As of 31.12.2018 and 31.12.2017 the aging of trade payables and liquidity risk analysis are stated in Note 39.

11. OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables	**31.12.2018**	**31.12.2017**
Other Receivables	21,082,582	13,414,821
Receivables from Personnel	969,278	682,823
Restricted Accounts	38,630,153	2,510,232
Provision for Other Doubtful Receivables (*)	(19,738,691)	(12,579,878)
Total	40,943,322	4,027,998

Short Term Other Payables	**31.12.2018**	**31.12.2017**
Other Payables	2,446	94,494
Total	2,446	94,494

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11. OTHER RECEIVABLES AND PAYABLES (continued)

Long Term Other Receivables	**31.12.2018**	**31.12.2017**
Deposits and guarantees given	8,120,247	5,214,376
Retention Receivables from Contractors	--	338,029
Total	8,120,247	5,552,405

(*)Allowance of doubtful other receivables	**31.12.2018**	**31.12.2017**
Beginning of the year	(12,579,878)	(10,763,567)
Allowance during the year	(7,158,813)	(1,816,311)
Collections (-)	--	--
Year end balance	(19,738,691)	(12,579,878)

As of 31.12.2018 and 31.12.2017 the aging analyses of other payables and liquidity risk are stated in Note 39.

12. RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None. (31.12.2017: None.)

13. INVENTORIES

	31.12.2018	**31.12.2017**
Merchandises	40,282,643	323,542
Provision for impairment value of inventories (-)	(4,900,267)	--
Total	35,382,376	323,542

The Group does not have inventories that are below the net realizable value as of 31.12.2018.

As of 31.12.2018, there is not any pledge on inventories (31.12.2017: None).

14. BIOLOGICAL ASSETS

None. (31.12.2017: None.)

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15. CONSTRUCTION CONTRACT RECEIVABLES AND PAYABLES

	31.12.2018	31.12.2017
Construction Contract Receivables	1,027,784,025	649,007,691
Total	1,027,784,025	649,007,691

Details of cost of long term construction and repair projects are as follows:

	31.12.2018	31.12.2017
Construction Contract Receivables details:	--	--
-Cost of domestic construction and repair projects	--	--
-Income accruals for domestic construction and repair projects (*)	--	43,543,997
-Cost of international construction and repair projects	--	--
projects(*)	1,027,784,025	605,463,694
	1,027,784,025	649,007,691

(*) Reasonable assurance has been formed that the Group would fulfil necessary conditions to gain its income accruals. The value of income accruals has been reflected to financial statements based on their fair value according to accrual basis.

	31.12.2018	31.12.2017
Construction Contract Payables	66,334,686	26,840,158
Total	66,334,686	26,840,158

Short term advances received for the ongoing construction contracts as of 31.12.2018 sum up to TRY 192,876,912 (31.12.2017: TRY 142,027,265).

16. INVESTMENTS ACCORDING TO EQUITY METHOD

	31.12.2018	31.12.2017
AE Arma Electropanc Electromechanical Contracting Lebanon S.A.R.L. UC (*)	13,087	13,087
Total	13,087	13,087

(*) Activities are not accounted by the equity method because the entity does not have any activities.

17. INVESTMENT PROPERTY

None. (31.12.2017: None.)

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18. PROPERTY, PLANT AND EQUIPMENT

Cost	1.01.2018	Additions	Disposals (-)	Currency translation differences	31.12.2018
Buildings	7,386,562		--	--	7,386,562
Leasehold Improvements	260,794		--	--	260,794
Property, plant and equipment	8,612,482	--	--	4,560,561	13,173,043
Vehicles	1,083,092	--	(762,453)	209,410	530,049
Furnitures and fittings	6,985,931	889,371	(454,494)	740,602	8,161,410
Total	24,328,861	889,371	(1,216,947)	5,510,573	29,511,858
Accumulated Depreciation (-)					
Buildings	(283,151)	(147,731)	--	--	(430,882)
Leasehold Improvements	(243,780)	(19,713)	--	--	(263,493)
Property, plant and equipment	(5,637,957)	(2,315,803)	--	(3,524,641)	(11,478,401)
Vehicles	(495,425)	(51,561)	462,088	(351,073)	(435,971)
Furnitures and fittings	(5,233,313)	(953,787)	233,608	(103,278)	(6,056,770)
Total	(11,893,626)	(3,488,595)	695,696	(3,978,992)	(18,665,517)
Carrying Value	**12,435,235**				**10,846,341**

Cost	1.1.2017	Additions	Disposals (-)	Currency translation differences	31.12.2017
Buildings	7,386,562		--	--	7,386,562
Leasehold Improvements	260,794		--	--	260,794
Property, plant and equipment	7,579,741	1,366,215	--	(333,474)	8,612,482
Vehicles	686,126	408,876	--	(11,910)	1,083,092
Furnitures and fittings	7,091,790	560,879	(416,633)	(250,106)	6,985,931
Total	23,005,013	2,335,970	(416,633)	(595,490)	24,328,861
Accumulated Depreciation (-)					
Buildings	(135,420)	(147,731)	--	--	(283,151)
Leasehold Improvements	(235,518)	(8,262)	--	--	(243,780)
Property, plant and equipment	(3,663,559)	(1,764,553)	--	(209,845)	(5,637,957)
Vehicles	(392,856)	(77,388)	--	(25,181)	(495,425)
Furnitures and fittings	(4,384,768)	(1,099,766)	416,633	(165,412)	(5,233,313)
Total	(8,812,121)	(3,097,700)	416,633	(400,438)	(11,893,626)
Carrying Value	**14,192,893**				**12,435,235**

As of 31.12.2018, TRY 5,340,000 (31.12.2017: TRY 4,534,250) worth of insurance warranties are available on the assets. There are not any mortgages or pledges on property, plant and equipment. Total depreciation expense for the year amounted to TRY 3,488,595 (2017: TRY 3,097,700). This amount is fully included in general and administrative expenses (Note 29).

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19. INTANGIBLE FIXED ASSETS

Intangible Fixed Assets	**31.12.2018**	**31.12.2017**
Rights		
-Computer Programs	2,936,022	2,876,366
-ERP System	540,624	540,624
Accumulated Amortisation (-)	(1,962,556)	(1,635,820)
Total	1,514,090	1,781,170

Total Amortisation expense for the year amounted to TRY 326,736. (31.12.2017: TRY 327,960) This amount is included in general and administrative expenses (Note 29).

20. POSITIVE / NEGATIVE GOODWILL

None. (31.12.2017: None.)

21. DEFERRED INCOME

Short Term Deferred Income	**31.12.2018**	**31.12.2017**
Order Advances Received	192,876,912	97,570,889
Unearned Fixed Asset Sale Income	1,042,013	1,042,013
Total	193,918,925	98,612,902

Short Term Order Advances Received	**31.12.2018**	**31.12.2017**
Turkey Order Advances Received	1,325,481	7,895,345
Russian Branch Order Advances Received	36,269,692	34,292,566
Dubai Order Advances Received	146,606,673	52,183,979
Abu Dhabi Order Advances Received	2,767,802	475,667
Russia OOO Order Advances Received	2,260,555	1,952,848
England Order Advances Received	3,646,709	770,484
Total	192,876,912	97,570,889

Long Term Defered Income	**31.12.2018**	**31.12.2017**
Order Advanced Received	--	44,459,745
Unearned Fixed Asset Sale Income	1,302,516	2,344,528
Total	1,302,516	46,804,273

Long Term Order Advances Received	**31.12.2018**	**31.12.2017**
Turkey Order Advances Received	--	--
Dubai Order Advances Received	--	44,459,745
Total	--	44,459,745

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22.PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

Contingent Assets

None. (31.12.2017: None.)

Contingent Liabilities

	USD	EUR	TL	AED	31.12.2018 TRY Total
Given for Projects					
Letter of Guarantees Given	41,950,723	14,915,426	7,981,088	114,432,076	483,075,001
Guarantee Notes	--	--	--		--
Guarantee Checks	--	--	25,223,880	--	25,223,880
Total	41,950,723	14,915,426	33,204,968	114,432,076	508,298,881

	USD	EUR	TL	AED	31.12.2017 TRY Total
Given for Projects					
Letter of Guarantees Given	106,887,958	10,827,396	12,007,082	--	464,068,876
Guarantee Notes	--	--	--	--	--
Guarantee Checks	--	--	1,200,000	--	1,200,000
Total	106,887,958	10,827,396	13,207,082	--	465,268,876

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22.PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (continued)

Contingent Liabilities (continued)

					31.12.2018
Guarantees given by the Group (Guarantee- Pledge- Mortgages)	**Total TRY Equivalent**	**USD**	**EUR**	**AED**	**TRY**
1.Total amount GPM given on behalf of its own legal personality	508,298,881	41,950,723	14,915,426	114,432,076	33,204,968
2. GPM given on behalf of the full consolidated subsidiaries	-	-	-	-	-
3.GPM given to third parties in order to operate ordinary course of business	-	-	-	-	-
4. Total amount of other GPM given	-	-	-	-	-
- Total amount of GPM given on behalf of the partner company	-	-	-	-	-
- Total amount of GPM given to related parties that are not covered by 2nd and 3rd articles	-	-	-	-	-
-Total amount of GPM given to third parties that are not covered by 3rd article	-	-	-	-	-
Total	508,298,881	41,950,723	14,915,426	114,432,076	33,204,968

					31.12.2017
Guarantees given by the Group (Guarantee- Pledge- Mortgages)	**Total TRY Equivalent**	**USD**	**EUR**	**AED**	**TRY**
1.Total amount GPM given on behalf of its own legal personality	465,268,876	106,887,958	10,827,396	-	13,207,082
2. GPM given on behalf of the full consolidated subsidiaries	-	-	-	-	-
3.GPM given to third parties in order to operate ordinary course of business	-	-	-	-	-
4. Total amount of other GPM given					
- Total amount of GPM given on behalf of the partner company	-	-	-	-	-
- Total amount of GPM given to related parties that are not covered by 2nd and 3rd articles	-	-	-	-	-
-Total amount of GPM given to third parties that are not covered by 3rd article	-	-	-	-	-
Total	465,268,876	106,887,958	10,827,396	-	13,207,082

The ratio of other GPM given by Group, to equity is 0,00% (31.12.2017: 0, 00%)

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23. PROVISIONS FOR LITIGATIONS

Legal Cases

As of 31 December 2018, the Group set a provision of TRY 14,296,703 (31.12.2017: TRY 789,902) for the litigations against the Group.

The Group filed a lawsuit in the Dubai Commercial Court on January 30, 2018 against of Bin Belaila Baytur LLC for the Jumariah Park Villas Package 5&5A and Package 6, which is the projects have been terminated by the employer. The court decided to pay to the Group amounting of AED 64,799,826 with 9 % interest. Also; The Group filed a lawsuit on February 19. 2018 in order to collect that amount and the Supreme Court of Appeals decided in favour of the Group on March 29, 2018 as AED 64,799,826 + 9%. As of reporting date, the case is ongoing for the execution and collection.

24. EMPLOYEE BENEFITS

Short Term Employee Benefits	31.12.2018	31.12.2017
Payables to Personnel	17,294,697	16,655,479
Total	17,294,697	16,655,479

Long-Term Employee Benefits

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or who retires after completing 25 years of service (20 years for women).

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 group's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

At balance sheet date and the expected salary increase rate of 16.48% per annum assuming a discount rate of 10 % about 5.89 % real discount rate is calculated based on the following assumptions to retire. (31 December 2017: 5%, 9% and 3.81 % respectively).

	31.12.2018	31.12.2017
Net discount rate (%)	5.89	3.81
Retirement Probability (%)	89.91	87.54

The main assumption is that the maximum liability amount increases parallel to the inflation rate for every service year. Therefore, the 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 31 December 2018 are calculated by estimating the present value of probable liabilities arising due to retirement of employees.

Retirement pay provision of the Group is estimated by TRY 6,017 which is current maximum salary limit as of 1 January 2019. (Retirement pay ceiling is increased to TRY 5,001 as of 1 January 2018)

Retirement pay liability is not subject to any kind of funding legally.

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24. EMPLOYEE BENEFITS (continued)

As of 31 December 2018 and 31 December 2017 Severance Pay Provisions are calculated as follows:

	31.12.2018	31.12.2017
Beginning of the year	6,331,048	5,174,305
Provision during the year	2,580,987	2,219,289
Payments during the year (-)	(2,006,477)	(1,062,546)
Actuarial (gains)/losses	(33,832)	--
Year End Balance	6,871,726	6,331,048

25. PREPAID EXPENSES

Prepaid Expenses	31.12.2018	31.12.2017
Prepaid Expenses	12,835,982	4,982,416
Order Advances Given	49,495,488	70,405,053
Total	62,331,470	75,387,469

26. OTHER CURRENT/NONCURRENT ASSETS AND LIABILITIES

Other Current Assets	31.12.2018	31.12.2017
Advances Given for Business Purposes	6,012,096	2,794,889
Advances Given to Personnel	247,523	392,350
Deferred VAT	6,951,601	13,552,776
Total	13,211,220	16,740,015

Other Non-Current Assets	31.12.2018	31.12.2017
Prepaid Expenses	--	719,278
Prepaid Taxes and Funds	--	1,975,996
Total	--	2,695,274

Other Current Liabilities	31.12.2018	31.12.2017
Taxes and Dues Payable	8,826,792	3,414,244
Social Security Premiums Payable	3,525,920	4,788,446
Provision for Litigations	14,296,708	789,902
Other Payables	--	796,254
Total	26,649,420	9,788,846

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27. EQUITY

The Group's capital is TRY 100,000,000 and 100,000,000 shares (31.12.2017: TRY 100,000,000 and 100,000,000 shares).

Shareholders	**31.12.2018**		**31.12.2017**	
	Amount	**Ratio %**	**Amount**	**Ratio %**
Kemal Kızılhan	30,671,376	30.67%	28,004,710	28.00%
Ahmet Medih Ertan	30,671,376	30.67%	28,004,710	28.00%
Hasan İnce	30,657,248	30.66%	27,990,580	28.00%
Halil Demir Özkaya	8,000,000	8.00%	8,000,000	8.00%
Mehmet Asım Coşkun	--	0.00%	6,000,000	6.00%
Ersan Can	--	0.00%	2,000,000	2.00%
Total	100,000,000	100.00%	100,000,000	100.00%

There is no registered capital system.

Inflation Adjustments

All shareholders' equity in the financial statements must be shown at their nominal amounts. IAS/IFRS valuation made in accordance with the inflation adjustment differences arising on the pen where the statement. The accompanying consolidated financial statements, all of the capital adjustment to paid-in capital consists of the capital.

	31.12.2018	**31.12.2017**
Inflation Adjustments	66,213	66,213
	66,213	66,213

Legal Reserves

Accumulated profits in statutory books can be distributed except for the following legal provision related to legal reserves. According to Turkish Commercial Code ("TCC"), legal reserves can be categorized as order I (first) legal reserves and order II (second) legal reserves. Order I (first) legal reserves are apportioned as 5% of statutory net profit to the extent that they reach to 20% of the company's paid-in capital. Order II (second) legal reserves equal to 10% of distributable profit exceeding 5% of paid-in capital. According to "TTC", legal reserves can only be used to set off losses as long as they do not exceed 50% of paid-in capital.

Legal Reserves	**31.12.2018**	**31.12.2017**
Legal Reserves	1,613,685	1,597,775
Total	1,613,685	1,597,775

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27. EQUITY(continued)

Retained Earnings/(Loss)	**31.12.2018**	**31.12.2017**
Retained Earnings	39,904,183	16,015,177
Extraordinary Reserves	12,214	12,214
Total	39,916,397	16,027,391

Profit Distribution

Listed companies distribute profit in accordance with the Communiqué No. II-19.1 issued by CMB which is effective from 1 February 2014. Companies distribute profit in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute profit in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

Resources Available for Distribution from Profit:

Details of the Group's Resources Available for Distribution from Profit as at 31 December 2018 and 31 December 2017 are as follows:

Profit Distribution Items	**31.12.2018**	**31.12.2017**
Extraordinary Reserves	12,214	12,214
Retained Earnings	39,904,183	16,015,177
Income for the year	--	318,150

Non-Controlling Interest

Shares attributable to third parties in the shareholders' equity (including approved and paid-in capital) of the consolidated subsidiaries, which are not fully owned, are separately accounted for as non-controlling interests in the consolidated financial statements by reducing from related shareholders' equity components.

Shares attributable to third parties in the net profit or loss for the periods of the consolidated subsidiaries, which are not fully owned, are separately accounted for as non-controlling interests, in the distribution of period profit / (loss) section of the consolidated statement of income.

Details of the Group's non-controlling interests as of 31 December 2018 and 31 December 2017 are as follows:

	31.12.2018	**31.12.2017**
Beginning of the year	22,462,331	36,022,030
Non-controlling interest	41,241,357	21,264,904
Foreing Currency Translation Difference	(80,823,845)	(34,824,603)
Year End Balance	(17,120,157)	22,462,331

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27. EQUITY(continued)

Foreign Currency Translation Differences

Foreign Subsidiaries' and branches assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "cumulative translation differences" under the equity.

Total translation difference losses are TRY 80,470,499 as of 31 December 2017. (31.12.2017: TRY 50,284,112)

28. SALES AND COST OF SALES

Sales Income (net)	01.01-31.12.2018	01.01-31.12.2017
Domestic Sales	13,413,924	118,333,024
Export Sales	1,080,282,416	1,165,295,740
Sale of goods	199,183,418	58,285,393
Total	1,292,879,758	1,341,914,157

Cost of Sales (-)	01.01-31.12.2018	01.01-31.12.2017
Cost of goods sold	(199,007,861)	(47,996,302)
Cost of services rendered	(936,293,338)	(1,152,412,210)
Total	(1,135,301,199)	(1,200,408,512)

29. MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	01.01-31.12.2018	01.01-31.12.2017
Marketing Expenses (-)	698,470	2,283,517
General Administrative Expenses (-)	52,232,845	44,079,869
Total	52,931,315	46,363,386

The details of Operating Expenses given below:

Marketing Expenses (-)	01.01-31.12.2018	01.01-31.12.2017
Transportation Expenses	499,673	1,727,746
Custom Expenses	75,676	100,291
Rent Expenses	92,612	100,478
Other Expenses	30,509	355,002
Total	698,470	2,283,517

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29. MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (continued)

General Administrative Expenses (-)	01.01-31.12.2018	01.01-31.12.2017
Personnel Costs	27,504,493	25,216,224
Depreciation Expenses	3,488,595	3,097,700
Amortisation Expenses	326,736	327,960
Provision for Severance Pay	2,580,987	2,219,289
Travel and Accomodation Expenses	1,087,696	719,620
Rent Expenses	2,783,252	1,689,541
Car Rental and Gasoline Expenses	1,562,864	1,489,387
Electricity, Water, Communication and Heat Expenses	608,770	967,011
Lawyer and Consultancy Expenses	4,772,431	2,183,724
Sponsorship Expenses	125,325	127,716
Advertisement Expenses	223,515	45,601
Repair and Maintenance Expenses	956,625	392,033
Insurance Expenses	1,207,802	680,550
Education Expenses	5,329	56,752
Stationary Expenses	234,317	210,096
Subscription Fees	67,126	162,557
Furniture Expenses	51,255	49,464
Replacement and Visa Expenses	1,311,550	415,833
Notary, Tax, Duties and Levies Expenses	496,050	732,646
Other Expenses	2,838,127	3,296,166
Total	52,232,845	44,079,869

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30. EXPENSES BY NATURE

	01.01-31.12.2018	01.01-31.12.2017
Personnel Costs	27,504,493	25,216,224
Depreciation Expenses	3,488,595	3,097,700
Amortisation Expenses	326,736	327,960
Provision Expenses for Severance Pay	2,580,987	2,219,289
Travel and Accomodation Expenses	1,087,696	719,620
Rent Expenses	2,875,865	1,790,019
Car Rental and Gasoline Expenses	1,562,864	1,489,387
Electricity, Water, Communication and Heat Ex	608,770	967,011
Lawyer and Consultancy Expenses	4,772,431	2,183,724
Sponsorship Expenses	125,325	127,716
Advertisement Expenses	223,515	45,601
Repair and Maintenance Expenses	956,625	392,033
Insurance Expenses	1,207,802	680,550
Education Expenses	5,329	56,752
Stationary Expenses	234,317	210,096
Subscription Fees	67,126	162,557
Furniture Expenses	51,255	49,464
Replacement and Visa Expenses	1,311,550	415,833
Notary, Tax, Duties and Levies Expenses	496,050	732,646
Transportation Expenses	499,673	1,727,746
Custom Expenses	75,676	100,291
Other Expenses	2,868,635	3,651,168
Total	52,931,315	46,363,386

31. OTHER OPERATING INCOME / EXPENSES

Other Operating Income	01.01-31.12.2018	01.01-31.12.2017
Other Operational Income	352,285	2,320,531
Social Security Incentives	44,055	944,723
Scrap Sales Income	3,337,538	2,089,770
Rediscount income	3,263,219	3,614,908
Other Income	2,554,036	507,731
Total	9,551,133	9,477,663

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31. OTHER OPERATING INCOME / EXPENSES (continued)

Other Operating Expenses (-)	**01.01-31.12.2018**	**01.01-31.12.2017**
Tax Expenses	2,631,470	1,356,764
Provision Expenses	12,058,615	1,747,448
Rediscount Expense	3,701,603	1,572,330
Tax Base Increase	2,072,846	--
Provision for Litigations	14,296,703	--
Other Expenses	1,068,684	914,837
Total	35,829,921	5,591,379

32. INCOMES / LOSSES FROM INVESTING ACTIVITIES

	01.01-31.12.2018	**01.01-31.12.2017**
Income from sale of building	1,042,012	1,193,850
Total	1,042,012	1,193,850

	01.01-31.12.2018	**01.01-31.12.2017**
Loss from sale of fixed assets	570,688	35,842
Total	570,688	35,842

33. FINANCIAL INCOMES

	01.01-31.12.2018	**01.01-31.12.2017**
Foreign Exchange Gains	45,438,260	18,970,651
Interest Income	415	1,684
Total	45,438,675	18,972,335

34. FINANCIAL EXPENSES

	01.01-31.12.2018	**01.01-31.12.2017**
Foreign Exchange Losses (-)	34,037,686	26,564,329
Interest Comission Expenses (-)	74,848,095	45,044,766
Total	108,885,781	71,609,095

35. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (31.12.2017: None.)

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36. TAXATION AND DEFERRED TAXES

Tax Provision

	01.01-31.12.2018	01.01-31.12.2017
Provision for Corporate Tax (-)	(670,857)	(1,428,661)
Deferred Tax Income /(Expense)	5,351,491	(951,310)
Total	4,680,634	(2,379,971)

Corporation tax is payable, at a rate of 22% on the total income of the companies registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. R&D allowance).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

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.

The Turkish Tax Procedural Law does not include a procedure for formally agreeing tax assessments. The tax authorities may inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In accordance with Article 91 of the "Law on Amendments to Certain Tax Laws and Other Laws" numbered 7061 and published in the Official Gazette dated 5 December 2017 and numbered 30261 and the provisional article 10 added to the Tax Law No.5520. It is foreseen that the corporation tax that should be paid over the profits of the 2018, 2019 and 2020 taxation periods is calculated as 22%. For the periods after 2021 tax effects of the temporary differences are considered in accordance with materiality level.

Deferred Taxes:

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.

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36. TAXATION AND DEFERRED TAXES(continued)

Deferred Taxes (continued):

The principal tax rates of the tax authorities are as follows:

Country	31.12.2018	31.12.2017
Russia	20%	20%
England	19%	19%
Azerbaijan	20%	20%
Qatar	10%	10%
The United Arab Emirates	0%	0%

	Cumulative Temporary Differences		Deferred Tax Assets/Liabilities	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Deferred Tax Assets				
Difference in Tangible and Intangible Assets	5,269,855	3,159,190	1,053,971	631,838
Severance Pay Provision	1,378,115	1,225,895	275,623	245,179
Discount Adjustments	1,264,275	1,406,590	252,855	281,318
Provision for Doubtful Receivables	16,185,801	11,976,715	3,237,160	2,575,343
Inventory write-off	3,658,155	3,289,945	731,631	657,989
Construction Contracts Adjustments, net	21,870,265	24,835,055	4,377,411	4,970,369
Foreign Currency Difference Adjustments	3,380,540	911,180	676,108	2,236
Provision for litigations	7,460,930	803,060	1,492,186	160,612
Interest expense accural	2,546,950	959,050	509,390	191,810
	63,014,886	**48,566,680**	**12,606,335**	**9,716,694**
Deferred Tax Liabilities				
Cancellation of doubtful receivable provision	--	22,740	--	4,548
Difference in Tangible and Intangible Assets	--	411,125	--	82,225
Foreign Currency Difference Adjustments	--	289,105	--	57,821
Discount Adjustments	1,081,725	1,264,275	216,345	252,855
Income accurals adjustment	609,040	6,725,190	121,808	1,345,038
Construction Contracts Adjustments, net	35,174,395	40,461,975	7,034,879	8,092,395
Cancellation of Foreign Currency Difference	--	--	--	--
	36,865,160	**49,174,410**	**7,373,032**	**9,834,882**
Deferred Tax, net	**26,149,726**	**(607,730)**	**5,233,303**	**(118,188)**

Deferred tax income for 2018 is TRY 5,351,491 (2017: Loss TRY 951,310)

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37. EARNINGS PER SHARE

	01.01-31.12.2018	01.01-31.12.2017
Profit for the period attributable to equity holder of the parent	(21,168,049)	23,904,916
Unit of Shares	100,000,000	100,000,000
Earnings Per Share	(0.212)	0.239
Earnings Per Share from operating activities	(0.212)	0.239

38. RELATED PARTY DISCLOSURES

Due From Related Parties	**31.12.2018**	**31.12.2017**
Geo Özel Eğitim Hizmetleri A.Ş.	4,476,318	--
	4,476,318	--

Due To Related Parties	**31.12.2018**	**31.12.2017**
Elektropanç Elektrik San. Tic. Ltd. Şti.	5,074,925	--
Gunes Electromechanical Co. LLC.	49,720,741	--
Gerçek Kişi Ortaklara Borçlar	3,699,738	--
	58,495,404	--

Details of related party transactions are as follows:

Purchases From Related Parties	**01.01-31.12.2018**	**01.01-31.12.2017**
Elektropanç Elektrik San. Tic. Ltd. Şti.	7,087,000	--
Elektropanç Elektronik San. ve Tic. Ltd. Şti.	--	715,341
Gunes Electromechanical Co. LLC.	177,291,682	--
	184,378,682	715,341

Borrowings From Related Parties	**01.01-31.12.2018**	**01.01-31.12.2017**
Borrowings from Shareholders	10,673,442	--
	10,673,442	--

There are no guarantees received or given in related parties. (31 December 2017: None.)

Payments related to benefits to key management personnel are stated below:

Benefits of Key Management Personnel	**01.01-31.12.2018**	**01.01-31.12.2017**
Salaries and other short term benefits	3,389,514	4,065,398
Total	3,389,514	4,065,398

Group's senior management consists of general manager, board members and independent board members. Benefits provided to senior management are general manager's salary and payments under the honorarium.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Equity Risk Management

The aims of the Group are to be beneficial for all shareholders and maintaining the best capital combination to reduce capital cost and sustainability of the capital.

The Group may change dividends that are paid to shareholders, give back the capital to shareholders, in order to save or rearrange capital combination, put new equities on the market and may sell assets to reduce debt proportion.

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 consolidated balance sheet.

Liabilities/equity proportion calculation has been stated below:

	31.12.2018	31.12.2017
Total Liabilities	1,516,574,348	929,611,817
Less: Cash and Cash Equivalents	(1,080,860)	(68,917,106)
Net Liabilities	1,515,493,488	860,694,711
Total Equity	22,490,739	113,461,495
Liabilities/Equity Proportion	67.38	7.59

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents and trade receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group has no Credit risk analysis: (31.12.2017: None).

As of 31 December 2018 and 31 December 2017 credit risks exposed by types of financial instruments are as follows:

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk (continued)

Exposure to credit risk in consideration of financial instruments:

	Receivables				Cash and Cash Equivalents	
	Trade Receivables		Other Receivables			
Current Period	Related Party	Third Party	Related Party	Third Party	Bank Deposits	Notes Received (less than three months)
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E) (1)	4,476,318	313,899,748	-	40,943,322	140,979	150,000
- Total receivable that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-
A. Financial assets that are not either past due or impaired (2)	4,476,318	313,899,748	-	40,943,322	140,979	150,000
B. The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-
C. The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-
D. The amount of financial assets that are impaired (*)	-	-	-	-	-	-
- Past due (Gross book value)	-	1,721,135	-	19,738,691	-	-
- The amount of impairment (-)	-	(1,721,135)	-	(19,738,691)	-	-
E. Off balance sheet credit risk amount	-	-	-	-	-	-

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk (continued)

Exposure to credit risk in consideration of financial instruments:

	Receivables				Cash and Cash Equivalents	
	Trade Receivables		Other Receivables			
Previous Period	Related Party	Third Party	Related Party	Third Party	Bank Deposits	Notes Received (less than three months)
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E) (1)	-	191,636,522	-	4,027,998	68,611,398	313,126
- Total receivable that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-
A. Financial assets that are not either past due or impaired (2)	-	191,636,522	-	4,027,998	68,611,398	313,126
B. The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-
C. The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-
D. The amount of financial assets that are impaired (*)	-	-	-	-	-	-
- Past due (Gross book value)	-	931,698	-	12,579,878	-	-
- The amount of impairment (-)	-	(931,698)	-	(12,579,878)	-	-
E. Off balance sheet credit risk amount	-	-	-	-	-	-

(1) The factors which help to improve the credit reliability, such as received collaterals, were disregarded.
(2) The Group management predicted that it would not be encountered any problem regarding Collection of Receivables except doubtful receivables because of considering their past experiences.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk (continued)

Past Due and Overdue Receivables:

Current Period	Receivables	
	Trade Receivables	Other Receivables
Overdue Between 1-30 days	-	-
Overdue Between 1-3 months	-	-
Overdue Between 3-12 months	-	-
Overdue Between 1-5 years	1,721,135	19,738,691
Overdue over 5 years	-	-
Overdue Receivables secured with collaterals	-	-

Prior Period	Receivables	
	Trade Receivables	Other Receivables
Overdue Between 1-30 days	-	-
Overdue Between 1-3 months	-	-
Overdue Between 3-12 months	-	-
Overdue Between 1-5 years	931,698	12,579,878
Overdue over 5 years	-	-
Overdue Receivables secured with collaterals	-	-

Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements The Group's objective is to maintain a balance between current assets and liabilities through close monitoring of payment plans and cash projections. The Group manages short, medium and long term funding and liquidity management requirements by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual payments. The Group does not have any derivative liabilities.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

31.12.2018

Contractual Maturity Analysis	Book Value	Cash by contracts total cash outs (=I+II+III+IV)	Less than 3 months (I)	Btw -12 months (II)	Btw 1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities	**1,196,158,489**	**1,199,474,188**	**664,928,967**	**399,803,995**	**134,741,226**	--
Bank Loans	595,984,370	595,984,370	264,108,282	201,810,336	130,065,752	-
Leasing Payables	6,647,552	6,647,552	112,740	1,859,338	4,675,474	--
Debts in Issue	81,963,333	81,963,333	--	81,963,333	--	--
Trade Payables	453,065,384	456,381,083	342,304,589	114,076,494	--	--
Other Payables	58,497,850	58,497,850	58,403,356	94,494	--	--

31.12.2017

Contractual Maturity Analysis	Book Value	Cash by contracts total cash outs (=I+II+III+IV)	Less than 3 months (I)	Btw -12 months (II)	Btw 1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities	**713,315,567**	**717,022,510**	**342,704,508**	**288,559,098**	**85,758,905**	--
Bank Loans	154,351,240	154,351,240	54,756,925	77,948,017	21,646,297	-
Leasing Payables	6,510,819	6,510,819	200,586	2,197,625	4,112,608	--
Debts in Issue	80,084,568	80,084,568	--	20,084,568	60,000,000	--
Trade Payables	472,274,447	475,981,390	287,746,996	188,234,394	--	--
Other Payables	94,494	94,494	--	94,494	--	--

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 risks.

The Company is subject to foreign currency risk because of international purchasing and foreign exchange denominated loans. That risk is tried to minimize by setting the sale price in terms of foreign exchange denominated as in the previous years.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign Currency Risk

	31.12.2018			31.12.2017		
	TRY Equivalent	USD	EUR	TRY Equivalent	USD	EUR
1. Trade Receivables	56,890,426	1,835,274	7,835,971	14,022,363	2,929,064	658,671
2a. Monetary Financial Assets (Including cash, bank accounts)	1,923	363	3	567,017	139,766	8,821
2b. Non-Monetary Financial Assets	--	--	--	--	--	--
3. Current Assets	**56,892,349**	**1,835,636**	**7,835,974**	**14,589,380**	**3,068,830**	**667,492**
4a. Non-Monetary Financial Assets	--	--	--	--	--	--
5. Non-current Assets	--	--	--	--	--	--
6. Total Assets	**56,892,349**	**1,835,636**	**7,835,974**	**14,589,380**	**3,068,830**	**667,492**
7. Trade Payables	75,202,047	3,588,250	9,343,833	24,636,730	2,699,570	3,201,024
8. Financial Liabilities	91,779,431	5,085,717	10,786,991	10,203,673	2,247,618	382,213
9. Current Liabilities	**166,981,478**	**8,673,967**	**20,130,824**	**34,840,403**	**4,947,188**	**3,583,236**
10. Financial Liabilities	4,102,213	779,755	--	4,095,457	17,108	892,687
11. Non-current Liabilities	**4,102,213**	**779,755**	--	**4,095,457**	**17,108**	**892,687**
12. Total Liabilities	**171,083,691**	**9,453,722**	**20,130,824**	**38,935,860**	**4,964,296**	**4,475,923**
13. Net Foreign Currency asset/(liability) position	**(114,191,342)**	**(7,618,086)**	**(12,294,849)**	**(24,346,480)**	**(1,895,467)**	**(3,808,431)**
14. Net Foreign Currency asset/(liability) position of the monetary items	**(114,191,342)**	**(7,618,086)**	**(12,294,849)**	**(24,346,480)**	**(1,895,467)**	**(3,808,431)**
15. Exports	**103,626,448**			**56,752,312**	--	--
16. Imports	**36,942,123**			**933,162**	--	--

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign Currency Risk (continued)

Sensitivity to Foreign Currency				
Current Year				
	Profit/(Loss)		**Equity**	
	Appreciation of Foreign Currency	Devaluation of Foreign Currency	Appreciation of Foreign Currency	Devaluation of Foreign Currency
In case of 10% change in USD against TRY:				
1- US Dollar net assets/liabilities	(4,007,799)	4,007,799	-	-
2- The amount of USD Hedging (-)	-	-	-	-
3- US Dollar Net Effect (1+2)	(4,007,799)	4,007,799	-	-
In case of 10% change in EUR against TRY:				
4- EUR net assets/liabilities	(7,411,335)	7,411,335	-	-
5- The amount of EUR Hedging (-)	-	-	-	-
6- EUR Net Effect (1+2)	(7,411,335)	7,411,335	-	-
TOTAL (3+6)	**(11,419,134)**	**11,419,134**	-	-

Sensitivity to Foreign Currency				
Previous Year				
	Profit/(Loss)		**Equity**	
	Appreciation of Foreign Currency	Devaluation of Foreign Currency	Appreciation of Foreign Currency	Devaluation of Foreign Currency
In case of 10% change in USD against TRY:				
1- US Dollar net assets/liabilities	(714,951)	714,951	-	-
2- The amount of USD Hedging (-)	-	-	-	-
3- US Dollar Net Effect (1+2)	(714,951)	714,951	-	-
In case of 10% change in EUR against TRY:				
4- EUR net assets/liabilities	(1,719,697)	1,719,697	-	-
5- The amount of EUR Hedging (-)	-	-	-	-
6- EUR Net Effect (1+2)	(1,719,697)	1,719,697	-	-
TOTAL (3+6)	**(2,434,648)**	**2,434,648**	-	-

The Group has not hedged its foreign exchange liabilities using derivative financial tools.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest Rate Risk

The Group should handle the risk of interest rate occurred as a result of the variations in the prices of financial instruments being affected by the changes in the market interest rates. This risk is managed by holding in short term the assets being affected by the changes in the interest rates.

Interest Rate Risk Table			
		Current year	**Previous year**
Financial Instrument with fixed rate			
	Financial assets at fair value through profit/(loss)	-	-
Financial Assets	Cash and Banks	1,080,860	68,917,106
Financial Liabilities		602,631,922	160,862,059
Financial Instrument with floating rate			
Financial Assets		-	-
Financial Liabilities		81,963,333	80,084,568

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40. FINANCIAL INSTRUMENTS - FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK

31.12.2018	Financial assets at Amortized Cost	Financial Liabilities at Amortized Cost	Carrying Value	Fair Value	Note
Financial Assets					
Cash and Cash Equivalents	1,080,860	-	1,080,860	1,080,860	6
Trade Receivables	313,899,748	-	313,899,748	313,899,748	10
Financial Liabilities					
Financial Liabilities	-	677,947,703	677,947,703	677,947,703	8
Trade Payables	-	453,065,384	453,065,384	453,065,384	10
Other Financial Liabilities	-	6,647,552	6,647,552	6,647,552	9
31.12.2017					
Financial Assets					
Cash and Cash Equivalents	68,917,106	-	68,917,106	68,917,106	6
Trade Receivables	191,636,522	-	191,636,522	191,636,522	10
Financial Liabilities					
Financial Liabilities	-	234,435,808	234,435,808	234,435,808	8
Trade Payables	-	472,274,447	472,274,447	472,274,447	10
Other Financial Liabilities	-	6,510,819	6,510,819	6,510,819	9

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40. FINANCIAL INSTRUMENTS - FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK (continued)

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets
Level 2: Other valuation techniques including direct or indirect observable inputs
Level 3: Valuation techniques not containing observable market inputs.

The Group management considers fair value of financial instruments which are close to carrying value.

41. EVENTS AFTER REPORTING PERIOD

The Group established AE Engineering, Construction, Industry and Trade Joint Stock Company on February 25, 2019 in order to perform all kinds of construction, electrical and mechanical works at domestic and overseas projects. The share of the Group in this Company is 10% and the share of Burak Çağlan Kızılhan is 65%. The Company's head office is located in Istanbul and the Company targets all kinds of construction, electrical, mechanical projects in Sub-Saharan Africa.

42. DISCLOSURE OF OTHER MATTERS THAT EFFECTING FINANCIAL STATEMENTS SIGNIFICANTLY OR REQUIRED FOR BEING EXPLICIT, UNDERSTANDABLE AND INTERPRETABLE

None.

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