

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş.

JUNE 30, 2019

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**(ENGLISH CONVENIENCE TRANSLATION OF
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH)**

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

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ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2019 AND
DECEMBER 31, 2018

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

ASSETS	Notes	Limited Audited Current Year June 30, 2019	Audited Prior Year December 31, 2018
Current Assets		184.135.688	162.779.682
Cash and cash equivalents	3	13.849.305	19.556.583
Trade receivables		23.293.835	22.585.490
- <i>Trade receivables from related parties</i>	5,22	8.000	-
- <i>Trade receivables from non-related parties</i>	5	23.285.835	22.585.490
Other receivables		81.392	80.342
- <i>Other receivables from non-related parties</i>	6	81.392	80.342
Contract Assets	9	134.964.231	113.896.233
Inventories	7	8.385.346	3.120.289
Expenses Paid in Advance	8	2.690.151	3.393.070
Other Current Assets	15	871.428	147.675
Non-Current Assets		50.462.465	46.647.064
Other receivables		4.394	4.394
- <i>Other receivables from non-related parties</i>	6	4.394	4.394
Investment property	10	30.358.978	28.080.000
Tangible fixed assets	11	17.249.070	17.184.494
Right of use asset		553.142	-
Intangible fixed assets	12	27.061	61.769
Prepaid Expenses	8	-	221
Assets related to the current period tax	20	2.269.820	1.316.186
Total Assets		234.598.153	209.426.746

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2019 AND
DECEMBER 31, 2018

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

LIABILITIES	Notes	Limited Audited Current Year June 30, 2019	Audited Prior Year December 31, 2018
Short Term Liabilities		53.889.586	49.645.770
Financial liabilities	4	675.901	1.137.308
Current installments of long-term financial liabilities	4	13.263.095	13.080.842
Trade payables		17.789.037	17.919.108
- Other trade payables	5	17.789.037	17.919.108
Employee Benefit Liabilities	14	2.045.915	1.965.103
Other payables		937.595	475.107
- Due to related parties	6,22	17.605	17.105
- Other trade payables	6	919.990	458.002
Liabilities from Customer Contracts Contract			
Liabilities from Ongoing Construction and Contracting Works	9	18.880.213	14.181.519
Tax provisions	20	68.269	657.556
Short term provisions		229.561	229.227
-Provisions for Employee Benefits	14	63.231	62.897
-Other provisions	13	166.330	166.330
Other short-term liabilities		-	-
Long Term Liabilities		26.276.049	22.648.534
Financial liabilities	4	2.516.015	4.001.088
Long term provisions		721.263	529.079
- Provisions for long term liabilities	14	721.263	529.079
Deferred tax liabilities	20	23.038.771	18.118.367
Shareholders' Equity		154.432.518	137.132.442
Total Equity Attributable to Equity Holders of the Company		154.432.539	137.132.460
Issued capital	16	50.000.000	50.000.000
Treasury Shares (-)		(2.807.096)	(2.870.458)
Share Premium (Discount)	16	457.651	457.651
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		(308)	92.666
-Gain/loss arising from defined benefit plans	16	(308)	92.666
Restricted Reserves Appropriated From Profits	16	5.353.458	5.416.820
Prior Years' Profits or Losses	16	84.099.143	32.601.265
Current Period Net Profit Or Loss		17.329.691	51.434.516
Non-Controlling Interests		(21)	(18)
Total Liabilities and Shareholders' Equity		234.598.153	209.426.746

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019 AND JUNE 30,
2018

(Amounts expressed in TL unless otherwise stated)

Profit (Loss)	Ref.	01.01.- 30.06.2019	01.01.- 30.06.2018	01.04.- 30.06.2019	01.04.- 30.06.2018
Continuing Operations					
Sales Revenues (Net)	17	61.896.558	51.598.986	35.724.803	30.096.605
Cost Of Sales (-)	17	(37.160.155)	(30.079.360)	(22.357.453)	(16.416.937)
Gross Profit		24.736.403	21.519.626	13.367.350	13.679.668
General Administration Expenses		(2.868.598)	(3.890.221)	(1.286.882)	(2.744.570)
Income From Other Operations	18	2.801.772	3.651.670	1.605.199	1.455.766
Loss From Other Operations	18	(1.851.754)	(1.390.212)	(629.101)	(538.299)
Gross Operating Profit		22.817.823	19.890.863	13.056.566	11.852.565
Income From Investment Activities		318.029	630.778	110.419	250.538
Operating Income Before Financial Income / (Expense)		23.135.852	20.521.641	13.166.985	12.103.103
Financial Income	19	1.366.796	2.999.948	418.159	2.671.520
Financial Expense	19	(2.043.279)	(1.645.388)	(1.008.566)	(1.406.326)
Continuing Activities Income Before Tax		22.459.369	21.876.201	12.576.578	13.368.297
Continuing Operations Tax Income / (Expense)		(5.129.681)	(5.231.510)	(2.956.366)	(3.382.118)
- Current Tax Charge (-)	20	(186.033)	(1.084.241)	(88.402)	(307.010)
- Deferred Tax Credit / (Charge)	20	(4.943.648)	(4.147.269)	(2.867.964)	(3.075.108)
Continuing Activities Net Income		17.329.688	16.644.691	9.620.212	9.986.179
Discontinued Operations Income After Tax		-	-	-	-
Profit For The Year		17.329.688	16.644.691	9.620.212	9.986.179
Non-controlling interests		(3)	(2)	(2)	(1)
Equity holders of the company		17.329.691	16.644.693	9.620.214	9.986.180
Earnings Per Share From Continuing Activities		0,35	0,33	0,19	0,20
Earnings Per Share From Discontinued Activities		-	-	-	-
Profit (Loss) From Continuing Operations		17.329.688	16.644.691	9.620.212	9.986.179
Other Comprehensive Income					
Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		(92.974)	2.322	(109.031)	32.558
Gains (Losses) On Remeasurements Of Defined Benefit Plans	16	(116.218)	2.903	(136.289)	40.698
Taxes Relating To Remeasurements Of Defined Benefit Plans	20	23.244	(581)	27.258	(8.140)
- Deferred Tax Credit / (Charge)	20	23.244	(581)	27.258	(8.140)
Other Comprehensive Income (Loss)		(92.974)	2.322	(109.031)	32.558
Total Comprehensive Income (Loss)		17.236.714	16.647.013	9.511.181	10.018.737
Total Comprehensive Income Attributable to:		17.236.714	16.647.013	9.511.181	10.018.737
-Non-controlling interests		(3)	(2)	(2)	(1)
-Equity holders of the company		17.236.717	16.647.015	9.511.183	10.018.738

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 30, 2019 AND DECEMBER 31, 2018.

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

Notes	Issued capital	Treasury Shares(-)	Share Premium (Discount)	Restricted Reserves Appropriated From Profits	Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	Retained Earnings		Shareholders' Equity	Non-Controlling Interest	Total Equity	
					Other Gains (Losses)	Prior Years' Profits or Losses	Current Period Net Profit Or Loss				
Balances at January 01, 2018	20.000.000	--	457.651	828.774	72.246	35.762.225	31.427.086	88.547.982	(15)	88.547.967	
Capital Increase	30.000.000	-	-	-	-	(30.000.000)	-	-	-	-	
Transfers	-	-	-	4.123.645	-	27.303.441	(31.427.086)	-	-	-	
Total Comprehensive Income	-	-	-	-	2.322	-	16.644.693	16.647.015	(2)	16.647.013	
Increase (Decrease) through Treasury Share Transactions	-	(2.406.057)	-	-	-	-	-	(2.406.057)	-	(2.406.057)	
Balances as of June 30, 2018	50.000.000	(2.406.057)	457.651	4.952.419	74.568	33.065.666	16.644.693	102.788.940	(17)	102.788.923	
Balances at January 01, 2019	16	50.000.000	(2.870.458)	457.651	5.416.820	92.666	32.601.265	51.434.516	137.132.460	(18)	137.132.442
Transfers	-	-	-	(63.362)	-	51.497.878	(51.434.516)	-	-	-	
Total Comprehensive Income	-	-	-	-	(92.974)	-	17.329.691	17.236.717	(3)	17.236.714	
Increase (Decrease) through Treasury Share Transactions	-	63.362	-	-	-	-	-	63.362	-	63.362	
Balances as of June 30, 2019	16	50.000.000	(2.807.096)	457.651	5.353.458	(308)	84.099.143	17.329.691	154.432.539	(21)	154.432.518

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2019 AND DECEMBER 31, 2018

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

	Notes	Limited audited	
		01.01.- 30.06.2019	01.01.- 30.06.2018
A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		(1.494.561)	(15.279.692)
Profit (Loss)		17.329.688	16.644.691
Profit (Loss) from continuing operations		17.329.688	16.644.691
Adjustments to Reconcile Profit (Loss)		6.008.461	4.535.295
Adjustments for depreciation and amortisation expense	11-12	833.294	360.407
Adjustments for provisions	14	99.544	36.764
Adjustments for losses (gains) on disposal of non-current assets,	11-12	(46.123)	-
Adjustments for interest (income) expenses	5	201.342	(9.726)
Adjustments for tax (income) expenses	20	4.920.404	4.147.850
Changes in Working Capital		(23.289.789)	(31.344.333)
Adjustments for decrease (increase) in trade receivable		(836.337)	(9.207.611)
<i>Decrease (increase) in trade receivables from related parties</i>	5,22	(8.000)	-
<i>Decrease (increase) in trade receivables from unrelated parties</i>	5	(828.337)	(9.207.611)
Adjustments for decrease (increase) in other receivables related with operations		(1.050)	(84.488)
<i>Decrease (increase) in other unrelated party receivables related with operations</i>	6	(1.050)	(84.488)
Adjustments for decrease (increase) in assets arising from customer contracts		(21.067.998)	(22.766.954)
<i>Adjustments for stage of completion of construction or service contracts in progress</i>	9	(21.067.998)	(22.766.954)
Adjustments for decrease (increase) in inventories	7	(5.265.057)	1.104.116
Decrease (increase) in prepaid expenses	8	703.140	707.380
Adjustments for increase (decrease) in trade payable		(203.421)	2.426.516
<i>Increase (decrease) in trade payables to unrelated parties</i>	5	(203.421)	2.426.516
Increase (decrease) in employee benefit liabilities	14	80.812	224.568
Liabilities from Customer Contracts Contract Liabilities from Ongoing Construction and Contracting Works	9	4.698.694	(1.487.921)
<i>Increase (decrease) in other operating payables to related parties</i>	6,22	500	50
<i>Increase (decrease) in other operating payables to unrelated parties</i>	6	(675.320)	(2.113.079)
Other adjustments for other increase (decrease) in working capital		(723.752)	(146.910)
<i>Decrease (increase) in other assets related with operations</i>	14	(723.752)	(146.910)
Cash Flows from (used in) Operations		48.360	(10.164.347)
Income taxes refund (paid)	20	(1.542.921)	(5.115.345)
B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(3.649.160)	(7.452.363)
Proceeds from sales of property, plant, equipment and intangible assets	11-12	75.057	-
Purchase of property, plant, equipment and intangible assets	11-12	(1.445.239)	(5.094.667)
Purchase of investment properties		(2.278.978)	(2.357.696)
C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(563.557)	19.041.553
Proceeds from borrowings	4	-	21.447.610
Repayments of borrowings	4	(626.919)	-
Cash inflows arising from acquiring entity's shares or other equity instruments		63.362	-
Cash inflows arising from the sale of repurchased of entity's own shares		63.362	-
Cash outflows arising from acquiring entity's shares or other equity instruments		-	(2.406.057)
Cash outflows arising from the repurchasing of entity's own shares		-	(2.406.057)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		(5.707.278)	(3.690.502)
Effect of currency translation differences on cash and cash equivalents		-	-
Net increase (decrease) in cash and cash equivalents	3	(5.707.278)	(3.690.502)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	19.556.583	31.347.709
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		13.849.305	27.657.207

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

1. GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

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

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

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

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

As of 30 June 2019 average number of personnel is 525 (31 December 2018: 472). As the date of balance sheet, there are no employees in the subsidiary. The group also employs personnel through subcontractors. The average number of subcontracted personnel employed as of 30 June 2019 is 5. (31 December 2018: 18)

As of 30 June 2019, the share capital of the company is TL 50.000.000 (December 31, 2018: TL 50.000.000), the publicly listed shares are 46.1% of the total shares. Gündüz Family members are main shareholders of the company and has control in the management (Note 16).

The Company has prepared consolidated financial statements since 31.03.2015.

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

Declaration of conformity to IFRS

The accompanying condensed consolidated financial statements are prepared by the Capital Markets Board (CMB) June 13, 2013 and 28676 numbered Published in the Official Newspaper serial II, 14.1 number principles of Financial Reporting notification in Capital Markets prepared in accordance with the provisions, Notification pursuant to Article 5 of the Public Oversight Accounting and Auditing Standards Board , which have been promulgated by the Institute of Financial Reporting Standards (IFRS) and interpretations related to these additional is based.

The condensed interim consolidated financial statements are presented in accordance with the formats specified in the “TFRS Taxonomy Announcement” published on 15 April 2019 and the Financial Statements Examples and Guidelines published by the Capital Markets Board.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 JUNE 2019**

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

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

A. Basis of Presentation (cont’d)

Declaration of conformity to Ifrs (cont’d)

The consolidated financial statements of the Group as of 30 June 2019 were approved by the Board of Directors on 11 September 2019 and signed on behalf of the Board of Directors. The General Assembly and the related legal institutions have the right to revise the financial statements prepared in accordance with the legal regulations.

Group, Turkey consolidated financial statements for the period ended June 30, 2019 Accounting Standard no:34 prepared in accordance interim financial reporting

The explanations and notes required to be included in the annual consolidated financial statements prepared in accordance with IFRS are summarized in accordance with TAS 34 or are not included. The accompanying condensed consolidated financial statements should be evaluated together with the audited consolidated financial statements as of 31 December 2018 and the accompanying notes.

The condensed consolidated financial statements are prepared on the historical cost basis except for the revaluation of financial instruments and investment properties. The historical cost is generally based on the fair value of the consideration paid for the assets.

There are no seasonal or periodical changes that would have a significant impact on the Group's operations.

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). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional and presentation currency of the Group.

Termination of Inflation Accounting

Capital market committee, a decision is taken on March 17, 2005, for publicly traded companies operating in Turkey, it has declared that the application of inflation accounting is not required to be effective as from January 1, 2005. The consolidated financial statements of the Group have been prepared in accordance with this decision.

Comparative information and restatement of prior year financial statements

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

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

A. Basis of Presentation (cont’d)

Declaration of conformity to IFRS (cont’d)

Going Concern Explanations

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

Netting/Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously

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

TFRS 16 Leases

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 JUNE 2019**

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

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

A. Basis of Presentation (cont’d)

IFRIC 23 Uncertainty over income tax treatments

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

Annual improvements 2015-2017

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

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

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

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

TAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

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

A. Basis of Presentation (cont’d)

Standards, amendments and interpretations applicable as at 30 June 2019:

IFRS 9 Financial instruments – Amendments

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

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

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

Consolidation principles

Subsidiaries

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

Subsidiary: And İnşaat Ticaret A.Ş.

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

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

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

As of 30 June 2019, effective interests of parent company and subsidiary are as below;

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 JUNE 2019**

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

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

A. Basis of Presentation (cont’d)

Consolidation principles

Full Consolidation Method

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

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

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

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

Basis of Consolidation

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

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

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

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

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

B. Changes in Accounting Policies

- IFRS 16 Leases

The Company applied IFRS 16 on 1 January 2019, which is the first effective date. As a result, the Company changed its accounting policy regarding leasing agreements as follows.

Since the Company has benefited from all facilitation provisions in the first pass, the Company has applied a partial retrospective approach that results in equal rights of use rights and leasing liability. Accordingly, comparative information presented under TAS 17 and related interpretations for 2018 has not been restated. Details of changes in accounting policies are explained below.

Definition of leasing

Previously, the Company has determined at the beginning of the contract whether a contract includes a lease in accordance with TFRS Comment 4 “To determine whether an agreement includes a lease. In accordance with IFRS 16, the Company assesses ” whether a contract is a lease based on a lease definition. Under IFRS 16, a contract is a lease if it has the right to control its use for a period of time in relation to the use of a particular asset

In the transition to TFRS 16, the Company has chosen to apply, without reassessment, whether or not it meets the lease definition using the facilitation application of the agreements, formerly referred to as leases. Therefore, it has applied IFRS 16 only to contracts previously defined as lease contracts. Pursuant to TAS 17 and IFRS Comment 4, it is not reconsidered whether the leasing contracts include a lease. Therefore, the definition of lease under TFRS 16 applies only to contracts entered into or changed on or after 1 January 2019.

As a tenant

The group, office, warehouse and vehicles lease

As a lessee, the Company has already classified its right of use assets and lease payables for most leases in accordance with TFRS 16, although the Company has previously been classified as operating or leasing based on the assessment of whether all of the risks and benefits arising from the ownership of the asset have been transferred. In other words, these leases are presented in the statement of financial position.

The Company presented leases in the rights to use rights. The carrying values of the right of use assets are as follows:

	Use Rights Assets	
	Building and Vehicles	Total
Balance as of January 1, 2019	897.781	897.781
Balance as of June 30, 2019	553.142	553.142

The Company has recognized a right of use and a rent obligation on the financial statements at the date of the lease. The right of use is calculated initially at cost and subsequently deducted accumulated depreciation and impairment losses and adjusted for the remeasurement of the lease obligation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 JUNE 2019**

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

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

B. Changes in Accounting Policies (cont’d)

At the effective date of the lease, the lease obligation is measured at the present value of the unpaid lease payments. Lease payments are discounted if the implied interest rate on the lease can easily be determined, using the alternative borrowing interest rate of the Company. In general, the Company used the alternative borrowing interest rate as the discount rate.

The rent arrears subsequently increases with the interest cost on the rent arrears and decreases with the lease payment made. The Company considers the renewal, termination and cancellation options if there is a change in these payments as a result of an index or rate change used to determine future lease payments and if there is a change in the amounts expected to be paid under the residual value commitment.

Transition

During the transition period, the lease payables were measured at the present value of the unpaid lease payments and discounted as at 1 January 2019, using alternative borrowing interest rates. Right-of-use assets are accounted for at an amount equal to the lease obligation reflected in the statement of financial position prior to the date of initial application, adjusted for the amount of all prepaid or accrued lease payments.

The Company has applied the following facilitation practices when applying IFRS 16 for leases previously classified as operating leases under TAS 17

- It applied a single discount rate to a rental portfolio with similar characteristics.
- Initial direct costs are not included when measuring the existence of the right to use on the date of initial application.
- For contracts with options to extend or terminate the lease, the Company has used its past experience in determining the lease term.

For leases classified as finance leases in accordance with TAS 17, the carrying amount of the right of use asset and lease obligation on 1 January 2019 is determined by the leased asset in accordance with TAS 17 and the carrying amount of the lease obligation in accordance with IFRS 16.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

3. CASH AND CASH EQUIVALENTS

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Cash in hand	38.908	20.054
Cash at banks		
- Demand deposits	828.115	857.063
- Time deposits (with maturities of three months or less)	12.982.282	18.679.466
Total	13.849.305	19.556.583

The maturity breakdown deposits are as of June 30, 2019 and December 31, 2018 as follows;

<u>Currency</u>	<u>Average Maturity Date</u>	<u>Interest Rate (%)</u>	<u>30.06.2019 TL Equivalent</u>	<u>Average Maturity Date</u>	<u>Interest Rate (%)</u>	<u>31.12.2018 TL Equivalent</u>
TL	01.07.2019	22,25%	2.341.851	8.1.2019	22,96%	2.831.192
USD	12.07.2019	2,63%	9.050.668	16.1.2019	4,70%	9.813.111
EURO	01.07.2019	1%	1.589.763	22.1.2019	2,41%	6.035.163
Total			12.982.282			18.679.466

As of June 30, 2019 there is no blockage on deposits (31.12.2018: None).

Cash and cash equivalents in cash flow statement as of June 30, 2019 and December 31, 2018 as follows:

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Cash and Cash Equivalents	13.849.305	19.556.583
Blocked deposits (-)	-	-
Total	13.849.305	19.556.583

4. FINANCIAL LIABILITIES

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Short-term bank loans	12.821.104	13.080.842
Long-term bank loans	2.365.655	4.001.088
Short-term- Lease Liabilities	441.991	-
Long-term- Lease Liabilities	150.360	-
Credit Cards (*)	675.901	1.137.308
Total	16.455.011	18.219.238

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 JUNE 2019**

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

4. FINANCIAL LIABILITIES (cont’d)

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

Bank loans:

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

June 30, 2019					
	<u>Interest Rate</u>	<u>Effective Interest Rate</u>	-	<u>Short-term portion of</u>	-
<u>Currency</u>	<u>(%)</u>	<u>(%)</u>	<u>Short-term</u>	<u>long-term loans</u>	<u>Long-term</u>
TL	14,64-27,50	16,57-32,82	-	12.821.104	2.365.655
Total			-	12.821.104	2.365.655

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

The redemption schedule of the financial liabilities is as follows;

	June 30, 2019	December 31, 2018
Less than 1 year	12.821.104	13.080.842
1 - 2 years	2.316.963	3.190.815
2 – 3 years	48.692	804.082
3 – 4 years	-	6.191
Total	15.186.759	17.081.930

June 30, 2019			
Leasing	Less than 1 year	More than 1 year - Less than 5 year	Total
The Present Value of Lease Obligation	441.991	150.360	592.351
Total	441.991	150.360	592.351

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

<u>Short-term trade receivables</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Trade receivables		
- Due from other parties	22.137.393	14.240.283
- Due from related parties	8.000	-
Notes receivables		
- Due from other parties	1.265.510	8.590.267
Unearned credit finance income (-)	(117.068)	(245.060)
Doubtful receivables (*)	1.015.427	1.015.427
Provision for doubtful receivables (-)	(1.015.427)	(1.015.427)
Total	23.293.835	22.585.490

As of 30 June 2019, the weighted average of interest rates are % 21,18, % 4,71 and % 2,87 used to calculate unearned finance expense for short-term trade receivables in terms of TL, USD and EUR and weighted average maturity is approximately 2 months. (31.12.2018: TL 21,18%, USD 4,71 %, Euro 2,87 % and 2 months)

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

<u>Trade Receivables</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
1-3 Months	22.145.393	14.240.283
Total	22.145.393	14.240.283

<u>Note Receivables</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
1-3 Months	1.265.510	8.093.213
4-6 Months	-	497.054
Total	1.265.510	8.590.267

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

5. TRADE RECEIVABLES AND PAYABLES (Cont'd)

Doubtful receivables

As of 30 June 2019, amount of TL 1.015.427 (31.12.2018: TL 1.015.427) of trade receivables are doubtful receivables. Doubtful receivables consist of uncollected receivables which are due from completed projects.

(*)The Group's movement table for the provision for doubtful trade receivables is as follows:

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
As of January 1	1.015.427	1.015.427
Provisions no longer required	-	-
End of Year	1.015.427	1.015.427

Long-term trade receivables

None (31.12.2018: None).

b) Short-term Trade Payables:

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

<u>Short-term Trade Payables</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Trade payables	8.226.517	11.422.074
Notes payables	9.776.140	6.784.004
Unearned credit finance charges (-)	(213.620)	(286.970)
Total	17.789.037	17.919.108

As of June 30, 2019 the weighted average of interest rates are 21,18%, 4,71% and 2,87% used to calculate unearned finance expense for short-term trade payables in terms of TL, USD and EUR and weighted average maturity is approximately 55 days. (31.12.2018: TL 21,18%, USD 4,71%, Euro 2,87% and 55 days)

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

Trade payables	<u>June 30, 2019</u>	<u>December 31, 2018</u>
1-3 Months	7.604.382	11.199.483
4-6 Months	540.723	222.591
Total	8.226.517	11.422.074

Note payables	<u>June 30, 2019</u>	<u>December 31, 2018</u>
1-3 Months	9.242.796	6.784.004
4-6 Months	533.344	-
Total	9.776.140	6.784.004

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

6. OTHER RECEIVABLES AND PAYABLES

<u>Other current receivables</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Due from tax authorities	80.342	80.342
Other	1.050	-
Total	81.392	80.342

<u>Other non-current receivables</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Deposits and guarantees given	4.394	4.394
Total	4.394	4.394

<u>Other short-term payables</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Other Payables	199.739	174.809
Taxes and Duties Payable	684.391	243.672
Other Liabilities	35.860	39.521
Total	919.990	458.002

Due to related parties (Note 22)	17.605	17.105
Total	937.595	475.107

Other long-term payables

None. (31.12.2018: None).

7. INVENTORIES

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Raw materials and Supplies	8.007.078	3.120.289
Trade goods	378.268	-
Total	8.385.346	3.120.289

As of the balance sheet date, the Group does not have any stocks with a net realizable value less than its cost. Group’s all inventories are valued at cost at TL 8.385.346 (31.12.2018: TL 3.120.289)

Group does not have any pledged inventory in return for loans as at June 30, 2019 (31.12.2018: None.)

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

8. PREPAID EXPENSES AND DEFERRED INCOME

<u>Current Prepaid Expenses</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Advances Given for Inventories	2.377.433	3.113.024
Other Advances Given	236.800	236.800
Short-term Prepaid Expenses	75.918	43.246
Total	2.690.151	3.393.070

<u>Non-current Prepaid Expenses</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Long-term Prepaid Expenses	-	221
Total	-	221

Short-term Deferred Income

None. (31.12.2018: None).

Long-term Deferred Income

None. (31.12.2018: None).

9. CONSTRUCTION CONTRACTS

Assets Related to Ongoing Construction Contracts

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Assets Related to Ongoing Construction Contracts	134.964.231	113.896.233
Total	134.964.231	113.896.233

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Assets Related to Ongoing Construction Contracts		
Unearned Assets Related to Domestic Construction Contracts (*)	134.964.231	113.896.233
Total	134.964.231	113.896.233

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

<u>Ongoing Construction and Contracting Works Contract Obligations</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Advances received	15.621.299	10.922.605
Income relating to future months	3.258.914	3.258.914
Total	18.880.213	14.181.519

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

10. INVESTMENT PROPERTIES

As of June 30, 2019, and December 31, 2018, the details of the investment properties of the Group are as below;

Net book value of investment properties held for the six-month period ended 30 June 2019 is TL 30.358.978 (31 December 2018: TL 28.080.000).

For the six-month period ended 30 June 2019, the amount of investment property purchased is TL 2.278.978 (31 December 2018: TL 2.624.378).

There is no investment property sold during the six-month period ended 30 June 2019 (31 December 2018: None).

As of 30 June 2019, there is no mortgage on investment properties (31 December 2018: None). There is insurance coverage amounting to TL 6.645.910 (31 December 2018: TL 5.501.410).

11. TANGIBLE FIXED ASSETS

Net book value of property, plant and equipment held during the six-month period ended 30 June 2019 amounts to TL 17.802.212. (31 December 2018: TL 17.184.494).

For the six-month period ended 30 June 2019, property, plant and equipment purchases amount to TL 1.445.238 (31 December 2018: TL 5.720.280).

Net book value of property, plant and equipment sold during the six-month period ended 30 June 2019 is TL 28.934 (31 December 2018: TL 19.150).

12. INTANGIBLE FIXED ASSETS

Net book value of intangible assets held during the six-month period ended 30 June 2019 is TL 27.061 (31 December 2018: TL 61.769).

For the six-month period ended 30 June 2019, there are no intangible assets acquired (31 December 2018: None).

There are no intangible assets sold during the six-month period ended 30 June 2019 (31 December 2018: None).

13. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Provisions

Other short-term provisions

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Provision for lawsuit risks	166.330	166.330
Total	166.330	166.330

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

Other long-term provisions

None (31.12.2018: None).

Contingent Assets

None (31.12.2018: None).

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 JUNE 2019***(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)***13.COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (cont’d)****Collaterals, Pledges, Mortgages:**

Collaterals/pledges/mortgages/bails (“CPMB”) position of the Group as of June 30, 2019 and December 31, 2018 is as follows:

<u>CPMB’s given by the Company</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>June 30, 2019 (TL Equivalents)</u>
A. CPMB’s given for Company’s own legal personality	-	3.181.512	33.073.495	53.914.623
B. CPMB’s given on behalf of fully consolidated companies	-	-	-	-
C. CPMB’s given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPMB’s	-	-	-	-
- Total amount of CPMB’s given on behalf of the majority shareholder	-	-	-	-
- Total amount of CPM’s given on behalf of other Group companies which are not in scope of 2 and 3	-	-	-	-
- Total amount of CPMB’s given on behalf of third parties which are not in scope of 3	-	-	-	-
Total	-	3.181.512	33.073.495	53.914.623

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

The ratio of other CPMB’s given by the Group to the equities of Group is 0% as of June 30, 2019. (December 31, 2018: 0%)

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 JUNE 2019**

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

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

TL equivalents of collaterals, pledges and mortgages give as of June 30, 2019 and December 31, 2018 are as follows on original currency basis are as follows:

<u>Collaterals, Pledges, Mortgages</u>	<u>EUR</u>	<u>TL</u>	<u>June 30, 2019</u> <u>TL Equivalent</u>
Collaterals	3.181.512	33.073.495	53.914.623
Total	3.181.512	33.073.495	53.914.623

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

Assets have been pledged in return for loans:

None (31.12.2018: None).

14 .EMPLOYEE BENEFITS

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Payables to personnel	1.360.344	1.295.039
Social security payables	685.571	670.064
Total	2.045.915	1.965.103

<u>Short-term Provision for Employee Benefits</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Provision for vacation pay liability	63.231	62.897
Total	63.231	62.897

<u>Long-term Provision for Employee Benefits</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Provision for employment termination benefits	721.263	529.079
Total	721.263	529.079

	<u>01 January- June 30, 2019</u>	<u>01 January- December 31, 2018</u>
As of January 1	529.079	420.218
Service cost	174.858	213.039
Interest expense	13.806	23.670
Reversals of provisions	(112.699)	(102.323)
Actuarial gain / losses (*)	116.219	(25.525)
Total	721.263	529.079

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

14. EMPLOYEE BENEFITS (Cont’d)

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

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

As at balance sheet date, provisions calculated according to assumption 8,5% expected salary increasing rate and 12,75% discount rate and about 3,92% real discount rate and retiring assumption as follows (31.12.2018: 8%, 12,75% and 4,40%).

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Discount Rate (%)	3,92	3,74
Change in employee benefits liability (%)	95,93	94,43

Main assumption is that maximum liability amount increases parallel to inflation rate for every service year. Therefore, discount rate used is the expected real rate adjusted for the future inflationary effects. Because of this, provisions in the accompanying financial statements as of June 30, 2019 are calculated by estimating present value of probable liabilities arising due to retirement of employees.

TL 6.017 (31.12.2018: TL 5.434,42) maximum amount used on calculation of retirement pay provision with effect from June 30, 2019.

(*) As of June 30, 2019, TL 116.219 (31.12.2018: TL 25.525) Actuarial Income/Loss booked in the statement of comprehensive income.

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

15. OTHER ASSETS AND LIABILITIES

<u>Other current asset</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
V.A.T. Carried Forward	18.832	68.358
Work Advances	736.400	-
Other	116.196	79.317
Total	871.428	147.675

Other non-current asset

None (31.12.2018: None).

Other Short-Term ve Long-Term Liabilities

None (31.12.2018: None).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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16. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in Capital:

The capital structure as of June 30, 2019 and December 31, 2018 is as follows:

Capital Structure	June 30, 2019		December 31, 2018	
	Share (%)	Amount (TL)	Share (%)	Amount (TL)
Nevhan Gündüz	21,32%	10.657.503	21,32%	10.657.503
Mahmut Gündüz	0,00%	500	0,00%	500
Orhan Gündüz	32,50%	16.248.750	32,50%	16.248.750
Nevin Gündüz	0,00%	500	0,00%	500
Murat Kartaloğlu	0,00%	250	0,00%	250
Public share	46,18%	23.092.497	46,18%	23.092.497
Paid-in share capital	100,00%	50.000.000	100,00%	50.000.000

Company has accepted the Authorised capital System. Current authorised capital ceiling of the Company is TL 50.000.000 and the issued capital is TL 50.000.000 (31.12.2018: TL 50.000.000). Capital of the Company consists of 50.000.000 shares, none of which has any privillages.

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

b) Share premium (Discount)

	June 30, 2019	December 31, 2018
Share premium (Discount)	457.651	457.651
Total	457.651	457.651

c) Treasury Shares

	June 30, 2019	December 31, 2018
Treasury Shares	(2.807.096)	(2.870.458)
Total	(2.807.096)	(2.870.458)

In 2018, The Group has repurchased respectively its own shares of TL 259.801 nominal value for the total price of TL 2.326.597, TL 139.001 nominal value for the total price of TL 437.585 and totally TL 788.503 nominal value for the total price of TL 2.764.182 in conformity with Share Buyback Communique issued by Capital Markets Board of Turkey. In addition, Liquidity Providing Agreement was signed between Ak Yatırım Menkul Değerler A.Ş. and The Company in the last year. Under this contract, TL 12.261 nominal valued Company shares in the current account at the end of the period, were reported in the treasury shares with TL 42.913 total value. Treasury shares reported under shareholders' equity with purchase price.

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

	June 30, 2019	December 31, 2018
Other Gains (Losses)	(308)	92.666
Total	(308)	92.666

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16. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)

e) Restricted Reserves Appropriated From Profits	June 30, 2019	December 31, 2018
Restricted Reserves	2.546.362	2.546.362
Reserves for Treasury Shares	2.807.096	2.870.458
Total	5.353.458	5.416.820

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

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

The Group put aside legal reserves, for the TL 2.807.096 worth of share buyback, as per the article 520 of Turkish Commercial Code with the law no 6102, which has become effective in 2014.

f) Prior Year’s Profit	June 30, 2019	December 31, 2018
Extraordinary reserves	-	-
Prior year’s profit / loss (-)	84.099.143	32.601.265
Total	84.099.143	32.601.265

Within the year, below transactions have taken place in “prior years’ profit and losses” account

	June 30, 2019	December 31, 2018
Beginning of the year	32.601.265	35.762.225
Previous year's profit	51.434.516	31.427.086
Transfer to legal reserves	63.362	(4.588.046)
Capital Increase	-	(30.000.000)
End of the year	84.099.143	32.601.265

g) Change in non-controlling interests	June 30, 2019	December 31, 2018
Opening balance	(18)	(15)
Profit for the year attributable to non-controlling interest portion	(3)	(3)
Non-controlling interests	(21)	(18)

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17.REVENUE AND COST OF SALE

Revenue and Cost of Sales

Revenue	01.01.- 30.06.2019	01.01.- 30.06.2018	01.04.- 30.06.2019	01.04.- 30.06.2018
Contracting Sales Revenues	54.992.107	46.268.736	30.460.070	28.462.987
Materials Sales Revenues	6.909.979	6.540.581	5.270.261	1.868.764
Total Income	61.902.086	52.809.317	35.730.331	30.331.751
Sales Return(-)	(5.528)	(1.210.331)	(5.528)	(235.146)
Revenue net	61.896.558	51.598.986	35.724.803	30.096.605
Cost of Sales (-)				
- Cost of services given (-)	(31.784.161)	(26.777.738)	(17.732.981)	(14.744.781)
- Cost of trade goods sold (-)	(5.375.994)	(3.301.622)	(4.624.472)	(1.672.156)
Cost of Sales (-)	(37.160.155)	(30.079.360)	(22.357.453)	(16.416.937)
Gross Profit	24.736.403	21.519.626	13.367.350	13.679.668

18.OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities

	01.01.- 30.06.2019	01.01.- 30.06.2018	01.04.- 30.06.2019	01.04.- 30.06.2018
Government grants income	868.794	902.789	593.852	666.497
Foreign exchange gains	550.709	1.317.859	312.607	558.722
Unearned credit finance income	458.680	361.671	31.055	80.446
Price variance income	456.570	289.253	339.868	4.821
Other income	467.019	780.098	327.817	145.280
Total	2.801.772	3.651.670	1.605.199	1.455.766

Other expense from operating activities(-)

	01.01.- 30.06.2019	01.01.- 30.06.2018	01.04.- 30.06.2019	01.04.- 30.06.2018
Foreign exchange loss	1.302.970	794.787	570.700	638.900
Unearned credit finance expenses	404.038	351.945	(13.605)	(155.091)
Tax base increase, prior year stamp taxes	-	44.341	-	-
Other expenses	144.746	199.139	72.006	54.490
Toplam	1.851.754	1.390.212	629.101	538.299

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20. TAX ASSETS AND LIABILITIES (Cont'd)

Corporate Tax

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

The corporations earning income from a company or a branch in Turkey do not pay any withholding tax on their dividends. Other dividend payments are subject to withholding tax of 15%. If profit is added to the capital, withholding tax is not applicable. Effective tax rate is 22%. (2018: 22%)

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

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

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

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

Reconciliation between tax expenses for the period ended June 30, 2019 and December 31, 2018 and calculated tax expense using corporate tax rate in Turkey (22%) is as follows:

Income Tax Withholding

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

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20. TAX ASSETS AND LIABILITIES (Cont’d)

Deferred Tax:

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is calculated using tax rates that have been enacted in the period in which assets acquired and/or liabilities carried out and included in the statement of income as income or expense. Deferred tax rate are 22% and 20% (2018: 22-20%)

Deferred Tax Asset	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	December 31	December 31	December 31	December 31
	June 30, 2019	2018	June 30, 2019	2018
Provision for employment termination benefits	721.263	529.079	144.253	105.816
Provision for doubtful receivables	1.035.136	1.035.136	227.730	227.730
Unearned finance income	117.068	245.060	25.755	53.913
Bank loans interest accrual	117.694	223.945	25.893	49.268
Construction contracts adjustments	117.683.436	84.212.884	25.890.356	18.526.834
Provision for lawsuit risks	166.330	166.330	36.593	36.593
Adjustments for operating leases	120.621	-	26.537	-
Provision for unused vacation	63.231	62.897	13.911	13.837
Tax advantage	-	-	9.302	191.055
Other	40.493	33.701	10.286	7.414
Total	120.065.272	86.509.032	26.410.616	19.212.460
Deferred Tax Liabilities				
Difference between the tax base and carrying amount of tangible and intangible assets	(1.122.018)	(824.232)	(224.404)	(164.846)
Unearned finance expense	(213.620)	(286.970)	(46.996)	(63.133)
Construction contracts adjustments	(213.506.756)	(158.514.650)	(46.971.486)	(34.873.223)
Difference between the tax base and carrying amount of investment property,	(15.674.850)	(15.674.850)	(2.203.407)	(2.203.407)
Interest Accruals	(13.920)	(115.815)	(3.062)	(25.479)
Other	(159)	(3.694)	(32)	(739)
Total	(230.531.323)	(175.420.211)	(49.449.387)	(37.330.827)
Deferred tax assets / liabilities, net			(23.038.771)	(18.118.367)
Current Year Deferred Tax Expense			(4.920.404)	(9.807.096)
Deferred tax liability accounted under equity resulting from actuarial gain / loss			(23.244)	5.105
Current Year Deferred Tax Benefit			(4.943.648)	(9.801.991)

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20. TAX ASSETS AND LIABILITIES (Cont'd)

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

	June 30, 2019	December 31, 2018
Opening Balance	(18.118.367)	(8.311.271)
Current year deferred tax (expense) / benefit	(4.943.648)	(9.801.991)
Deferred tax liability accounted under equity resulting from actuarial gain / loss	23.244	(5.105)
Total	(23.038.771)	(18.118.367)

(*) Through Law regarding the Restructuring of Certain Receivables and Amendments on Certain Laws and Statutory Decrees (published in the Official Gazette dated March 8, 2017 and numbered 30001), 5% of income tax and corporate tax rate reduction can be applied. Those who are taxpayers of income tax due to their commercial and those who meet the conditions, 5% of the tax calculated on tax returns are deducted from the income or corporation tax that has to be paid. The Group has reflected the deferred tax on the profit and loss account for the amount of TL 9.302 to be deducted in the corporate tax for 2019. (31.12.2018: TL 191.055)

21. EARNINGS PER SHARE

	01.01 – 30.06.2019	01.01 – 30.06.2018
Net Profit / (Loss)	17.329.688	16.644.691
Weighted average number of ordinary shares	50.000.000	50.000.000
Basic and diluted earnings / (loss) per share	0,347	0,333

22. RELATED PARTY TRANSACTIONS

Short Term Trade Receivables

Partner

Orhan Gündüz

Total

	June 30, 2019	December 31, 2018
	8.000	-
Total	8.000	-

Other Short-term Payables

Partner

Orhan Gündüz

Total

	June 30, 2019	December 31, 2018
	17.605	17.105
Total	17.605	17.105

Income From Related Parties

Rent Income

Orhan Gündüz

Total

	June 30, 2019	June 30, 2018
	6.780	-
Total	6.780	-

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22. RELATED PARTY TRANSACTIONS (Cont’d)

The Group has determined key management personnel as board members, group presidents, vice - presidents. Benefits provided to key management personnel as January 1, 2019 – June 30, 2019 and January 1, 2018 – June 30, 2018 is as follows:

	<u>January 01- June 30, 2019</u>	<u>January 01- June 30, 2018</u>
Short term benefits provided to key management personnel	189.000	189.000
Total	189.000	189.000

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

23. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

a) Capital Risk Management

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

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

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

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

Group strategy is as the as the previous year. Equity to debts ratio as of June 30, 2019 and December 31, 2018 are as follows:

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Total Financial Liabilities	16.455.011	18.219.238
Cash and Cash Equivalents (-)	(13.849.305)	(19.556.583)
Net Debt	2.605.706	(1.337.345)
Total equity	154.432.518	137.132.442
Total capital	50.000.000	50.000.000
Net debt / Total capital	0,01	(0,01)

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

Group strategy does not differ from the previous years strategies.

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23. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont’d)

b) Financial Risk Factors

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

b.1) Credit Risk

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

Details of credit and receivable risk are as follows:

June 30, 2019	Trade receivables from		Other receivables from		Cash and Cash Equivalents
	Related parties	Other	Related parties	Other	Deposit in bank
	Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	8.000	23.285.835	-	85.786
- Secured portion of the maximum credit risk by guarantees (*)					
A. Net book value of financial assets that are neither past due nor impaired (2)	8.000	23.285.835	-	85.786	13.810.397
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of the impaired assets (3)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
- Not overdue (gross amount)	-	1.015.426	-	-	-
- Impairment (-)	-	(1.015.426)	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

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

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

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

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**23. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont’d)**

December 31, 2018	Trade receivables from		Other receivables from		Cash and Cash Equivalents
	Related parties	Other	Related parties	Other	Deposit in bank
Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	-	22.585.489	-	84.736	19.536.529
- Secured portion of the maximum credit risk by guarantees (*)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	-	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	22.585.489	-	84.736	19.536.529
C. Net book value of the impaired assets (3)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	1.015.427	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	(1.015.427)	-	-	-
- Not overdue (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

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

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

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

b.2) Liquidity Risk

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

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

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

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

Current Year Contractual cash outflows	Carrying value	Contractual cash outflows	1-3 months	4-12 months	1-5 years	Note
Non-derivative financial liabilities	36.703.476	38.508.147	29.409.016	6.045.195	3.053.936	
Bank Loans	15.186.759	16.777.810	8.349.348	5.374.526	3.053.936	4
Other Financial Liabilities	675.901	675.901	675.901	-	-	4
Payables from Operating Leases	592.351	-	-	441.991	150.360	4
Trade Payables	17.789.037	18.002.657	17.349.593	653.064	-	5
Employee Benefit Liabilities	2.045.915	2.045.915	2.045.915	-	-	14
Other Payables	937.595	937.595	919.990	17.605	-	6
Total Period Income Tax Provision	68.269	68.269	68.269	-	-	20

Prior Year Contractual cash outflows	Carrying value	Contractual cash outflows	1-3 months	4-12 months	1-5 years	Note
Non-derivative financial liabilities	39.236.112	41.611.781	30.510.797	5.760.414	5.340.570	
Bank Loans	17.081.930	19.170.629	8.309.341	5.520.718	5.340.570	4
Other Financial Liabilities	1.137.308	1.137.308	1.137.308	-	-	4
Trade Payables	17.919.108	18.206.078	17.983.487	222.591	-	5
Employee Benefit Liabilities	1.965.103	1.965.103	1.965.103	-	-	14
Other Payables	475.107	475.107	458.002	17.105	-	6
Total Period Income Tax Provision	657.556	657.556	657.556	-	-	20

b.3) Market Risk

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

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

b.3.1) Foreign Exchange Risk Management

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 JUNE 2019**

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

**23. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont’d)**

Foreign currency position

June 30, 2019	TL Equivalent (Functional Currency)	USD	EUR
1. Trade receivables	12.008.812	256.087	1.608.226
2a. Monetary financial assets (Includes cash in hand and bank accounts)	10.656.216	1.574.372	243.569
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	22.665.028	1.830.459	1.851.795
5. Trade receivables	-	-	-
6a. Monetary financial assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Non-current assets (5+6+7)	-	-	-
9. Total assets (4+8)	22.665.028	1.830.459	1.851.795
10. Trade payables	12.403.402	978.580	1.033.718
11. Financial liabilities	-	-	-
12a. Monetary other liabilities	-	-	-
12b. Non-monetary financial liabilities	-	-	-
13. Short-term Liabilities (10+11+12)	12.403.402	978.580	1.033.718
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16a. Monetary other liabilities	-	-	-
16b. Non-monetary financial liabilities	-	-	-
17. Other long-term liabilities (14+15+16)	-	-	-
18. Long-term Liabilities (13+17)	12.403.402	978.580	1.033.718
Foreign currency position (net)	10.261.626	851.879	818.077

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 JUNE 2019**

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

**23. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)
(Cont’d)**

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

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

Foreign currency sensitivity

Current Year

	Profit / Loss	
	Foreign currency Appreciation	Foreign currency Depreciation
Increase in value of US Dollar against TL by 10%:		
1- US Dollars net assets / liabilities	490.265	(490.265)
2- US Dollars hedged from risks (-)	-	-
3- US Dollars net effect (1+2)	490.265	(490.265)
Increase in value of Euro against TL by 10%		
4- Euro net assets / liabilities	535.898	(535.898)
5- Euro hedged from risks (-)	-	-
6- Euro net effect (4+5)	535.898	(535.898)
Total (3+6)	1.026.163	(1.026.163)

Foreign currency sensitivity

Prior Year

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

b.3.2) Interest rate risk management

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2019

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

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

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

Interest rate sensitivity

		30.06.2019	31.12.2018
Fixed Interest			
	Financial assets and liabilities designated as at fair value through profit or loss	-	-
Financial Assets	Cash and cash equivalents	12.982.282	17.081.930
Financial Liabilities		15.186.759	12.539.928
Floating Interest			
Financial Assets		-	-
Financial Liabilities		-	-

All financial liabilities of the Group consist of fixed rate loans. Cause of this reason, no interest rate risk calculation for interest rate changes has been made (31.12.2018: None)

b.3.3) Price Risk

None (31.12.2018: None).

24. EVENTS AFTER THE BALANCE SHEET DATE

None (31.12.2018: None).

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

None (31.12.2018: None).