

**SEPTEMBER 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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
SEPTEMBER 30, 2019

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

		Unaudited	Audited
		Current Year	Prior Period
	Notes	30.09.2019	31.12.2018
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	13.325.951	19.556.583
Trade Receivables	6	29.110.169	22.585.490
- Trade Receivables from 3rd Parties		29.110.169	22.585.490
Other Receivables		113.392	80.342
- Other Receivables from Related Parties	17	32.000	-
- Other Receivables from Related Parties		81.392	80.342
Contract Assets	7	151.074.311	113.896.233
- Contract Assets from Ongoing Construction and Contracting Works		151.074.311	113.896.233
Inventories		3.800.094	3.120.289
Prepaid Expenses		3.186.173	3.393.070
Other Current Assets		1.421.102	147.675
		50.890.107	46.647.064
NON-CURRENT ASSETS			
Other receivables		4.394	4.394
- Other Receivables from Third Parties		4.394	4.394
Investment property	8	30.390.079	28.080.000
Tangible fixed assets	9	17.277.570	17.184.494
Right of use asset		368.139	-
Intangible fixed assets	10	61.411	61.769
Prepaid Expenses		-	221
Assets related to the current period tax		2.788.514	1.316.186
		252.921.299	209.426.746

The accompanying accounting policies and explanatory notes are an integral part of these statements

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
SEPTEMBER 30, 2019

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

	<u>Notes</u>	Unaudited Current Year 30.09.2019	Audited Prior Year 31.12.2018
LIABILITIES			
SHORT-TERM LIABILITIES		58.774.386	49.645.770
Short-Term Borrowings	5	24.540.628	1.137.308
Current maturities of long term credits and accrued interest	5	3.834.589	13.080.842
Trade Payables		9.051.916	17.919.108
- Trade Payables to 3rd Parties	6	9.051.916	17.919.108
Employee Benefits	12	2.195.200	1.965.103
Other Payables		2.023.157	475.107
- Other Payables to Related Parties	17	17.955	17.105
- Other Payables to 3rd Parties		2.005.202	458.002
Contracting Works	7	16.888.212	14.181.519
-Contractual Obligations for Ongoing Construction and Contracting Works		16.888.212	14.181.519
Tax Provision	15	-	657.556
Short term provisions		240.684	229.227
-Provisions for Employee Benefits	12	74.354	62.897
-Other provisions	11	166.330	166.330
LONG-TERM LIABILITIES		28.689.074	22.648.534
Long Term Borrowings	5	2.191.301	4.001.088
Long-Term Provisions	12	769.865	529.079
- Long-Term Provisions related to Employee Benefits		769.865	529.079
Deffered Tax Liability	15	25.727.908	18.118.367
EQUITY		165.457.839	137.132.442
Total Equity Attributable to Equity Holders of the Company		165.457.858	137.132.460
Paid-in Capital	13	50.000.000	50.000.000
Treasury Shares		(2.783.233)	(2.870.458)
Share Premium	13	457.651	457.651
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	13	(51.875)	92.666
-Gain/loss arising from defined benefit plans		(51.875)	92.666
Restricted Reserves Appropriated From Profits	13	5.329.595	5.416.820
Retained Earnings	13	84.123.006	32.601.265
Net Profit or Loss	16	28.382.714	51.434.516
Non-Controlling Interests		(19)	(18)
TOTAL LIABILITIES		252.921.299	209.426.746

The accompanying accounting policies and explanatory notes are an integral part of these statements

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 1 JANUARY-SEPTEMBER
30, 2019

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

	Notes	Unaudited			
		01.01.-30.09.2019	01.01.-30.09.2018	01.07.-30.09.2019	01.07.-30.09.2018
ONGOING ACTIVITIES					
Revenue	14	Current Year 101.475.252	Prior Year 86.497.156	Current Year 39.578.694	Prior Year 34.898.170
Cost of Sales (-)	14	(59.194.463)	(53.131.148)	(22.034.308)	(23.051.788)
GROSS PROFIT/LOSS		42.280.789	33.366.008	17.544.386	11.846.382
General Administrative Expenses (-)		(4.858.865)	(5.375.570)	(1.990.267)	(1.485.349)
Other Income from Operations		4.416.194	9.176.488	1.614.422	5.524.818
Other Expenses from Operations (-)		(3.068.152)	(6.767.114)	(1.216.398)	(5.376.902)
OPERATING PROFIT/LOSS		38.769.966	30.399.812	15.952.143	10.508.949
Income from Investing Activities		438.177	976.391	120.148	345.613
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		39.208.143	31.376.203	16.072.291	10.854.562
Financial Income		1.374.513	8.783.900	7.717	5.783.952
Financial Expenses (-)		(3.937.604)	(4.306.627)	(1.894.325)	(2.661.239)
PROFIT / (LOSS) BEFORE PROVISION FOR TAXES		36.645.052	35.853.476	14.185.683	13.977.275
Tax Income / (Expense) from Operating Activities		(8.262.339)	(8.291.460)	(3.132.658)	(3.059.950)
- Tax for Period	15	(616.663)	(1.804.825)	(430.630)	(720.584)
- Deferred Tax Income / (Expense)	15	(7.645.676)	(6.486.635)	(2.702.028)	(2.339.366)
OPERATING PROFIT/LOSS		28.382.713	27.562.016	11.053.025	10.917.325
NET PROFIT / (LOSS) FOR THE PERIOD		28.382.713	27.562.016	11.053.025	10.917.325
Period Profit (Loss) Distribution					
Non-controlling interests	13	(1)	(2)	2	-
Parent Company Shares		28.382.714	27.562.018	11.053.023	10.917.325
Earnings Per Share					
* - Earnings Per Share from Ongoing Activities	16	0,57	0,55	0,22	0,22
ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES					
CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME					
FOR THE PERIOD 01.01.2019 - 30.09.2019					
PROFIT / (LOSS) FOR THE PERIOD		28.382.713	27.562.016	11.053.025	10.917.325
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		(144.541)	(43.974)	(51.567)	(13.738)
Gains (Losses) On Remeasurements Of Defined Benefit Plans	12	(180.676)	(54.967)	(64.458)	(17.172)
Taxes Relating To Remeasurements Of Defined Benefit Plans	15	36.135	10.993	12.891	3.434
Deferred Tax (Expense) Income		36.135	10.993	12.891	3.434
OTHER COMPREHENSIVE INCOME (AFTER TAX)		(144.541)	(43.974)	(51.567)	(13.738)
TOTAL COMPREHENSIVE INCOME		28.238.172	27.518.042	11.001.458	10.903.587
Total Comprehensive Income Attributable to					
Non-controlling interests	13	(1)	(2)	2	(1)
Parent Company Shares		28.238.173	27.518.044	11.001.456	10.903.588

The accompanying accounting policies and explanatory notes are an integral part of these statements

ORGE ENERJİ ELEKTRİK TAHHÜT A.Ş. AND ITS SUBSIDIARIES
 CONVENIENCE TRANSLATION INTO ENGLISH OF
 CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 1 JANUARY-SEPTEMBER 30, 2019

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

	Dipnot	Paid-in Capital	Treasury Shares	Share Premium (Discount)	Defined Benefit Plans Revaluation Gains / Losses	Identified Benefit Plans Remeasurement Gains/Losses	Other comprehensive income items not to be reclassified to profit or loss	Legal Reserves	Restricted Reserves	Retained Earnings	Net Profit Or Loss	Accumulated Profit/Loss	Shareholders' Equity	Non-controlling shares	Equity	
Unaudited																
01 January 2018 Opening		20.000.000	-	457.651	72.246	72.246	72.246	72.246	828.774	828.774	35.762.225	31.427.086	67.189.311	88.547.982	(15)	88.547.967
Transfers		-	-	-	(43.974)	(43.974)	(43.974)	4.150.533	4.150.533	27.276.553	(31.427.086)	(4.150.533)	-	-	-	
Total Comprehensive Income		-	-	-	-	-	-	-	-	-	27.562.018	27.562.018	27.518.044	(2)	27.518.042	
Profit (Loss) for the Period		-	-	-	(43.974)	(43.974)	(43.974)	-	-	-	27.562.018	27.562.018	27.562.018	(2)	27.562.016	
Other Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	(43.974)	-	(43.974)	
Capital increases		30.000.000	-	-	-	-	-	-	-	(30.000.000)	-	(30.000.000)	-	-	-	
Increase (Decrease) Due to Repurchase of Shares		-	(2.432.945)	-	-	-	-	-	-	-	-	-	(2.432.945)	-	(2.432.945)	
Balance at 30 September 2018 Closing		50.000.000	(2.432.945)	457.651	28.272	28.272	28.272	4.979.307	4.979.307	33.038.778	27.562.018	60.600.796	113.633.081	(17)	113.633.064	
CURRENT PERIOD																
01 January 2019 Opening	13	50.000.000	(2.870.458)	457.651	92.666	92.666	92.666	5.416.820	5.416.820	32.601.265	51.434.516	84.035.781	137.132.460	(18)	137.132.442	
Transfers		-	-	-	-	-	-	(87.225)	(87.225)	51.521.741	(51.434.516)	87.225	-	-	-	
Total Comprehensive Income		-	-	-	(144.541)	(144.541)	(144.541)	-	-	-	28.382.714	28.382.714	28.238.173	(1)	28.238.172	
Profit (Loss) for the Period		-	-	-	(144.541)	(144.541)	(144.541)	-	-	-	28.382.714	28.382.714	28.382.714	(1)	28.382.713	
Other Comprehensive Income		-	-	-	(144.541)	(144.541)	(144.541)	-	-	-	-	-	(144.541)	-	(144.541)	
Capital increases		-	87.225	-	-	-	-	-	-	-	-	-	87.225	-	87.225	
Increase (Decrease) Due to Repurchase of Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 30 September 2019 Closing	13	50.000.000	(2.783.233)	457.651	(51.875)	(51.875)	(51.875)	5.329.595	5.329.595	84.123.086	28.382.714	112.505.720	165.457.858	(19)	165.457.839	

The accompanying accounting policies and explanatory notes are an integral part of these statements

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 01.01.- 30.09.2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	<u>Notes</u>	Unaudited	
		<u>Current Period</u> <u>01.01.-30.09.2019</u>	<u>Previous Period</u> <u>01.01.-30.09.2018</u>
A. CASH FLOWS FROM OPERATING ACTIVITIES		(15.189.471)	(9.393.859)
Net Profit / (Loss) for Period		28.382.713	27.562.016
Adjustments to Reconcile Net Profit / (Loss) :		8.421.581	7.161.457
Depreciation and Amortization		704.730	562.203
Adjustments for Provisions		60.110	33.646
- <i>Adjustments for (Reversal of) Provisions Related with Employee Benefits</i>		<i>60.110</i>	<i>33.646</i>
Adjustments for Interest (Income) Expenses		47.200	105.593
<i>Deferred Financing Expenses from Buying on Credit</i>		<i>355.162</i>	<i>93.574</i>
<i>Deferred Financing Expenses from Selling on Credit</i>		<i>(307.962)</i>	<i>12.019</i>
Adjustments for Tax (Income) / Expenses		7.609.541	6.475.642
Adjustments for Losses (Gains) from Disposal of Fixed Assets		-	(15.627)
Changes in Working Capital		(51.336.209)	(39.030.460)
Increases / (Decreases) in Trade Receivables	6	(6.879.841)	1.910.089
Increases / (Decreases) in Operating activities		(33.050)	(85.431)
Liabilities from Customer Contracts Contract Liabilities from Ongoing Construction and Contracting Works	7	(34.471.385)	(43.796.568)
Increases / (Decreases) in Inventories		(679.805)	588.429
Increases / (Decreases) in Prepaid Expenses		207.118	(352.753)
Increases / (Decreases) in Trade Payables		(8.559.230)	3.383.801
Increases / (Decreases) Employee Benefits		337.799	308.924
Increase/(Decreases) in Other Payables Related to Operations	6	1.548.049	(2.121.638)
Adjustments for Other Increase (Decrease) in Working Capital		(2.805.864)	1.134.687
Cash Flows from Operating Activities		(14.531.915)	(4.306.987)
Tax Payments / Refunds		(657.556)	(5.086.872)
B. CASH FLOW FROM INVESTING ACTIVITIES		(3.107.527)	(7.524.594)
Cash Inflows from Tangible and Intangible Asset Sales	9,10	51.850	32.626
Cash Outflows from Tangible and Intangible Asset Purchases	9,10	(849.298)	(5.199.524)
Cash Outflows from Investment Property	8	(2.310.079)	(2.357.696)
C. CASH FLOW PROVIDED BY FINANCING ACTIVITIES		12.066.366	8.128.462
Cash inflows arising from acquiring entity's shares or other equity instruments		-	(2.432.945)
Cash Inflows from Sale of Repurchased Shares		87.225	-
Cash inflows from borrowings	5	12.347.280	10.561.407
Cash Outflows from Lease Agreements		(368.139)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)		(6.230.632)	(8.789.991)
D. FOREIGN CURRENCY TRANSLATION DIFFERENCES IMPACT ON CASH AND CASH EQUIVALENTS		-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(6.230.632)	(8.789.991)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		19.556.583	31.347.709
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		13.325.951	22.557.718

The accompanying accounting policies and explanatory notes are an integral part of these statements

CONTENTS

1. GROUPS ORGANIZATION AND ACTIVITIES	1
2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	2
3. SEGMENT REPORTING	11
4. CASH AND CASH EQUIVALENTS	12
5. FINANCIAL LIABILITIES	12
6. TRADE RECEIVABLES AND PAYABLES	14
7. CONSTRUCTION CONTRACTS	15
8. INVESTMENT PROPERTY	16
9. TANGIBLE FIXED ASSETS	16
10. INTANGIBLE ASSETS	16
11. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES	16
12. EMPLOYEE BENEFITS	18
13. CAPITAL, RESERVES AND OTHER EQUITY ITEMS	20
14. REVENUE AND COST OF SALE	22
15. TAX ASSETS AND LIABILITIES	22
16. EARNINGS PER SHARE	26
17. RELATED PARTY	26
18. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS	27
19. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES	33
20. EVENTS AFTER THE BALANCE SHEET DATE	34
21. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENT	34

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 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 September 2019 average number of personnel is 546 (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 September 2019 is 4. (31 December 2018: 18)

As of 30 September 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 13).

The Company has prepared consolidated financial statements since 31.03.2015.

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

Basis of presentation of interim consolidated financial statements

The Group maintains its books of account and prepares its statutory financial statements in accordance with accounting principles set out in the Turkish Commercial Code and tax legislation.

The accompanying condensed consolidated interim financial statements are published in the official newspaper dated 13 June 2013 and numbered 28676 of the capital markets board (CMB) Serial II 14.1 number, capital notification on principles of financial reporting in capital markets "Public Oversight" accordance with the provisions of accounting and auditing standards Institution into effect has been prepared in accordance with Turkey accounting standards (TAS) Turkey Financial Reporting Standards comprise additional and comment on them.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 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)

Basis of presentation of interim consolidated financial statements (cont'd)

The interim condensed financial statements, the accounting standards issued by Turkey issued by the Capital Market and Financial Statements for public oversight institutions with examples of use set out in the Guidelines have been prepared in accordance with the format Taxonomy.

The Group's functional currency is the Turkish lira (TL) and accounting records for the current commercial legislation in Turkey, the Ministry of Finance to keep the financial regulations and the Uniform Chart of Accounts in TL according to the requirements.

The condensed interim consolidated financial statements are based on the Group's statutory accounts and has been expressed Public Oversight according (POA) to the Turkey Accounting Standards (TAS) issued by the Authority to provide as needed the status of the Group have been prepared and subjected to certain adjustments and reclassifications.

The preparation of consolidated financial statements in accordance with TFRS requires the use of certain assumptions and significant accounting estimates that will affect the explanatory notes about assets and liabilities and contingent assets and liabilities. Although these estimates are based on management's best estimates of current events and actions, actual results may differ from those predicted. Assumptions and estimates that require complex and further interpretation may have a significant impact on the financial statements. There has been no change in the assumptions used in the preparation of the interim condensed financial statements as of 30 September 2019 and the significant accounting estimates.

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

The consolidated financial statements are prepared on the historical cost basis except for the revaluation of financial instruments and investment properties.

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 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)

Going Concern Explanations

The consolidated financial statements have been prepared under the assumption that the Group will benefit from its assets and fulfill its obligations in the next year and within the natural flow of its operations.

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

New and amended standards and interpretations

The accounting policies used in the preparation of the interim financial statements as of 30 September 2019 have been applied in a manner consistent with those used in the prior year, with the exception of the new and amended TFRS standards and IFRIC interpretations presented below. The effects of these standards and interpretations on the financial position and performance of the Company are explained in the related paragraphs.

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.

Tenants have the exception that they do not apply this standard to short-term leases (leases with a lease term of 12 months or less) or leases where the underlying asset is of low value (eg personal computers, some office equipment, etc.). At the effective date of the lease, the lessee measures the lease obligation at the present value of the uncollected lease payments (lease obligation) and depreciates the leasing liability over the lease term as of the same date. Rent payments are discounted using this rate when the implied interest rate on the lease can easily be determined. If this rate cannot be determined easily, the lessee will use the lessee's alternative borrowing interest rate. The lessee must separately record the interest expense on the lease obligation and the depreciation expense of the right to use asset.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 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)

New and amended standards and interpretations (cont’d)

IFRS 16 Leases (cont’d)

The lessee is required to re-measure the lease obligation if certain events occur (for example, changes in the lease term, changes in prospective lease payments due to changes in a certain index or rate, etc.). In this case, the lessee records the remeasurement effect of the lease obligation as a correction to the right to use.

The effects of this amendment on the financial position and performance of the Company are explained in 2C section.

Amendments to TAS 28 Investments in Associates and Joint Ventures

Public oversight in December 2017 Turkey 28 Investments in Associates and Joint Ventures accounting standards issued by the changes in the standards. These amendments clarify to entities applying IFRS 9 Financial Instruments for long-term investments in an associate or joint venture that are part of the net investment in an associate or joint venture.

IFRS 9 Financial Instruments does not include investments in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures with this amendment, the Public Oversight Authority clarifies that IFRS 9 excludes only the investments that are accounted for using the equity method. The entity applies IFRS 9 to other investments in associates and joint ventures, including long-term investments that are not accounted for using the equity method and are part of the net investment in the respective associates and joint ventures.

The amendment is effective for annual periods beginning on or after 1 January 2019. The amendment did not have a significant impact on the financial position or performance of the Company.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 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)

New and amended standards and interpretations (cont’d)

Annual improvements 2015-2017

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

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

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

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.

The new standards, interpretations and amendments that have been issued as of the approval date of the financial statements but have not yet entered into force for the current reporting period and have not been applied by the Company early are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 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)

New and amended standards and interpretations (cont'd)

TFRS 10 and TAS 28: Asset Sales or Contributions to an Associate or Joint Venture - Amendment

The Public Oversight Authority postponed the effective date of the amendments to TFRS 10 and TAS 28 in December 2017 for an indefinite period, to be changed based on the ongoing research project outcomes related to the equity method. However, it still allows early application. The Company will assess the impact of the amendments after these standards have been finalized.

Consolidation principles

TFRS 17 - New Insurance Contracts Standard

Kamu gözetim kurumu Şubat 2019'da, sigorta sözleşmeleri için muhasebeleştirme ve ölçüm, sunum ve açıklamayı kapsayan kapsamlı yeni bir muhasebe standardı olan TFRS 17'yi yayımlamıştır. TFRS 17 hem sigorta sözleşmelerinden doğan yükümlülüklerin güncel bilanço değerleri ile ölçümünü hem de karın hizmetlerin sağlandığı dönem boyunca muhasebeleştirmesini sağlayan bir model getirmektedir. TFRS 17, 1 Ocak 2021 ve sonrasında başlayan yıllık hesap dönemleri için uygulanacaktır. Erken uygulamaya izin verilmektedir. Standart Şirket için geçerli değildir ve Şirket'in finansal durumu veya performansı üzerinde etkisi olmayacaktır.

Identification of the entity (Amendments to TFRS 3)

The public oversight authority issued amendments to the definition of an entity in TFRS 3 'Business Combinations'. The purpose of this change is to help determine whether an entity is accounted for as a business combination or as an asset acquisition in May 2019

The changes are as follows:

- Clarification of minimum requirements for the enterprise
- Eliminate the assessment of market participants' completing the missing elements;
- Adding practical guidance to help businesses assess whether the acquisition process is important;
- Limiting the definition of business and outputs; and Optionally publish a fair value concentration test.

The amendment is effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The Company is in the process of assessing the impact of the amendment on the financial position or performance of the Company.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 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)

New and amended standards and interpretations (cont’d)

Definition of Materiality (IAS 1 and IAS 8 Amendments)

The public oversight agency made amendments to the Sunum TAS 1 Presentation of Financial Statements ”and 8 TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors”. The purpose of these changes is to harmonize the definition of “materiality arasında between standards and clarify certain parts of the definition. According to the new definition, the information is important if it can be assumed that the financial statements may affect the decisions of the primary users based on these statements if the information is stored, incorrect or not provided. The amendments explain that the importance of information will depend on the nature, size, or both. Companies are required to evaluate the significance of the effect of the information on the financial statements when used alone or in combination with other information in June 2019.

The amendment is effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

New and amended standards and interpretations issued by the International Accounting Standards Board (IASB) but not published by the Public Oversight Authority

There are no new standards, interpretations and amendments to existing IFRS standards issued by the IASB but not yet adopted / issued by the POA.

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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 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)

As of 30 September 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

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.

B. Declaration of Conformity to TFRS

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 8 November 2019 and the Financial Statements Examples and Guidelines published by the Capital Markets Board.

C.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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 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)

C.Changes in Accounting Policies (cont’d)

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	
	<u>Building and Vehicles</u>	<u>Total</u>
Balance as of January 1, 2019	897.781	897.781
Balance as of September 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

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

C.Changes in Accounting Policies (cont'd)

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 if this rate cannot be determined easily. In general, the Company used the alternative borrowing interest rate as the discount rate at the effective date of the lease,

The rent arrears subsequently increases with the interest cost on the rent arrears and decreases with the rent payment made. In the event that 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 within the scope of residual value commitment, the Company evaluates the renewal, termination and cancellation options.

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 TFRS 16 for leases previously classified as operating leases under TAS 17.

- Similar properties have been applied to a single discount rate has a lease portfolio.
- As of 1 January 2019, it has applied the exemption of short-term leases to recognize the rights of use assets and liabilities for leases with less than 12 months of lease term.
- Initial direct costs are not included when measuring the existence of the right to use at 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 carrying amount of the leased asset and lease liability in accordance with TAS 17 immediately before the application of TFRS 16.

3. SEGMENT REPORTING

Since the Company does not have separate segments where the financial performances are followed separately, no reporting has been made according to the operating segments.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

4. CASH AND CASH EQUIVALENTS

	<u>30.09.2019</u>	<u>31.12.2018</u>
Cash	45.023	20.054
Banks		
- Demand Deposits	1.775.902	857.063
- Time Deposits	11.505.026	18.679.466
Total	<u>13.325.951</u>	<u>19.556.583</u>

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

<u>Currency</u>	<u>(%)</u>	<u>Maturity Date</u>	<u>30.09.2019</u>	<u>(%)</u>	<u>Maturity Date</u>	<u>31.12.2018</u>
TL	22,96	22.10.2019	4.727	22,96	08.01.2019	2.831.192
USD	2,65-3,00	22.10.2019	8.756.001	4,7	16.01.2019	9.813.111
EUR	0,88	22.10.2019	2.744.298	2,41	22.01.2019	6.035.163
Total			<u>11.505.026</u>			<u>18.679.466</u>

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

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

	<u>30.09.2019</u>	<u>31.12.2018</u>
TL Deposit	1.592.613	3.657.531
USD Deposit	8.768.833	9.832.234
EURO Deposit	2.919.482	6.046.764
Total	<u>13.280.928</u>	<u>19.536.529</u>

5. FINANCIAL LIABILITIES

	<u>30.09.2019</u>	<u>31.12.2018</u>
a) Bank Credit	28.980.848	17.081.930
b) Financial Leasing	457.027	-
c) Credit Card Debts	1.128.643	1.137.308
Total	<u>30.566.518</u>	<u>18.219.238</u>

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

5. FINANCIAL LIABILITIES (cont’d)

a) Bank Credits:				
<u>30.09.2019</u>				
<u>Currency</u>	<u>Average rate (%)</u>	<u>Short Term</u>	<u>Short Term Parts of Long Term Borrowings</u>	<u>Long Term</u>
TL	15,6 -27,50	23.073.930	3.834.589	2.072.329
Total		23.073.930	3.834.589	2.072.329

<u>31.12.2018</u>				
<u>Currency</u>	<u>Average rate (%)</u>	<u>Short Term</u>	<u>Short Term Parts of Long Term Borrowings</u>	<u>Long Term</u>
TL	14,61- 32,63	-	13.080.842	4.001.088
Total		-	13.080.842	4.001.088

	<u>30.09.2019</u>	<u>31.12.2018</u>
1 years	26.908.519	13.080.842
1-2 years	1.322.569	3.190.815
2-3 years	749.760	804.082
3-4 years	-	6.191
Total	28.980.848	17.081.930

b) Payables from operating leases:

<u>30.09.2019</u>			
Financial Leasing	Less than 1 year	More than 1 year - Less than 5 year	Total
The Present Value of Lease Obligation	338.055	118.972	457.027
Total	338.055	118.972	457.027

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

Short Term Trade Receivables	30.09.2019	31.12.2018
Trade Receivables (*)	29.178.361	14.240.283
Notes Receivable (*)	-	8.590.267
Less: Deferred Finance Income	(68.192)	(245.060)
Doubtful Trade Receivables (**)	1.015.427	1.015.427
Less: Provision for Doubtful Trade Receivables	(1.015.427)	(1.015.427)
Total	29.110.169	22.585.490

As of 30 September 2019, the weighted average of interest rates are % 14,28, % 2,0653, % 0 used to calculate unearned finance expense for short-term trade receivables in terms of TL, Usd, Euro weighted average maturity is approximately 60 days. (31.12.2018: TL 21,18%, Usd 4,71 %, Euro 2,87 % and 60 days)

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

(*) Trade and Notes Receivables	30.09.2019	31.12.2018
1-3 Months	29.178.361	22.333.496
3-6 Months	-	497.054
Total	29.178.361	22.830.550

(*) As of 30 September 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.

Doubtful receivables

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

Doubtful Trade Receivables	30.09.2019	31.12.2018
Beginning of the Period	1.015.427	1.015.427
Period Expense	-	-
Less: Current Year Reverse	-	-
End of the Period	1.015.427	1.015.427

Long-term trade receivables

None (31.12.2018: None).

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

6. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Short-term Trade Payables:

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

Short Term Trade Payables	30.09.2019	31.12.2018
Suppliers (*)	5.156.113	11.422.074
Notes Payable(*)	3.958.705	6.784.004
Less: Deferred Finance Expense	(62.902)	(286.970)
Total	9.051.916	17.919.108

(*)As of September 30, 2019 the weighted average of interest rates are 14,28%,% 2,0653, % 0 used to calculate unearned finance expense for short-term trade payables in terms of TL,USD,EUR weighted average maturity is approximately 55 days. (31.12.2018: TL 21,18%, USD 3,69%, Euro 4,71% and 55 days)

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

(*) Suppliers and Notes Payables	30.09.2019	31.12.2018
1-3 Months	9.099.950	17.983.487
3-6 Months	14.868	222.591
Total	9.114.818	18.206.078

Long Term Trade Payables

None (31.12.2018: None).

7. CONSTRUCTION CONTRACTS

	30.09.2019	31.12.2018
Assets Related to Ongoing Construction Contracts	151.074.311	113.896.233
Total	151.074.311	113.896.233

	30.09.2019	31.12.2018
Assets Related to Ongoing Construction Contracts		
Unearned Assets Related to Domestic		
Unearned Assets Related to Domestic Construction Contracts (*)	151.074.311	113.896.233
Total	151.074.311	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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

7. CONSTRUCTION CONTRACTS (cont'd)

<u>Ongoing Construction and Contracting Works Contract</u>	<u>30.09.2019</u>	<u>31.12.2018</u>
<u>Obligations</u>		
Advances received	13.629.298	10.922.605
Income relating to future months	3.258.914	3.258.914
Total	16.888.212	14.181.519

8. INVESTMENT PROPERTIES

For the nine-month period ended 30 September 2019, the amount of investment property purchased is TL 2.310.079 (31 December 2018: TL 2.624.378).

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

9 .TANGIBLE FIXED ASSETS

For the nine-month period ended 30 September 2019, property, plant and equipment purchases amount to TL 849.298 (31 December 2018: TL 5.720.280).

Net book value of property, plant and equipment sold during the nine-month period ended 30 September 2019 is TL 51.850 (31 December 2018: TL 19.150).

10. INTANGIBLE FIXED ASSETS

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

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

11. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

<u>Short Term Provisions</u>	<u>30.09.2019</u>	<u>31.12.2018</u>
(*) Provisions for lawsuit risk	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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD****30 SEPTEMBER 2019***(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)***11. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (cont’d)****Collaterals, Pledges, Mortgages, Bails:**

As of 30 September 2019 and 31 December 2018, the Group’s guarantee / pledge / mortgage / surety position statements are as follows:

				30.09.2019
<u>CPMB's given by the Company (Collaterals, Pledges, Mortgages, Bails)</u>	<u>TL Equivalent</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>
A) CPMB’s given for Company’s own legal personality	53.253.222	50.000	3.150.595	33.488.248
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) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-
i) Total amount of CPMB's given on behalf of majority shareholders	-	-	-	-
ii) Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPMB’s given on behalf of third parties which are not in scope of C	-	-	-	-
Total	53.253.222	50.000	3.150.595	33.488.248

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

11. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (cont’d)

Collaterals, Pledges, Mortgages, Bails:

				<u>31.12.2018</u>
<u>CPMB's given by the Company (Collaterals, Pledges, Mortgages, Bails)</u>	<u>TL Equivalent</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>
A) CPMB's given for Company's own legal personality	48.901.972	-	3.702.531	26.583.115
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) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause	-	-	-	-
E) Total amount of other CPMB's	-	-	-	-
i) Total amount of CPMB's given on behalf of majority shareholders	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	48.901.972	-	3.702.531	26.583.115

12 .EMPLOYEE BENEFITS

Empoloyee Benefits	<u>30.09.2019</u>	<u>31.12.2018</u>
Payables to personnel	1.486.392	1.295.039
Social security payables	708.808	670.064
Total	2.195.200	1.965.103
<u>Short-term Provision for Employee Benefits</u>	<u>30.09.2019</u>	<u>31.12.2018</u>
Provision for vacation pay liability	74.354	62.897
Total	74.354	62.897
<u>Long-term Provision for Employee Benefits</u>	<u>30.09.2019</u>	<u>31.12.2018</u>
Provision for employment termination benefits	769.865	529.079
Total	769.865	529.079

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

12 .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 9,3% expected salary increasing rate and 15,20% discount rate and about 5,40% real discount rate and retiring assumption as follows (31.12.2018: 8%, 12,75% and 4,40%).

	<u>30.09.2019</u>	<u>31.12.2018</u>
Discount Rate (%)	5,40	4,40
Change in employee benefits liability (%)	97,35	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 September 30, 2019 are calculated by estimating present value of probable liabilities arising due to retirement of employees.

TL 6.379 (31.12.2018: TL 5.434) maximum amount used on calculation of retirement pay provision with effect from July 30, 2019.

The movement of provision for employment termination benefits during the year is as follows:

	30.09.2019	31.12.2018
As of January 1	529.079	420.218
Interest cost	21.369	23.670
Service cost	188.179	213.038
Reversals of provisions	(149.438)	(102.322)
Actuarial gain / losses (*)	180.676	(25.525)
Total	769.865	529.079

(*) As of September 30, 2019, TL 180.676 (31.12.2018: TL 25.525) Actuarial Income/Loss booked in the statement of comprehensive income.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

13. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in Capital:

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

Capital Structure	30.09.2019		31.12.2018	
	Share Rate	Amount (TL)	Share Rate	Amount (TL)
Nevhan Gündüz	21,32	10.657.502	21,32	10.657.502
Mahmut Gündüz	0,00	500	0,00	500
Orhan Gündüz	32,50	16.248.750	32,50	16.248.750
Nevin Gündüz	0,00	500	0,00	500
Murat Kartaloğlu	0,00	250	0,00	250
Public share	46,18	23.092.498	46,18	23.092.498
Paid-in share capital	100	50.000.000		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)	30.09.2019	31.12.2018
Share premium (Discount)	457.651	457.651
Total	457.651	457.651

c) Treasury Shares	30.09.2019	31.12.2018
Treasury Shares	(2.783.233)	(2.783.233)
Total	(2.783.233)	(2.783.233)

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 5.000 nominal valued Company shares in the current account at the end of the period, were reported in the treasury shares with TL 19.050 total value. Treasury shares reported under shareholders' equity with purchase price.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD****30 SEPTEMBER 2019***(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)***13. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)**

d) Other Accumulated Comprehensive Inc	30.09.2019	31.12.2018
Other Gains (Losses)	(51.875)	92.666
Total	(51.875)	92.666

e) Restricted Reserves Appropriated From	30.09.2019	31.12.2018
Restricted Reserves	2.546.362	2.546.362
Reserves for Treasury Shares	2.783.233	2.870.458
Total	5.329.595	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 2.783.233 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	30.09.2019	31.12.2018
Prior year’s profit / loss (-)	84.123.006	32.601.265
Total	84.123.006	32.601.265

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

	30.09.2019	31.12.2018
g) Change in non-controlling interests		
Opening balance	(18)	(15)
Profit for the year attributable to non-controlling interest portion	(1)	(3)
Total	(19)	(18)

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD****30 SEPTEMBER 2019***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)***14 .REVENUE AND COST OF SALE**

Sales Income,Net	<u>01.01.-</u> <u>30.09.2019</u>	<u>01.01.-</u> <u>30.09.2019</u>	<u>01.07.-</u> <u>30.09.2019</u>	<u>01.07.-</u> <u>30.09.2018</u>
Contracting Sales Revenues	89.469.077	80.810.922	34.476.970	34.542.186
Materials Sales Revenues	12.011.703	6.896.565	5.101.724	355.984
Total Income	101.480.780	87.707.487	39.578.694	34.898.170
- Cost of services given (-)	(5.528)	(1.210.331)	-	-
Sales Income,net	101.475.252	86.497.156	39.578.694	34.898.170
Cost of good sold (-)	<u>01.01.-30.09.2019</u>	<u>01.01.-</u> <u>30.09.2019</u>	<u>01.07.-</u> <u>30.09.2019</u>	<u>01.07.-30.09.2018</u>
-Cost of Services (-)	(52.819.731)	(49.425.032)	(21.035.570)	(22.647.294)
-Cost of good sold	(6.374.732)	(3.706.116)	(998.738)	(404.494)
Cost of Sales	(59.194.463)	(53.131.148)	(22.034.308)	(23.051.788)
Gros Profit/ (Loss)	42.280.789	33.366.008	17.544.386	11.846.382

15. TAX ASSETS AND LIABILITIES**Current Period Tax Related Assets**

None (31.12.2018:None)

Non - current income tax assets	<u>01.01.-30.09.2019</u>	<u>01.01.-31.12.2018</u>
Prepaid taxes and withholding taxes	2.788.514	1.316.186

Period income tax provisions	<u>01.01.-30.09.2019</u>	<u>01.01.-31.12.2018</u>
Current year corporation tax expense	616.663	3.821.101
Prepaid taxes and withholding taxes (-)	(616.663)	(3.163.545)
Period income tax provisions	-	657.556

Tax Provisions	<u>01.01.-30.09.2019</u>	<u>01.01.-31.12.2018</u>
Corporate and income taxes payable (-)	(616.663)	(1.804.825)
Deferred tax revenue (expense)	(7.645.676)	(6.486.635)
Total	(8.262.339)	(8.291.460)

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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

15. TAX ASSETS AND LIABILITIES (cont'd)

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

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

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

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

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

Reconciliation between tax expenses for the period ended 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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

15. TAX ASSETS AND LIABILITIES (Cont'd)

Reconciliation of current period tax expense to profit for the period is as follows:

	01.01.-30.09.2019	01.01.-31.12.2018
Profit/Loss Before Tax	36.645.052	65.057.605
Taxable Profit / Loss	36.645.052	65.057.605
Corporate Tax rate	22%	22%
Calculated Tax	(8.061.911)	(14.312.673)
Disallowable expenses	(17.554)	(35.504)
Effect of Change in Legal Tax Rate on Deferred Tax Amount	-	72.911
Tax Advantage	-	(240.241)
Others	(182.874)	892.416
Total	(8.262.339)	(13.623.092)

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%)

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

15. TAX ASSETS AND LIABILITIES (Cont’d)

Deferred tax transaction table is as follows:

	01.01.-30.09.2019	01.01.-31.12.2018
Beginning of the year	(18.118.367)	(8.311.271)
Current Period Income Statement Debt / (Receivables)	(7.645.676)	(9.801.991)
Gains (Losses) On Remeasurements Of Defined Benefit Plans	36.135	(5.105)
End of the year	(25.727.908)	(18.118.367)

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	30.09.2019	31.12.2018	30.09.2019	31.12.2018
Deferred Tax Asset				
Provision for doubtful receivables	1.015.426	1.035.136	223.394	227.730
Provision for employment termination benefits	769.865	529.079	153.973	105.816
Provision for unused vacation	74.354	62.897	16.358	13.837
Bank loans interest accrual	151.642	223.945	33.361	49.268
Unearned finance income	68.192	245.060	15.002	53.913
Construction contracts adjustments	139.905.321	84.212.884	30.779.171	18.526.834
Provision for lawsuit risks	166.330	166.330	36.593	36.593
Tax advantage	-	-	-	191.055
Other	518.862	33.701	116.958	7.414
Total	142.669.992	86.509.032	31.374.810	19.212.460
Deferred Tax Liabilities				
Difference between the tax base and carrying amount of investment property,	(15.674.850)	(15.674.850)	(2.203.407)	(2.203.407)
Difference between the tax base and carrying amount of tangible and intangible assets	(1.607.199)	(824.232)	(321.440)	(164.846)
Unearned finance expense	(62.902)	(286.970)	(13.838)	(63.133)
Corrections year income to common construction projects	(247.983.727)	(158.514.650)	(54.556.420)	(34.873.223)
Interest Accruals	(10.134)	(115.815)	(2.229)	(25.479)
Other	(24.463)	(3.694)	(5.384)	(739)
Total	(265.363.275)	(175.420.211)	(57.102.718)	(37.330.827)
Deferred tax assets / liabilities, net	(122.693.283)	(88.911.179)	(25.727.908)	(18.118.367)
Current Year Deferred Tax Expense				
Deferred tax liability accounted under equity resulting from actuarial gain / loss			(7.609.541)	(9.807.096)
Actuarial Gain or Loss			(36.135)	5.105
Current Year Deferred Tax Benefit			(7.645.676)	(9.801.991)

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

16. EARNINGS PER SHARE

	01.01 – 30.09.2019	01.01 – 30.09.2018	01.07 – 30.09.2019	01.07 – 30.09.2018
Net Profit / (Loss)	28.382.713	27.562.016	11.053.025	10.917.325
Weighted average number of ordinary shares	50.000.000	50.000.000	50.000.000,00	50.000.000,00
Basic and diluted earnings / (loss) per share	0,57	0,55	0,22	0,22

17. RELATED PARTY

	30.09.2019							
	Receivables				Payables			
	Short term		Long term		Short term		Long Term	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
<u>Related Party</u>								
<u>Shareholder</u>								
Orhan Gündüz	-	32.000	-	-	-	17.955	-	-
	-	32.000	-	-	-	17.955	-	-

	31.12.2018							
	Receivables				Payables			
	Short term		Long term		Short term		Long Term	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
<u>Related Party</u>								
<u>Shareholder</u>								
Orhan Güzdüz	-	-	-	-	-	17.105	-	-
Total	-	-	-	-	-	17.105	-	-

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

17. RELATED PARTY (Cont’d)

Transactions made with related parties in the periods of 01.01.- 30.09.2019 and 01.01.-30.09.2018 are as follows:

	30.09.2019
Related Party Transactions	Rent income
Orhan Gündüz	20.339
Total	20.339

The Group's senior management consists of the Chairman and the Members of the Board of Directors, general manager and assistant general managers. Benefits provided to top management during the period between 1 January - 30 September 2019 and 1 January - 30 September 2018 are as follows:

<u>Key Executive Personnel Benefits</u>	30.09.2019	31.12.2018
	Benefits Provided to Top Management	283.500
Total	283.500	283.500

18. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

a) 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.

a.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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

18. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (Cont’d)

a) Financial Risk Factors (Cont’d)

a.1) Credit Risk (Cont’d)

Credit risks exposed by types of financial instruments:

	Receivables				Cash and Cash Equivalents
	Trade Receivables		Other Receivables		
	September 30, 2019	Related Parties	Other Parties	Related Parties	Other Parties
Maximum credit risk as of balance sheet date	-	29.110.169	32.000	85.786	13.280.928
-The collateral, and the part of the maximum risk	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	-	29.110.169	32.000	85.786	13.280.928
B. Book value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of impaired assets (3)	-	-	-	-	-
-Past due (Gross book value)	-	1.015.427	-	-	-
-Impairment (-)	-	(1.015.427)	-	-	-
-The part of net value under guarantee with collateral etc	-	-	-	-	-
-Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
-The part of net value under guarantee with collateral etc	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

18. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (Cont’d)

a) Financial Risk Factors (Cont’d)

a.1) Credit Risk (Cont’d)

Credit risks exposed by types of financial instruments (Cont’d):

	Receivables				Cash and Cash Equivalents
	Trade Receivables		Other Receivables		
	December 31, 2018	Related Parties	Other Parties	Related Parties	Other Parties
Maximum credit risk as of balance sheet date (A+B+C+D) (1)	-	22.585.490	-	84.736	19.536.529
-The collateral, and the part of the maximum risk	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	-	22.585.490	-	84.736	19.536.529
B. Book value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of impaired assets (3)	-	-	-	-	-
-Past due (Gross book value)	-	1.015.427	-	-	-
-Impairment (-)	-	(1.015.427)	-	-	-
-The part of net value under guarantee with collateral etc	-	-	-	-	-
-Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
-The part of net value under guarantee with collateral etc	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

(1) Factors that increase credit reliability such as collaterals received are not taken into consideration in determining the amount.

(2) All trade receivables consist of non-performing receivables from customers. The Company management, considering its past experience, anticipates that there will be no problems in the collection of related amounts.

(3) Impairment tests are carried out within the framework of the doubtful receivable policy determined by the management regarding the receivables of the Company from its customers.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

18. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (Cont’d)

a) Financial Risk Factors (Cont’d)

a.2) Market Risk Management

Market risk is the risk of fluctuations in the fair value of a financial instrument or future cash flows that may adversely affect an entity due to changes in market prices. These are foreign currency risk, interest rate risk and the risk of price changes of financial instruments or commodities.

There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

a.2.1) Exchange Rate Risk Management

Foreign currency transactions cause exchange risk. These risks are monitored and limited by analyzing the foreign currency position.

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

18. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (Cont’d)

a) Financial Risk Factors (Cont’d)

a.2.1) Exchange Rate Risk Management (Cont’d)

FOREIGN CURRENCY POSITION						
	30.09.2019			31.12.2018		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1. Trade Receivables	14.927.771	-	2.412.530	7.440.314	-	1.234.292
2a. Monetary Financial Assets	11.680.071	1.547.863	472.002	15.855.354	1.865.219	1.002.426
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current Assets (1+2+3)	26.607.842	1.547.863	2.884.532	23.295.668	1.865.219	2.236.718
5. Non-monetary Financial Liabilities	-	-	-	-	-	-
6. Other	-	-	-	-	-	-
7. Non-Current Assets (5+6)	-	-	-	-	-	-
8. Total Assets (4+7)	26.607.842	1.547.863	2.884.532	23.295.668	1.865.219	2.236.718
9. Trade Payables	4.714.093	89.059	680.409	10.431.143	471.041	1.319.351
10. Financial Liabilities	-	-	-	-	-	-
11.a Monetary Other Liabilities	-	-	-	-	-	-
11.b Non-monetary Other Liabilities	-	-	-	-	-	-
12. Short Term Liabilities	4.714.093	89.059	680.409	10.431.143	471.041	1.319.351
13. Financial Liabilities	-	-	-	-	-	-
14.a Monetary Other Liabilities	-	-	-	-	-	-
14.b Non-monetary Other Liabilities	-	-	-	-	-	-
15. Long Term Liabilities	-	-	-	-	-	-
16. Total Liabilities (12+15)	4.714.093	89.059	680.409	10.431.143	471.041	1.319.351
17. Net Foreign Currency Asset / (Liability) Position (8-15)	21.893.749	1.458.804	2.204.123	12.864.524	1.394.178	917.367
18. Monetary Items Net Foreign Currency Asset / (Liability) Position	21.893.749	1.458.804	2.204.123	12.864.524	1.394.178	917.367

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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

18. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (Cont’d)

a) Financial Risk Factors (Cont’d)

a.2.1) Exchange Rate Risk Management (Cont’d)

Exchange Rate Sensitivity Analysis Table				
Current Year				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
10% change in USD against TL:				
1- U S Dollar net assets / liabilities	825.552	(825.552)	-	-
2- U S Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	825.552	(825.552)	-	-
10% change in EUR against TL:				
4- EUR net assets / liabilities	1.363.823	(1.363.823)	-	-
5- EUR Hedged (-)	-	-	-	-
6- EUR Net Effect (4+5)	1.363.823	(1.363.823)	-	-
TOPLAM (3+6)	2.189.375	(2.189.375)	-	-

Exchange Rate Sensitivity Analysis Table				
Prior Year				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
10% change in USD against TL:				
1- U S Dollar net assets / liabilities	733.463	(733.463)	-	-
2- U S Dollar Hedged (-)	-	-	-	-
3- USD Dollar Net Effect (1+2)	733.463	(733.463)	-	-
10% change in EUR against TL:				
4- EUR net assets / liabilities	552.989	(552.989)	-	-
5- EUR Hedged (-)	-	-	-	-
6- EUR Net Effect (4+5)	552.989	(552.989)	-	-
TOPLAM (3+6)	1.286.452	(1.286.452)	-	-

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
30 SEPTEMBER 2019**

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

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

	Fair value changes measured on other comprehensive income	Fair value changes measured in profit or loss	Financial liabilities shown at amortized cost	Book Value	Note
30.09.2019					
Financial Assets					
Cash and Cash Equivalents	-	-	13.325.951	13.325.951	4
Trade Receivables	-	-	29.110.169	29.110.169	6
Financial Liabilities					
Financial Payables	-	-	30.566.518	30.566.518	5
Trade Payables	-	-	9.051.916	9.051.916	6
31.12.2018	Fair value changes measured on other comprehensive income	Fair value changes measured in profit or loss	Financial liabilities shown at amortized cost	Book Value	Note
Financial Assets					
Cash and Cash Equivalents	-	-	19.556.583	19.556.583	4
Trade Receivables	-	-	22.585.490	22.585.490	6
Financial Liabilities					
Financial Payables	-	-	18.219.238	18.219.238	5
Trade Payables	-	-	17.919.108	17.919.108	6
Other Financial Liabilities	-	-	657.556	657.556	15

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

30 SEPTEMBER 2019

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

19. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES) (Cont’d)

The fair value of financial assets and liabilities is determined as follows

- First Level: Financial assets and liabilities are valued at the quoted prices of an active market for the same assets and liabilities.
- Second level: Financial assets and liabilities are valued from inputs used to find the directly or indirectly observable market price of the related asset or liability other than the market price specified in the first level.
- Third level: Financial assets and liabilities are valued from inputs that are not based on observable market data used to determine the fair value of the asset or liability.

The Group has no financial assets at fair value as of 30.09.2019 and 31.12.2018.

20. EVENTS AFTER THE BALANCE SHEET DATE

None (31.12.2018: None).

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

None (31.12.2018: None).