

**ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ
AND ITS SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS*
FOR THE PERIOD ENDED MARCH, 31 2020**

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 ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(Amounts are expressed in Turkish Lira (“TL”))

	Notes	Unaudited Current Period March 31, 2020	Audited Previous Period December 31, 2019
ASSETS			
Current Assets		256.481.877	237.949.255
Cash and Cash Equivalents	3	44.922.256	34.494.610
Trade Receivables		23.186.391	27.012.961
Trade Receivables from Non Related Parties	5	23.186.391	27.012.961
Other Receivables		80.342	120.342
Other Receivables from Related Parties		-	40.000
Other Receivables from Non Related Parties		80.342	80.342
Assets Arising from Customer Contracts		172.469.181	160.118.020
Contractual Assets Arising from Constructions in Progress	6	172.469.181	160.118.020
Inventories		11.036.936	10.413.247
Prepaid Expenses		3.352.734	3.954.043
Other Current Assets		1.434.037	1.836.032
Non Current Assets		55.228.997	57.325.069
Other Receivables		42.444	42.444
Other Receivables from Non Related Parties		42.444	42.444
Investment Properties	7	33.520.000	36.130.000
Tangible Assets	8	17.068.054	17.170.255
Right of Use Assets		267.831	323.070
Intangible Assets	9	48.609	56.601
Non-Current Assets Relating with Current Period Tax	17	4.282.059	3.602.699
TOTAL ASSETS		311.710.874	295.274.324

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

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

	Notes	Unaudited Current Period March 31, 2020	Audited Previous Period December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-Term Liabilities		81.478.789	71.330.152
Short-Term Financial Liabilities	4	42.652.658	28.708.331
Current Maturities of Long Term Financial Liabilities	4	8.122.604	8.062.111
Trade Payables		13.409.403	17.634.196
Trade Payables to Non Related Parties	9	13.409.403	17.634.196
Liabilities Related With Employee Benefits	11	2.641.932	2.293.317
Other Payables		3.017.314	2.740.158
Other Payables to Related Parties	19	19.155	19.155
Other Payables to Non Related Parties		2.998.159	2.721.003
Liabilities Arising from Customer Contracts		11.165.120	11.470.677
Contractual Liabilities Arising from Constructions in Progress	6	11.165.120	11.470.677
Short Term Provisions		469.758	421.362
Short Term Provisions Related With Employee Benefits	11	161.738	113.342
Other Short Term Provisions	10	308.020	308.020
Long-Term Liabilities		37.820.896	38.117.367
Long Term Financial Liabilities	4	5.871.121	8.033.180
Long Term Provisions		1.100.145	1.052.232
Long Term Provisions Related With Employee Benefits	11	1.100.145	1.052.232
Deferred Tax Liabilities	17	30.849.630	29.031.955
SHAREHOLDERS' EQUITY		192.411.189	185.826.805
Parent Company's Equity		192.411.210	185.826.825
Paid in Capital	12	50.000.000	50.000.000
Treasury Shares (-)	12	(1.159.700)	-
Premiums Relating with Shares (Discounts)	12	1.310.410	1.310.410
Other Accumulated Comprehensive Income or Loss Not to Be Reclassified in Profit / Loss		(189.148)	(210.444)
Loss / Gain Due to Defined Benefit Plans	12	(189.148)	(210.444)
Restricted Reserves Set Aside from Profit	12	3.706.062	5.236.867
Profit / Loss of Previous Years	12	131.020.797	84.182.247
Net Profit / Loss for the Year	18	7.722.789	45.307.745
Non-Controlling Interests	12	(21)	(20)
TOTAL OF LIABILITIES AND SHAREHOLDERS' EQUITY		311.710.874	295.274.324

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD BETWEEN JANUARY 1, 2020 - MARCH 31, 2020
(Amounts are expressed in Turkish Lira ("TL"))

	Notes	Unaudited Current Period January 1, 2020 - March 31, 2020	Unaudited Previous Period January 1, 2019 - March 31, 2019
PROFIT/LOSS SECTION			
Revenue	13	30.810.361	26.171.755
Cost of Sales (-)	13	(20.895.188)	(14.802.702)
GROSS OPERATING PROFIT / LOSS		9.915.173	11.369.053
General Administration Expenses (-)		(1.783.471)	(1.581.716)
Other Income from Operating Activities	14	2.013.853	1.196.573
Other Loss from Operating Activities (-)	14	(815.498)	(1.222.653)
NET OPERATING PROFIT / LOSS		9.330.057	9.761.257
Income from Investment Activities	15	783.833	207.610
Loss from Investment Activities	15	(431.335)	-
OPERATING INCOME / LOSS BEFORE FINANCING EXPENSES		9.682.555	9.968.867
Financial Incomes	16	2.236.325	948.637
Financial Expenses (-)	16	(1.949.612)	(1.034.713)
CONTINUING OPERATIONS' PROFIT/LOSS BEFORE TAX FOR THE YEAR		9.969.268	9.882.791
Continuing Operations' Tax Income/Expense		(2.246.480)	(2.173.315)
Current Period Tax Income/ Loss	17	(434.129)	(97.631)
Deferred Tax Income/ Loss	17	(1.812.351)	(2.075.684)
CONTINUING OPERATIONS' PROFIT/LOSS FOR THE YEAR		7.722.788	7.709.476
PROFIT/LOSS FOR THE YEAR		7.722.788	7.709.476
Distribution of Profit / Loss for the Year			
Minority Shareholders	12	(1)	(1)
Parent's Company	18	7.722.789	7.709.477
Earnings Per Share			
Earnings Per Share from Continuing Activities	18	0,154	0,154

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD BETWEEN JANUARY 1, 2020 - MARCH 31, 2020
(Amounts are expressed in Turkish Lira ("TL"))

PROFIT/LOSS FOR THE YEAR		7.722.788	7.709.476
Income Not to Be Reclassified in Profit / Loss		(303.110)	16.057
Loss / Gain on Defined Benefit Plans' Remeasurement	11	(378.887)	20.071
Taxes Relating with Loss / Gain on Defined Benefit Plans' Remeasurement		75.777	(4.014)
- Current Tax Loss / Gain		-	-
- Deferred Tax Loss / Gain	17	75.777	(4.014)
Income to Be Reclassified in Profit / Loss			
OTHER COMPREHENSIVE INCOMES		(303.110)	16.057
TOTAL COMPREHENSIVE INCOMES		7.419.678	7.725.533
Distribution of Total Comprehensive Incomes			
Minority Shareholders	12	(1)	(1)
Parent's Company		7.419.679	7.725.534

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

Unaudited	Notes	Paid In Capital	Treasury Shares	Premiums Relating with Shares (Discounts)	Other Accumulated Comprehensive Income or Loss Not to Be Reclassified in Profit / Loss		Restricted Reserves Set Aside from Profit	Accumulated Profits		Parent's Equity	Non-Controlling Interest	Shareholders' Equity
					Loss / Gain on Defined Benefit Plans' Remeasurement			Profit/Loss of Previous Years	Net Profit / Loss for the Current Period			
PREVIOUS PERIOD												
Balances as of January 1, 2019		50.000.000	(2.870.458)	457.651		92.666	5.416.820	32.601.265	51.434.516	137.132.460	(18)	137.132.442
Transfers		-	-	-		-	(96.776)	51.531.292	(51.434.516)	-	-	-
Total Comprehensive Income / (Loss)		-	-	-		16.057	-	-	7.709.477	7.725.534	(1)	7.725.533
Profit / (Loss) for the Period		-	-	-		-	-	-	7.709.477	7.709.477	(1)	7.709.476
Other Comprehensive Income / (Loss)		-	-	-		16.057	-	-	-	16.057	-	16.057
Increase / (Decrease) Arising from Treasury Shares		-	96.776	-		-	-	-	-	96.776	-	96.776
Balances as of March 31, 2019		50.000.000	(2.773.682)	457.651		108.723	5.320.044	84.132.557	7.709.477	144.954.770	(19)	144.954.751
CURRENT PERIOD												
Balances as of January 1, 2020		50.000.000	-	1.310.410		(210.444)	5.236.867	84.182.247	45.307.745	185.826.825	(20)	185.826.805
Transfers		-	-	-		-	(1.530.805)	46.838.550	(45.307.745)	-	-	-
Total Comprehensive Income		-	-	-		21.296	-	-	7.722.789	7.744.085	(1)	7.744.084
Profit / (Loss) for the Period		-	-	-		-	-	-	7.722.789	7.722.789	(1)	7.722.788
Other Comprehensive Income / (Loss)		-	-	-		21.296	-	-	-	21.296	-	21.296
Increase / (Decrease) Arising from Treasury Shares		-	(1.159.700)	-		-	-	-	-	(1.159.700)	-	(1.159.700)
Balances as of March 31, 2020		50.000.000	(1.159.700)	1.310.410		(189.148)	3.706.062	131.020.797	7.722.789	192.411.210	(21)	192.411.189

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

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

	Notes	Unaudited Current Period January 1 - March 31, 2020	Unaudited Previous Period January 1 - March 31, 2019
A. CASH FLOWS ARISING FROM OPERATING ACTIVITIES			
Profit / Loss for the Year		7.722.788	7.709.476
Adjustments:		2.599.162	2.818.175
Adjustments Relating with Depreciation and Amortization (+)	7,8,9	304.202	411.086
Adjustments Relating with Provisions		63.700	110.264
- Provisions Related With Employee Benefits		63.700	110.264
Adjustments Relating with Interest (Incomes) / Losses		73.027	218.792
- Deferred Financial Expenses Arising from Purchases		221.449	114.387
- Deferred Financial Incomes Arising from Sales		(148.422)	104.405
Adjustments Relating with Tax Expense / Income		1.817.675	2.079.698
Adjustments Relating with (Incomes) / Losses of Disposals of Fixed Assets		340.558	(1.665)
Operating Profit Before Changes in Working Capital		(12.708.037)	(11.333.784)
Increase / (Decrease) in Trade Receivables	5	3.605.121	5.032.691
Increase / (Decrease) in Other Receivables		40.000	-
Increase / (Decrease) in Contractual Assets Arising from Constructions in Progress	6	(12.656.718)	(8.308.091)
Increase / (Decrease) in Inventories		(623.689)	(4.981.180)
Increase / (Decrease) in Prepaid Expenses		601.309	625.658
Increase / (Decrease) in Trade Payables	5	(4.076.371)	(1.953.133)
Increase / (Decrease) in Liabilities Related With Employee Benefits	11	466.220	994.545
Increase / (Decrease) in Other Liabilities		277.156	(1.166.659)
Other Changes in Working Capital		(341.065)	(1.577.615)
Cash Generated From Operating Activities		(2.386.087)	(806.133)
Tax Payment / Return		-	(393.666)
B. CASH FLOWS ARISING FROM INVESTMENT ACTIVITIES			
Cash Inflows From Sale of Tangible and Intangible Assets	8,9	-	28.785
Cash Outflows From Purchase of Tangible and Intangible Assets	8,9	(138.770)	(1.252.469)
Cash Inflows From Sale of Investment Properties	7	2.269.442	-
C. CASH FLOWS ARISING FROM FINANCING ACTIVITIES			
Cash Inflows from Increase of Capital			
Cash Inflows from Treasury Shares	12	(1.159.700)	96.776
Cash Inflows from Borrowings	4	11.842.761	(4.209.111)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE IMPACT OF FOREIGN CURRENCY DIFFERENCES		10.427.646	-6.535.818
D. THE EFFECT OF FOREIGN CURRENCY VALUATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		-	-
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		10.427.646	(6.535.818)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	3	34.494.610	19.556.583
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	3	44.922.256	13.020.765

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

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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

NOTE 1 – GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Orge Enerji Elektrik Taahhüt Anonim Şirketi (the “Company”) was incorporated on 1998. The activity of the Company and its subsidiary (the “Group”) is to engage electrical contracting works and residential and business construction works.

The Company’s name has changed and registered from Orge Enerji Sistemleri İnşaat Metal Ticaret ve Taahhüt A.Ş. to Orge Enerji Elektrik Taahhüt A.Ş. on June 30, 2010.

The Company’s shares are traded on Borsa İstanbul as of May 15, 2012

Headquarter of the Group is located in Kozyatağı Mahallesi Değirmen Sokak Nida Kule No:18 Kat: A 34742 Kadıköy, İstanbul and there is no branch office.

The average number of personnel employed by the Group within the period ended March 31, 2020 is 537, and there are no employees within the subsidiary as of the balance sheet date. (December 31, 2019: 562 employees). The Group also employs personnel through subcontractors. As of March 31, 2020, the average number of subcontracted personnel is 3. (December 31, 2019: 3 employees.)

As of March 31, 2020 the Company’s capital amount is 50.000.000 TRY (December 31, 2019: 50.000.000 TRY) and %46,15 of the capital is traded publicly. Main shareholder and the party which is holding the control of the Group is Gündüz family. (Note 12)

The Company has been preparing its financial statements consolidated since March 31, 2015.

Subsidiary included in full consolidation in the accompanying consolidated financial statements:

<u>Name of the Subsidiary</u>	<u>Field of Activities</u>	<u>Effective Shareholding Percentage (%)</u>	<u>Location</u>
And Insaat Ticaret A.Ş.	Material of Construction	99,96	Turkey

The Group does not have any subsidiaries listed on the stock exchange.

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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

NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF THE FINANCIAL STATEMENTS

A. Basis of Presentation

Basis of Presentation of Consolidated Financial Statements

The Company keeps its accounting records and statutory financial statements in accordance with the Turkish Commercial Code and the tax legislation.

The accompanying interim condensed consolidated financial statements in accordance with the provisions of the "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") published in the Official Gazette dated 13 June 2013 and numbered 28676 of the Capital Markets Board ("CMB"). Public Oversight Accounting and Auditing Standards Board ("POA") that have been put into force by Turkey Financial Reporting Standards (TFRS) was prepared in accordance. Turkey Financial Reporting Standards, comprise additions and interpretations on them. It is also presented in accordance with the TAS taxonomy published by the POA.

The Group has prepared its financial statements for the interim period ended March 31, 2020, in accordance with the Turkey Financial Reporting Standards No. 34 (Interim Financial Reporting).

The interim condensed financial statements of the Group do not include all the disclosures and footnotes required by the end-of-year financial statements and should therefore be read in conjunction with the Group's financial statements dated December 31, 2019.

The Group maintains its books of account and prepares its statutory financial statements in Turkish Lira (TRY) in accordance with the Turkish Commercial Code, Turkish Tax Legislation and Uniform Chart of Accounts issued by the Ministry of Finance.

The interim condensed consolidated financial statements are based on the statutory records and expressed in TRY with adjustments and reclassifications for the purpose of fair presentation in accordance with TFRS published by POA.

Preparation of the interim condensed consolidated financial statements in accordance with TFRS requires the use of certain assumptions and significant accounting estimates that will affect the explanatory notes on assets and liabilities and contingent assets and liabilities. Although these estimates are based on management's best estimates in the context of current events and actions, actual results may be different than expected. Assumptions and forecasts that require complex and more sophisticated interpretation can have a significant impact on the financial statements. The assumptions and significant accounting estimates used in the preparation of the financial statements ended as of March 31, 2020 have not changed.

There are no seasonal and periodical changes that will significantly affect the Group's activities.

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

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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

NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

A. Basis of Presentation (Continued)

Restatement for the Effects of Inflation

With the decision taken on March 17, 2005 and numbered 11/367, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their consolidated financial statements in accordance with the financial reporting standards accepted by the CMB. Accordingly, Turkish Accounting Standards 29, “Financial Reporting in Hyperinflationary Economies”, issued by the POA, has not been applied in the consolidated financial statements for the accounting year commencing January 1, 2005

Comparative Information and Adjustment of Previous Year Financial Statements

The Group’s consolidated financial statements are prepared in comparison with the previous period in order to determine the financial position and performance of the Group and the trends in cash flows. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements.

Going Concern Basis

Consolidated financial statements have been prepared on the going concern basis, assuming that the Group will benefit from its assets and fulfill its obligations in the following year and within the natural flow of its operations.

Offsetting

Financial assets and liabilities are indicated in net amounts in cases where there is the necessary legal right to do the same, there is an intention to evaluate the said assets and liabilities in net amounts and the acquisition of assets and the fulfillment of the obligations related to are realized concurrently.

**NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF THE FINANCIAL STATEMENTS
(Continued)**

A. Basis of Presentation (Continued)

New and Revised Standards and Interpretations

The accounting policies used in the preparation of the consolidated financial statements for the period ending on March 31, 2020 have been applied consistently with those used in the previous year, with the exception of the new and amended TFRS standards and TFRYK interpretations as of January 1, 2020, summarized below. Effects of these standards and interpretations on Group’s financial position and performance summarized following paragraphs.

a) Standards, amendments and interpretations applicable as at January 1, 2020:

Definition of a Business (Amendments to TFRS 3)

In May 2019, POA published amendments regarding the definition of business in TFRS 3 Business Combinations. The purpose of this change helps to determine whether a company will be recognized as a business combination or an asset acquisition.

These amendments are as below:

- Clarification of minimum requirements for the company
- Elimination of the assessment of market participants in completing the missing items;
- Add implementation guide to help businesses assess whether the acquisition process is important;
- To limit the definitions of the business and outputs; and
- Publishing an optional fair value concentration test

The amendment is applied for annual periods beginning on or after January 1, 2020.

The amendment did not have significant impact on the financial position or performance of the Group.

Amendments to IFRS 9, TAS 39 and IFRS 7 – Interest Rate Benchmark Reform;

Effective for annual periods beginning on or after 1 January 2020, in TFRS 9 and TAS 39, facilitating practices are provided in four basic issues related to interest rate benchmark reform. These applications are related to hedge accounting, in summary:

- The provision regarding the high probability of transactions,
- Prospective assessments
- Retrospective assessments
- They are separately identifiable risk components

The exemptions applied to the amendment to TFRS 9 and TAS 39 are intended to be disclosed in the financial statements in accordance with the regulation in TFRS 7.

The amendment did not have significant impact on the financial position or performance of the Group.

**NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF THE FINANCIAL STATEMENTS
(Continued)**

A. Basis of Presentation (Continued)

New and Revised Standards and Interpretations (Continued)

a) Standards, amendments and interpretations applicable as at January 1, 2020: (Continued)

Definition of Materiality (Amendments to IAS 1 and IAS 8)

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

The amendment is applied for annual periods beginning on or after January 1, 2020. Early application is allowed.

The amendment did not have a significant impact on the financial position or performance of the Group.

b) Standards that are issued but not effective and early applied

The new standards, interpretations and amendments that have been published as of the date of approval of the consolidated financial statements but have not yet entered into force for the current reporting period and have not started to be applied early by the Group are as follows. Unless otherwise stated, the Group will make the necessary changes that will affect the consolidated financial statements and footnotes after the new standards and interpretations become effective.

IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture – Amendment

The POA postponed the validity date of the amendments made in IFRS 10 and IAS 28 in December 2017, to be changed depending on the ongoing research project outputs related to the equity method. However, it still allows early implementation. The Company will evaluate the effects of these changes after the relating standards become final.

IFRS 17 Insurance Contracts

In February 2019, POA issued TFRS 17, a comprehensive new accounting standard for insurance contracts that includes accounting and measurement, presentation and disclosure. IFRS 17 introduces a model that enables both measurement of liabilities arising from insurance contracts with current balance sheet values and accounting for profit during the period when services are provided. Some changes in future cash flow estimates and risk adjustment are also accounted for during the period when the services are provided. Companies may choose to account for the effects of changes in discount rates on profit or loss or other comprehensive income. The standard includes special guidance for the measurement and presentation of insurance contracts with participation features. TFRS 17 will be effective in the annual periods beginning on or after January 1, 2023, on or before this date early application is permitted for companies applying TFRS 9 Financial Instruments and TFRS 15 Customer Contracts. The effects of the standard on the financial position and performance of the Group are evaluated.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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

NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

A. Basis of Presentation (Continued)

New and Revised Standards and Interpretations (Continued)

b) Standards that are issued but not effective and early applied (Continued)

Amendments in IAS 1 - Classification of liabilities as short and long term

On March 12, 2020, the POA made amendments in the TAS 1 “Presentation of Financial Statements” standard. These amendments, which are effective for annual reporting periods beginning on or after 1 January 2022, provide explanations to the criteria for the long and short term classification of liabilities. The amendments should be applied retrospectively according to TAS 8 “Accounting Policies, Changes and Errors in Accounting Estimates”. Early application is allowed.

The effects of the standard on the financial position and performance of the Group are evaluated.

Basis of Consolidation

Subsidiaries

Subsidiaries are the companies, in which the Company has more than 50% shares, voting rights or the majority of management or the majority of management within the framework of capital and management relations, either directly or through other subsidiaries. The Group receives a share from the results of the subsidiary's activities, depending on the ability of its subsidiary companies to execute its financial and operational policies. The subsidiary of the Company, detailed in the balance sheet footnote 1, is subject to full consolidation.

Subsidiary: And İnşaat Ticaret A.Ş.

The Company acquired 98% of the shares of And İnşaat Ticaret A.Ş. (“Subsidiary”) in 2010. As a result of the capital increase on March 03, 2014, the acquisition rate increased to 99.96%. Due to these shares, the voting right of the parent company in the general assembly of the mentioned subsidiary is 99.96%.

The activity of And İnşaat Ticaret A.Ş. is to build residences and workplaces, industrial buildings, factories, touristic facilities, social buildings, educational facilities, trade centers in the construction sector. Also, it performs and establish for their own and as contracting service or on behalf of another private or legal person and the state public all infrastructure, survey, feasibility, plan, project, construction, installation, furnishing, decoration and opening services.

Subsidiary’s address is in Kozyatağı Mahallesi Değirmen Sokak Nida Kule No:18 Kat A 34742 Kadıköy, İstanbul. The subsidiary does not have any actual activity.

As of March 31, 2020, the effective share ratio of the consolidated subsidiary and parent company is as follows:

<u>Name of the Subsidiary</u>	<u>Capital</u>	<u>Participation Amount (TRY)</u>	<u>Effective Shareholding Percentage (%)</u>
And Insaat Ticaret A.Ş.	250.000	249.900	99,96

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

Basis of Consolidation (Continued)

Consolidated balance sheet and consolidated income statement regulation principles

Full Consolidation Method

- The paid-in capital and balance sheet items of the Company and the subsidiary have been collected. In the collection process, the receivables and payables of the partnership subject to consolidation method are eliminated mutually.
- Paid-in capital of the consolidated balance sheet is the paid-in capital of the Company; The paid-in capital of the subsidiary is not included in the consolidated balance sheet.
- From all equity group items including the paid / issued capital of the subsidiary within the scope of consolidation, the amounts corresponding to the parent and non-subsidiary shares were deducted and shown as the “Non-Controlling Shares” account group after the equity account group of the consolidated balance sheet.
- Current and non-current assets purchased by companies subject to consolidation are included in the consolidated balance sheet based on their amounts, which are prior to the sales transaction, by making adjustments to ensure that these assets are presented to the company subject to consolidation.
- The income statement items of the company and the subsidiary are collected separately, and the sales of goods and services made by the company subject to consolidation method in the collection made are deducted from the total sales and the cost of the goods sold.
The profit arising from the purchase and sale of goods between these companies regarding the inventories of the company subject to consolidation method has been added to the cost of the goods sold by deducting from the inventories in the consolidated financial statements, and the loss has been reduced from the cost of the goods sold. Income and expense items that occurred due to the transactions of the company subject to consolidation method are mutually offset in the related accounts.
- The portion of the subsidiary within the scope of consolidation that hits shares other than the net profit or loss of the subsidiary, which is subject to consolidation method, is shown as the “Non-Controlling Shares” account group after the net consolidated period profit.
- In cases deemed necessary, adjustments have been booked to bring the financial statements of the subsidiary in line with the accounting principles applied by other in-group companies.

B. Changes in Accounting Policies

There has been no significant change in the accounting policies announced for the accounting period ending on December 31, 2019.

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

NOTE 3 – CASH AND CASH EQUIVALENTS

	<u>31.03.2020</u>	<u>31.12.2019</u>
Cash	33.270	12.444
Cash in Banks		
- Demand Deposits	2.728.628	5.916.350
- Time Deposits less than 3 Months	42.160.358	28.565.816
Total	44.922.256	34.494.610

Explanations regarding the nature and level of risks in cash and cash equivalents are explained in Note 16.

Detail of the time deposits as of 31.03.2020 and 31.12.2019 is as below:

	<u>Interest Rate</u>			<u>Interest Rate</u>		
<u>Currency</u>	<u>(%)</u>	<u>Maturity Date</u>	<u>31.03.2020</u>	<u>(%)</u>	<u>Maturity Date</u>	<u>31.12.2019</u>
TRY	7,50-10,25	13.04.2020	15.878.705	2,65-11,00	2.01.2020	13.464.359
USD	1,00-1,70	24.04.2020	13.897.529	1,75-2,40	17.01.2020	9.235.139
EUR	0,20-1,32	11.05.2020	12.384.124	0,30-0,67	13.01.2020	5.866.318
Total			42.160.358			28.565.816

12.058.869 TRY of the time deposits consists of participation banks profit share participation accounts (December 31, 2019: 6.009.133 TRY).

The foreign currency distribution for deposits is as follows:

	<u>31.03.2020</u>	<u>31.12.2019</u>
TRY Deposits	17.983.336	16.579.338
USD Deposits	13.955.373	9.247.521
EURO Deposits	12.950.277	8.655.307
Total	44.888.986	34.482.166

NOTE 4 – FINANCIAL BORROWINGS

	<u>31.03.2020</u>	<u>31.12.2019</u>
a) Bank Loans	55.717.740	43.565.893
b) Lease Liabilities	245.474	325.273
c) Credit Cards	683.169	912.456
Total	56.646.383	44.803.622

a) Bank Loans:		<u>31.03.2020</u>		
			<u>Maturities of</u>	
<u>Currency</u>	<u>Average</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Long Term</u>
	<u>Interest</u>		<u>Financial</u>	
	<u>Rate(%)</u>		<u>Liabilities</u>	
TRY	8,50 -26,00	41.764.575	8.122.604	5.830.561
Total		41.764.575	8.122.604	5.830.561

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NOTE 4 – FINANCIAL BORROWINGS (Continued)

<u>Currency</u>	<u>Average Interest Rate(%)</u>	<u>31.12.2019</u>		
		<u>Short Term</u>	<u>Maturities of Long Term Financial Liabilities</u>	<u>Long Term</u>
TRY	10,9 -26,00	27.684.678	8.062.111	7.819.104
Total		27.684.678	8.062.111	7.819.104

	<u>31.03.2020</u>	<u>31.12.2019</u>
Payable in 1 Year	49.887.179	35.746.789
Payable in 1-2 Year	4.444.858	6.071.068
Payable in 2-3 Year	1.385.703	1.748.036
Total	55.717.740	43.565.893

24.971.169 TRY of bank loans consists of participation bank loans. (December 31, 2019: 12.121.589 TRY)

b) Lease Liabilities

<u>Lease Liabilities</u>	<u>31.03.2020</u>	
	<u>Minimum Rent Payments</u>	<u>Present Value of Minimum Payments</u>
Less than 1 year	223.061	204.914
More than 1 year - Less than 5 Years	43.750	40.560
Present Value of Lease Liabilities	266.811	245.474

<u>Lease Liabilities</u>	<u>31.12.2019</u>	
	<u>Minimum Rent Payments</u>	<u>Present Value of Minimum Payments</u>
Less than 1 year	137.568	111.197
More than 1 year - Less than 5 Years	219.549	214.076
Present Value of Lease Liabilities	357.117	325.273

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

NOTE 5 – TRADE RECEIVABLES AND PAYABLES**a) Trade Receivables**

Detail of the trade receivables of the Group as of balance sheet date is as below:

Short Term Trade Receivables	31.03.2020	31.12.2019
Receivables (*)	21.500.622	25.100.746
Notes Receivables (*)	1.729.432	1.963.973
Deferred Financial Income (-)	(43.663)	(51.758)
Doubtful Trade Receivables (**)	1.080.328	1.091.162
Provision for Doubtful Trade Receivables (-)	(1.080.328)	(1.091.162)
Total	23.186.391	27.012.961

As of March 31, 2020, the effective weighted average interest rate used in the deferred financial income that calculated for short-term trade receivables in TRY is 10,32%, in USD is 1,261%, in EURO is 0% per annum and the weighted average maturity of the receivables is 60 days. (December 31, 2019: TRY 10,67%, USD 1,833%, EURO 0% - average maturity is 60 days).

(*) Receivables and Notes Receivables	31.03.2020	31.12.2019
1-3 Month	21.500.622	26.680.819
3-6 Month	1.377.318	383.900
6-9 Month	352.114	-
Total	23.230.054	27.064.719

As of March,31 2020, amounting to 1.080.328 TRY (December 31, 2019: 1.091.162 TRY) of trade receivables is doubtful receivable. There is no provision for doubtful receivables in current period.

(**) The movement of provision for doubtful trade receivables is as follows:

Doubtful Trade Receivables	31.03.2020	31.12.2019
Begining	1.091.162	1.015.427
Period Expense	-	75.735
Provision no Longer Required (-)	(10.834)	-
End of Period	1.080.328	1.091.162

Long Term Trade Receivables

None. (December 31, 2019: None)

b) Trade Payables

Detail of the trade payables of the Group as of balance sheet date is as below:

Short Term Trade Payables	31.03.2020	31.12.2019
Payables (*)	7.524.728	6.579.470
Notes Payable (*)	5.981.339	11.232.512
Deferred Financial Expense (-)	(96.664)	(177.786)
Total	13.409.403	17.634.196

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

NOTE 5 – TRADE RECEIVABLES AND PAYABLES (Continued)**b) Trade Payables (Continued)**

As of March 31, 2020, the effective weighted average interest rate used in the deferred financial expense that calculated for short-term trade payables in TRY is 10,32%, in USD is 1,261%, in EURO is 0% per annum and the weighted average maturity of the receivables is 55 days. (December 31, 2020: TRY 10,67%, USD 1,833%, EURO 0% - average maturity is 55 days).

(*) Payables, Notes Payable	31.03.2020	31.12.2019
1-3 Month	12.422.714	16.845.191
3-6 Month	1.083.353	966.791
Total	13.506.067	17.811.982

Long Term Trade Payables

None. (December 31, 2019: None)

NOTE 6 - RECEIVABLES AND LIABILITIES ARISING FROM CUSTOMER CONTRACTS

	31.03.2020	31.12.2019
Receivables Arising from Customer Contracts	172.469.181	160.118.020
Total	172.469.181	160.118.020

Detail of the assets relating with customer contracts is as below:

	31.03.2020	31.12.2019
Receivables Arising from Customer Contracts	172.469.181	160.118.020
- Assets relating with domestic construction contracts	-	-
- Assets not yet acquired relating with domestic construction contracts (*)	172.469.181	160.118.020

(*) Reasonable assurance has been established that the conditions required to obtain assets that have not yet been acquired are met by the entity, and are reflected in the consolidated financial statements on an accrual basis at the fair value of the collectible value.

	31.03.2020	31.12.2019
Liabilities Arising from Customer Contracts	11.165.120	11.470.677
Total	11.165.120	11.470.677

Detail of the liabilities relating with customer contracts is as below:

	31.03.2020	31.12.2019
Liabilities Arising from Customer Contracts	11.165.120	11.470.677
Advances Received	8.325.538	8.631.095
Incomes for the Following Months	2.839.582	2.839.582
Total	11.165.120	11.470.677

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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NOTE 7 – INVESTMENT PROPERTIES

The Group has not purchased any investment property in the interim period. (December 31, 2019: 7.226.106 TRY).

During the interim period, there was an investment property sale amounting to 2.269.442 TRY (December 31, 2019: 2.107.663 TRY).

NOTE 8 – TANGIBLE FIXED ASSETS

The Group has purchased amounting to 138.770 TRY tangible fixed assets in the interim period. (December 31, 2019: 982.014 TRY).

During the interim period, there was not any tangible fixed asset sale. (December 31, 2019: 77.095 TRY).

NOTE 9 – INTANGIBLE FIXED ASSETS

The Group has not purchased any intangible fixed assets in the interim period. (December 31, 2019: 3.210 TRY).

During the interim period, there was not any intangible fixed asset sale. (December 31, 2019: None).

NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Short Term Provisions	31.03.2020	31.12.2019
Provision for lawsuits	308.020	308.020
Total	308.020	308.020

(*) Provisions for lawsuits are relating to labor claims received by employees.

Long Term Provisions

None. (December 31, 2018: None)

b) Contingent Assets and Contingent Liabilities

None. (December 31, 2018: None)

c) Guarantees – Pledges – Mortgages - Bailments

Detail of the guarantees, pledges, mortgages and bailments as of March 31, 2020 and December 31, 2019 is as follows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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

NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

				31.03.2020
<u>Letters of guarantee, guarantee notes given, mortgage and pledges</u>	<u>TRY</u> <u>Equivalent</u>	<u>USD</u>	<u>EURO</u>	<u>TRY</u>
A. Total amount of guarantees provided by the Company on behalf of itself	52.604.340	172.706	2.641.359	32.421.583
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method	-	-	-	-
C. Provided on behalf of third parties in order to maintain operating activities	-	-	-	-
D. Guarantees given by the Corporate Governance Communiqué in accordance with article 12/2	-	-	-	-
E. Other guarantees given	-	-	-	-
i. Total amount of guarantees given on behalf of the parent company	-	-	-	-
ii. Total amount of guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-
Total	52.604.340	172.706	2.641.359	32.421.583

				31.12.2019
<u>Letters of guarantee, guarantee notes given, mortgage and pledges</u>	<u>TRY</u> <u>Equivalent</u>	<u>USD</u>	<u>EURO</u>	<u>TL</u>
A. Total amount of guarantees provided by the Company on behalf of itself	53.950.400	-	2.436.505	37.449.170
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method	-	-	-	-
C. Provided on behalf of third parties in order to maintain operating activities	-	-	-	-
D. Guarantees given by the Corporate Governance Communiqué in accordance with article 12/2	-	-	-	-
E. Other guarantees given	-	-	-	-
i. Total amount of guarantees given on behalf of the parent company	-	-	-	-
ii. Total amount of guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-
Total	53.950.400	-	2.436.505	37.449.170

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020**

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NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

The distribution of Guarantees – Pledges – Mortgages - Bailments given as of March 31, 2020 and December 31, 2019 are given below:

<u>Guarantees – Pledges – Mortgages - Bailments</u>	<u>31.03.2020</u>				<u>31.12.2019</u>			
	<u>Total TRY</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>	<u>Total TRY</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>
	<u>Equivalents</u>				<u>Equivalents</u>			
Guarantees	52.604.340	172.706	2.641.359	32.421.583	53.950.400	50.000	2.436.505	37.449.170
Pledges	-				-			
Mortgages	-	-		-	-	-	-	-
Total	52.604.340	172.706	2.641.359	32.421.583	53.950.400	50.000	2.436.505	37.449.170

The ratio of the Guarantees – Pledges – Mortgages - Bailments given to Group’s equity is 0% as of March 31, 2020. (December 31, 2019)

NOTE 11 - PAYABLES RELATED WITH EMPLOYEE BENEFITS

<u>Liabilities Related with Employee Benefits</u>	<u>31.03.2020</u>	<u>31.12.2019</u>
Due to Personal	1.761.145	1.495.579
SSI Payable	880.787	797.738
Total	2.641.932	2.293.317

<u>Short Term Provisions Related with Employee Benefits</u>	<u>31.03.2020</u>	<u>31.12.2019</u>
Provisions for Unused Leave of Absence Wages	161.738	113.342
Total	161.738	113.342

<u>Long Term Provisions Related with Employee Benefits</u>	<u>31.03.2020</u>	<u>31.12.2019</u>
Severance Pay Provision	1.100.145	1.052.232
Total	1.100.145	1.052.232

Pursuant to the laws of the Republic of Turkey, the Company is obliged to make a severance payment to each employee who has retired (at the age of 58 for women and 60 for men) following the working life of 25 years after having completed a time in service of at least one year or whose employment is terminated or who is called for military service or has died.

The obligation of severance payment is not subject to any funding. The provision for severance pay is calculated through the prediction of the present value of the amount of probable liability arising from the retirement of the Company’s employees. TAS 19 (“Employee Benefits”) stipulates that the liabilities of the Company should be developed using actuarial valuation plans within the scope of the defined benefit plans. In this direction, the actuarial assumptions used in the calculation of total liabilities are specified herein below:

Provisions on the balance sheet date are calculated based on the assumption of an expected salary increase of 7% annually and a discount rate of 11.50%, real discount rate of approximately 4.72% and retirement assumptions below. (December 31, 2019: Respectively % 7, % 11,50 ve % 4,72).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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NOTE 11 - PAYABLES RELATED WITH EMPLOYEE BENEFITS (Continued)

	<u>31.03.2020</u>	<u>31.12.2019</u>
Annual discount rate (%)	4,21	4,21
Retirement possibility (%)	97,14	97,35

The principal assumption is that maximum amount of liability for each year of service should increase parallel to the inflation. Therefore, the rate of discount applied refers to the real rate expected after the adjustment of the effects of inflation in the future. For this reason, the provisions included as of March 31, 2020 in the consolidated financial statements enclosed herewith are calculated estimating the present value of the probable liability which may arise from the retirement of employees.

The severance pay provision of the Group is calculated over the amount of 6.730 TRY (December 31, 2019: 6.380 TRY) valid as of January 01, 2020 since the retirement pay ceiling is adjusted every six months.

Movement of the provision for employee termination benefits for the period is as follows:

	<u>31.03.2020</u>	<u>31.12.2019</u>
As of January 01	1.052.232	529.079
Service Cost	118.461	258.738
Interest Cost	55.286	28.570
No Longer Required Severance Pay Provisions	(99.214)	(143.042)
Actuarial Loss / Gain (*)	(26.620)	378.887
End of Period	1.100.145	1.052.232

(*) As of March 31, 2020, actuarial gains / losses amounting to 26.620 TRY (December 31, 2019: 378.887 TRY).

NOTE 12 - SHAREHOLDERS' EQUITY, RESERVES AND OTHER EQUITY ITEMS

a) Paid in Share Capital

Shareholding structure of the Company as of March 31, 2020 and December 31, 2019 is as follows:

	<u>31.03.2020</u>		<u>31.12.2019</u>	
	<u>Share Rate (%)</u>	<u>Share Amount (TRY)</u>	<u>Share Rate (%)</u>	<u>Share Amount (TRY)</u>
Nevhan Gündüz	21,32	10.657.504	21,32	10.657.504
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
Publicly Traded	46,18	23.092.496	46,18	23.092.496
Paid Capital	100	50.000.000	100	50.000.000

The Company has entered the registered capital system and its registered capital ceiling is 50.000.000 TRY and its issued capital is 50.000.000 TRY (December 31, 2019: 50.000.000 TRY). The Company's share capital consists of 50.000.000 shares with 1 TRY per value each. There are no privileged shares.

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NOTE 12 - SHAREHOLDERS' EQUITY, RESERVES AND OTHER EQUITY ITEMS (Continued)

b) Premiums Relating with Shares (Discounts)	<u>31.03.2020</u>	<u>31.12.2019</u>
Premiums Relating with Shares (Discounts)	1.310.410	1.310.410
c) Treasury Shares	<u>31.03.2020</u>	<u>31.12.2019</u>
Treasury Shares	(1.159.700)	-
Total	(1.159.700)	-

In the previous period, within the framework of CMB regulations, the Company sold 993.503,50 shares, which were acquired by the repurchases in Borsa Istanbul, via a private order to corporate investor at a price of 4,37 TRY per share on December 04, 2019. With this transaction, as of December 04, 2019, the Company's share in its capital has decreased to 0%. The Company classifies the shares acquired within the scope of liquidity provision transactions within the shares that are treasury shares at the end of the period. As of December 31, 2019, the Company does not have any treasury shares within the scope of liquidity provision.

In the current period, the Company repurchased 270.000 shares at an average price of 4,30 TRY. As of March 31, 2020, the Company does not have any treasury shares within the scope of liquidity provision.

d) Other Accumulated Comprehensive Income or Loss Not to Be Reclassified in Profit / Loss	<u>31.03.2020</u>	<u>31.12.2019</u>
Loss / Gain Due to Defined Benefit Plans	(189.148)	(210.444)
Total	(189.148)	(210.444)

e) Restricted Reserves Set Aside from Profit	<u>31.03.2020</u>	<u>31.12.2019</u>
Legal Reserves	2.546.362	5.236.867
Reserves for the Treasury Shares	1.159.700	-
Total	3.706.062	5.236.867

According to article 519 of the Turkish Commercial Code (“TCC”) numbered 6102, the companies allocate 5% of their annual profits as legal reserves until they reach 20% of their paid capital. If the company has losses from previous years, annual profit is deducted from 5%. In accordance with clause c of article 519 of TCC, after paying 5% dividend to shareholders, 10% of the portion decided to be distributed to shareholders and other persons participating in the land is added to the legal reserves.

For the shares purchased by the Company in the current period, reserve funds amounting to 1.159.700 TRY are reserved.

f) Profit / Loss of Previous Years	<u>31.03.2020</u>	<u>31.12.2019</u>
Extraordinary Reserves	2.690.505	-
Profit / Loss of Previous Years	128.330.292	84.182.247
Total	131.020.797	84.182.247

g) Non-Controlling Interests	<u>31.03.2020</u>	<u>31.12.2019</u>
January 01	(20)	(18)
Income / (Loss) Share Except Parent Company	(1)	(2)
Total	(21)	(20)

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NOTE 13 – REVENUE

Sale Revenue (net)	01.01-31.03.2020	01.01-31.03.2019
Contractual Sale Income	30.744.815	24.532.037
Trade Good Sale Income	65.546	1.639.718
Total Incomes	30.810.361	26.171.755
Sale Revenue, net	30.810.361	26.171.755
Cost of Sales (-)	01.01-31.03.2020	01.01-31.03.2019
-Cost of Services Sold	(20.859.454)	(14.051.180)
-Cost of Trade Goods Sold	(35.734)	(751.522)
Cost of Sales	(20.895.188)	(14.802.702)
Gross Margin	9.915.173	11.369.053

NOTE 14 - OTHER INCOMES / EXPENSES ARISING FROM OPERATING ACTIVITIES

Other Incomes Arising from Operating Activities	01.01-31.03.2020	01.01-31.03.2019
Deferred Financial Income	148.422	427.625
Incentive Incomes	434.248	274.942
Scrap Sale Incomes	117.404	-
Provision no Longer Required	110.047	-
FX Incomes	765.215	238.102
Price Differences	4.890	116.702
Other	433.627	139.202
Total	2.013.853	1.196.573

Other Expenses Arising from Operating Activities	01.01-31.03.2020	01.01-31.03.2019
Deferred Financial Expenses (-)	221.449	417.643
FX Losses (-)	468.587	732.270
Other (-)	52.068	-
Penalty Expenses for Construction Worksite	73.394	72.740
Total	815.498	1.222.653

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020**

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

NOTE 15 - INCOMES / EXPENSES ARISING FROM INVESTMENT ACTIVITIES

<u>Incomes Arising from Investment Activities</u>	<u>01.01-31.03.2020</u>	<u>01.01-31.03.2019</u>
Interest Incomes	377.191	207.610
Investment Property Sale Incomes	386.303	-
Rental Income	20.339	-
Total	783.833	207.610

<u>Expenses Arising from Investment Activities (-)</u>	<u>01.01-31.03.2020</u>	<u>01.01-31.03.2019</u>
Investment Property Sale Expenses (-)	431.335	-
Total	431.335	-

NOTE 16 - FINANCIAL INCOMES / EXPENSES

<u>Financial Incomes</u>	<u>01.01-31.03.2020</u>	<u>01.01-31.03.2019</u>
FX Incomes	2.236.325	948.637
Total	2.236.325	948.637

<u>Financial Expenses</u>	<u>01.01-31.03.2020</u>	<u>01.01-31.03.2019</u>
Interest and Comission Expenses (-)	1.849.877	874.779
FX Losses (-)	99.735	159.934
Total	1.949.612	1.034.713

NOTE 17 – INCOME TAXES**Current Assets Relating with Current Period Tax**

None. (December 31, 2019: None)

<u>Non-Current Assets Relating with Current Period Tax</u>	<u>31.03.2020</u>	<u>31.12.2019</u>
Pre-paid Taxes and Funds	4.282.059	3.602.699

Tax Provision

	<u>31.03.2020</u>	<u>31.03.2019</u>
Current Period Income Tax Provision (-)	(434.129)	(97.631)
Deferred Tax Income / (Expense)	(1.812.351)	(2.075.684)
Total	(2.246.480)	(2.173.315)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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NOTE 17 – INCOME TAXES (Continued)

Corporate Income Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group’s results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate applied in 2020 is 22% (2019: 22%).

Provisional tax in Turkey is calculated as three-month period and are accrued. The provisional tax rate that must be calculated over the corporate earnings at the stage of taxing the corporate earnings of 2020 as of the provisional tax periods is 22%. The financial losses indicated in the tax return may be deducted from the Company’s earnings pursuant to the Turkish tax legislation, provided that the time period therefor is limited to 5 years. However, the financial losses cannot be set off against the profits of the previous year.

As stated in Article 91 of the “Law Amending Some Tax Laws and Other Laws” numbered 7061, published in the Official Gazette No. 30261 dated 5 December 2017, in accordance with the provisional article 10 added to the Corporate Tax Law No. 5520, the 20% rate in the first paragraph of Article 32 of this Law will be applied as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020 (for institutions for which special accounting period is assigned, to the accounting periods starting in the related year).

There is not a final and definitive agreement on tax assessment procedures are in Turkey. The companies prepare their tax returns between April 1-25 of the year following the closing period of the relevant year. These returns and the accounting records that are based on this can be examined and changed by the Tax Office within 5 years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister’s’ Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Reconciliation of period tax expense with period profit is as follows:

	31.03.2020	31.12.2019
Income / Loss Before Tax	9.969.268	57.096.820
Taxable Income / Loss	9.969.268	57.096.820
Corporate Income Tax Rate	22%	22%
Tax Calculated	(2.193.239)	(12.561.300)
Non-Deductible Expenses	(9.940)	(35.480)
Other	(43.301)	807.703
Total	(2.246.480)	(11.789.078)

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NOTE 17 – INCOME TAXES (Continued)

Deferred Tax

The Company calculates deferred tax assets and liabilities considering the temporary differences between the valuation of balance sheet items according to TFRS and in accordance with Turkish Commercial Code and Turkish Tax Legislation. These temporary differences give rise to accounting of revenues and expenses in different reporting periods according to TFRS and Tax Laws.

The tax rate used in calculating deferred tax assets and liabilities is 22% for taxable earnings to be realized between 2018-2020 and 20% for later (31 December 2019: 22% for 2018-2020 – 20% for later).

	Total Temporary Differences		Deferred Tax Assets / (Liabilities)	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Deferred Tax Assets				
Provision for Doubtful Receivables	1.080.328	1.091.161	237.672	240.055
Provisions for Severance Pay	1.100.145	1.052.232	220.029	210.446
Provisions for Unused Leave of Absence Wages	161.738	113.342	35.582	24.935
Loan Interest Accruals	436.138	272.312	95.950	59.909
Interest Income not Accrued	43.663	51.758	9.606	11.387
Cost Adjustments of Construction Projects in Progress	184.414.275	162.343.623	40.571.141	35.715.597
Lawsuit Provisions	308.020	308.020	67.764	67.764
Other Adjustments	225.764	305.563	54.059	71.615
Total	187.770.071	165.538.011	41.291.803	36.401.708
Deferred Tax Liabilities				
Differences in Statutory Values and Book Values of Investment Properties	(18.265.849)	(18.606.407)	(1.826.585)	(1.860.641)
Differences in Statutory Values and Book Values of Tangible and Intangible Fixed Assets	(1.483.188)	(1.459.228)	(296.638)	(291.846)
Interest Expense not Accrued	(96.664)	(177.786)	(21.266)	(39.113)
Income Adjustments of Construction Projects in Progress	(317.897.481)	(287.152.666)	(69.937.446)	(63.173.587)
Time Deposit Interest Accrual	(27.089)	(17.686)	(5.961)	(3.891)
Other Adjustments	(267.698)	(322.937)	(53.538)	(64.585)
Total	(338.037.969)	(307.736.710)	(72.141.433)	(65.433.663)
Deferred Tax Assets / (Liabilities), net	(150.267.898)	(142.198.699)	(30.489.630)	(29.031.955)
Deferred Tax Expense / (Income)			(1.817.675)	(10.913.588)
Actuarial (Gain) / Loss			5.324	(75.777)
Impact of Adjustments on the Application of the TFRS 9 Standard			-	(9.444)
Current Period Deferred Tax (Expense / (Income))			(1.812.351)	(10.998.809)

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NOTE 17 – INCOME TAXES (Continued)

The movement of deferred tax assets / liabilities is as follows:

	31.03.2020	31.12.2019
Opening Balance	(29.031.955)	(18.118.367)
Current Income Tax Income / (Expense)	(1.812.351)	(10.998.809)
Defined Benefit Plans Remeasurement Gains / Losses	(5.324)	75.777
Impact of Adjustments on the Application of the TFRS 9 Standard	-	9.444
Total	(30.849.630)	(29.031.955)

NOTE 18 - EARNINGS PER SHARE

	01.01-31.03.2020	01.01-31.03.2019
Profit / (Loss) for the Period	7.722.789	7.709.477
Weighted Average Number of Shares	50.000.000	50.000.000
Earnings Per Share from Continuing Activities	0,154	0,154

NOTE 19 – RELATED PARTY DISCLOSURES

	31.03.2020	
	Receivables	Payables
	Short Term	Short Term
Balances with the related parties	Un-commercial	Un-commercial
<u>Shareholders</u>		
Orhan Gündüz	-	19.155
Total	-	19.155

	31.12.2019	
	Receivables	Payables
	Short Term	Short Term
Balances with the related parties	Un-commercial	Un-commercial
<u>Shareholders</u>		
Orhan Gündüz	40.000	19.155
Total	40.000	19.155

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NOTE 19 – RELATED PARTY DISCLOSURES (Continued)

Detail of the transactions with the related parties as of 01.01. – 31.03.2020 and 01.01. – 31.03.2019 is as follows:

	31.03.2020
Transactions with related parties	Rental Incomes
Orhan Gündüz	20.339
Total	20.339

31.03.2019

None.

The key management of the Group consist of the Chairman and Members of the Board of Directors and the general manager. Salaries and other fringe benefits provided to key management as of January 01, 2020 – March 31, 2020 and January 01, 2019 – March 31, 2019 are as below:

<u>Benefits Provided for Key Management</u>	<u>01.01-31.03.2020</u>	<u>01.01-31.03.2019</u>
Benefits Provided for Key Management	94.500	94.500
Total	94.500	94.500

NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Financial Risk Factors

The Group is exposed to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk due to its activities. The Group's risk management program focuses on minimizing the potential negative effects of uncertainty in the financial markets on the Group's financial performance.

a.1) Credit Risk:

Credit risk consists of the customers exposed to the credit risk covering the deposits held in banks, uncollected receivables and the committed transactions. Risk control evaluates the credibility of the customer taking into consideration the customer's financial position, past experiences and the other factors. The group management meets these risks restricting the average risk for the opposite party and receiving a security, if need be, in each agreement. The management does not expect any loss due to the non-performance of the parties.

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**NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

a) Financial Risk Factors (Continued)

a.1) Credit Risk: (Continued)

	Receivables				
	Trade Receivables		Other Receivables		Deposit in Banks
Current Period	Related Party	Other Party	Related Party	Other Party	
Maximum credit risk exposed to as reporting date (A+B+C+D) (1)	-	23.186.391	-	122.786	44.888.986
- Secured portion of the maximum credit risk by guarantees, etc,	-	-	-	-	-
A. Carrying amount of financial assets not overdue or not impaired (2)	-	23.186.391	-	122.786	44.888.986
- Secured portion of the maximum credit risk by guarantees, etc,	-	-	-	-	-
B. Carrying amount of financial assets overdue but not impaired	-	-	-	-	-
- Amount secured via guarantees (*)	-	-	-	-	-
C. Net book values of assets subject to impairment (3)	-	-	-	-	-
- Overdue (gross book value)	-	1.080.328	-	-	-
- Impairment (-)	-	(1.080.328)	-	-	-
- Net value secured via guarantee, etc. (*)	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- That part of net value secured under guarantee, etc. (*)	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

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**NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

a) Financial Risk Factors (Continued)

a.1) Credit Risk: (Continued)

	Receivables		Related Party	Other Party	Deposit in Banks
	Trade Receivables	Other Receivables			
Previous Period	Related Party	Other Party	Related Party	Other Party	Deposit in Banks
Maximum credit risk exposed to as reporting date (A+B+C+D) (1)	-	27.012.961	40.000	122.786	34.482.166
- Secured portion of the maximum credit risk by guarantees, etc,	-	-	-	-	-
A. Carrying amount of financial assets not overdue or not impaired (2)	-	27.012.961	40.000	122.786	34.482.166
- Secured portion of the maximum credit risk by guarantees, etc,	-	-	-	-	-
B. Carrying amount of financial assets overdue but not impaired	-	-	-	-	-
- Amount secured via guarantees (*)	-	-	-	-	-
C. Net book values of assets subject to impairment (3)	-	-	-	-	-
- Overdue (gross book value)	-	1.091.162	-	-	-
- Impairment (-)	-	(1.091.162)	-	-	-
- Net value secured via guarantee, etc. (*)	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- That part of net value secured under guarantee, etc. (*)	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

- (1) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into account.
- (2) All trade receivables consist of note receivables and open receivables from customers. Considering its past experience, the management of the Group foresees that no problems will be encountered in collecting the relevant amounts.
- (3) Impairment tests were conducted within the framework of the suspicious receivable policy determined by the management regarding the receivables of the Group from its customers.

**NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

a) Financial Risk Factors (Continued)

a.2) Market Risk Management:

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

In the current year, there was no change in the market risk the Group was exposed to or the methods of management and measurement of the risks exposed, compared to the previous year.

a.2.1) Foreign Exchange Risk:

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

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

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**NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

a) Financial Risk Factors (Continued)

a.2) Market Risk Management: (Continued)

a.2.1) Foreign Exchange Risk: (Continued)

FOREIGN CURRENCY POSITION STATEMENT						
	31.03.2020			31.12.2019		
	TRY Equivalent	US Dollar	Euro	TRY Equivalent	US Dollar	Euro
1. Trade Receivables	6.633.485	-	919.402	9.329.369	-	1.402.786
2a. Monetary Financial Assets	28.272.057	2.140.801	1.985.114	17.893.878	1.555.571	1.301.157
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets	-	-	-	-	-	-
4. Current Assets (1+2+3)	34.905.542	2.140.801	2.904.516	27.223.246	1.555.571	2.703.943
5. Trade Receivables	-	-	-	-	-	-
6- Other	-	-	-	-	-	-
7. Other Non-Current Assets	-	-	-	-	-	-
8. Total Assets (4+5+6)	34.905.542	2.140.801	2.904.516	27.223.246	1.555.571	2.703.943
9. Trade Payables	3.045.502	157.264	280.079	8.152.333	103.830	1.133.065
10. Financial Liabilities	-	-	-	-	-	-
11- Monetary Financial Liabilities	-	-	-	-	-	-
12. Non-Monetary Financial Liabilities	-	-	-	-	-	-
13. Other	-	-	-	-	-	-
14. Short Term Liabilities	3.045.502	157.264	280.079	8.152.333	103.830	1.133.065
15. Financial Liabilities	-	-	-	-	-	-
16. Long Term Liabilities	-	-	-	-	-	-
17. Total Liabilities	3.045.502	157.264	280.079	8.152.333	103.830	1.133.065
18. Net Asset / (Liability) Position in Foreign Currency (8-17)	31.860.040	1.983.537	2.624.437	19.070.913	1.451.741	1.570.878
19. Monetary Items Net Foreign Currency Asset / (Liability) Position	31.860.040	1.983.537	2.624.437	19.070.913	1.451.741	1.570.878

The Group is exposed to currency risk in US Dollars and Euro.

The statement below shows the Group's sensitivity to the 10% increase and decrease in the USD and Euro. The rate of 10% is the rate used for reporting to senior executives in exchange rate risk within the Group, and this rate represents the possible change expected by management in exchange rates. The sensitivity analysis covers only monetary items in open foreign currency at the end of the year and shows the effects of the 10% exchange rate change at the end of the year. Positive value refers to the increase in profit / loss and other equity items.

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**NOTE 20 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

a) Financial Risk Factors (Continued)

a.2) Market Risk Management: (Continued)

a.2.1) Foreign Exchange Risk: (Continued)

Exchange Rate Sensitivity Analysis Statement				
Current Period				
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
If USD changes by 10% against TL:				
1- Net Asset/Liability of USD	1.292.473	(1.292.473)	-	-
2- Portion protected from risk of USD (-)	-	-	-	-
3- Net Effect of USD (1+2)	1.292.473	(1.292.473)	-	-
If EURO changes by 10% against TL:				
4- Net Asset/Liability of EURO	1.893.531	(1.893.531)	-	-
5- Portion protected from risk of EURO (-)	-	-	-	-
6- Net Effect of EURO (4+5)	1.893.531	(1.893.531)	-	-
TOTAL (3+6)	3.186.004	(3.186.004)	-	-

Exchange Rate Sensitivity Analysis Statement				
Current Period				
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
If USD changes by 10% against TL:				
1- Net Asset/Liability of USD	862.363	(862.363)	-	-
2- Portion protected from risk of USD (-)	-	-	-	-
3- Net Effect of USD (1+2)	862.363	(862.363)	-	-
If EURO changes by 10% against TL:				
4- Net Asset/Liability of EURO	1.044.728	(1.044.728)	-	-
5- Portion protected from risk of EURO (-)	-	-	-	-
6- Net Effect of EURO (4+5)	1.044.728	(1.044.728)	-	-
TOTAL (3+6)	1.907.091	(1.907.091)	-	-

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NOTE 21 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)

	Financial Instruments fair value difference of which are reflected in the other comprehensive income statement	Financial Instruments fair value difference of which are reflected in the income statement	Financial instruments indicated based on redeemed values	Book Value	Note
31.03.2020					
Financial Assets					
Cash and Cash Equivalents	-	-	44.922.256	44.922.256	3
Trade Receivables	-	-	23.186.391	23.186.391	5
Financial Liabilities					
Borrowings	-	-	56.646.383	56.646.383	4
Trade Payables	-	-	13.409.403	13.409.403	5

	Financial Instruments fair value difference of which are reflected in the other comprehensive income statement	Financial Instruments fair value difference of which are reflected in the income statement	Financial instruments indicated based on redeemed values	Book Value	Note
31.12.2019					
Financial Assets					
Cash and Cash Equivalents	-	-	34.494.610	34.494.610	3
Trade Receivables	-	-	27.012.961	27.012.961	5
Financial Liabilities					
Borrowings	-	-	44.803.622	44.803.622	4
Trade Payables	-	-	17.634.196	17.634.196	5

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

Fair value classification for financial assets and liabilities of the Group is as follows:

Level 1: Financial assets and liabilities are valued at the stock market prices traded in the active market for the same assets and liabilities.

Level 2: Financial assets and liabilities are valued from the inputs used to find the price of the relevant asset or liability directly or indirectly in the market, other than the stock exchange price specified at the first level.

Level 3: Financial assets and liabilities are valued from inputs that are not based on any observable data in the market used in finding the fair value of the asset or liability.

The Group does not have financial assets that are shown at their fair values as of March 31, 2020 and December 31, 2019.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

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NOTE 22 – SUBSEQUENT EVENTS

March 31, 2020

1- "Covid-19", which was declared as a pandemic by the World Health Organization (WHO) on March 11, 2020, has restrictive effects in many areas such as production, trade and transportation as well as human health in our country and in the world. In this framework, the possible effects of Pandemic on our Group are evaluated below as Company Management:

- In the current period, due to the Corona epidemic, a temporary stop was decided on 1 of our active construction worksites. As of May 13, 2020, activities were resumed at this site. Within the framework of the measures taken and the directions of our employers, the number of employees may decrease. With the normalization of working conditions, it is planned to finalize the works in accordance with the work programs deemed appropriate by the employers.

- As of the announcement date of the financial statement, we do not have any projects that are stopped and / or postponed due to the epidemic.

- As it is known, since the commitment is a labor-intensive job, there is no chance of continuing on the field without being executed by our blue-collar employees. If the construction worksite is stopped, business progress, new progress payments, and turnover and cash flows can be disrupted to a great extent. However, as of the announcement date of the financial statement, it is foreseen that if the continuation of the normalization process, economic activity, indicators and prices converge to the expectations of the company, the activities and financial status of the company will not be affected.

2- 45.000 of the 270.000 ORGE shares acquired during the period were allocated and transferred to the Company employees for free on May 08, 2020 within the framework of the "ORGE Employees' Company Shares Policy".

December 31, 2019

None.

NOTE 23 – OTHER ISSUES CONSIDERABLY AFFECTING FINANCIAL STATEMENTS AND REQUIRED TO BE EXPLAINED FOR ENSURING THAT FINANCIAL STATEMENTS ARE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None. (December 31, 2019: None)