

The power that lightens the world...



sarkuysan

Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

ANNUAL REPORT 2018

AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING

The Ordinary General Assembly Meeting will be held at the company headquarters at 2.30 PM on April 12th, 2019. Emek Mah. Aşırođlu Cad. No: 147, 41700 Darica / Kocaeli

1. Opening and establishing the Chairmanship of the Meeting,
2. Assigning authority to the Meeting Chairman to sign the Minutes of Meeting for the General Assembly and the attendance list,
3. Reading and discussing the Annual Report prepared by the Board of Directors for 2018,
4. Reading the Independent Audit Report for 2018,
5. Reading, discussing and approval of the consolidated financial statements for 2018,
6. Relieving the members of the Board from their duties as a result of the activities of the Company held in 2018,
7. Discussing and deciding on how the 2018 term profits are to be used, the proportions of profits and dividend shares to be distributed and the dates of distribution,
8. Providing information to the shareholders on the bonds, securities and mortgages given by the company in favour of the 3rd parties,
9. Providing information to the shareholders on the donations and aids given in 2018 for social assistance and deciding on an upper limit for the donations and assistance to be given in 2019 in accordance with the Capital Market Board regulations,
10. Providing information to the shareholders concerning the principles of remuneration for the members of the Board and the Senior Executives in accordance with the Capital Markets Board regulations
11. Approval of the Güreli Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş. (Güreli Certified Public Accountant and Independent Auditing Services Co.) chosen for a term of one year by the Board of Directors to conduct independent audits in the Company in accordance with the Capital Market Law and Turkish Commercial Code.
12. Determining monthly gross salaries and attendance fees for the members of the Board,
13. Election of 2 Board Members as Independent Board Members among the candidates of the Independent Board Members in accordance with the Capital Market Board regulations, determination of their terms of duty and monthly salaries and attendance fees,
14. Giving authorisation to the members of the Board to carry out transactions in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Market Board regulations,
15. Wishes and requests and closing.

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THE SARKUYSAN IDENTITY

Company Name: Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.	Founded on: 03.05.1972
Upper Limit of the Registered Capital: 300,000,000 TL	Issued Capital: 200,000,000 TL
Commercial Registry No.: 13898	Mersis No: 0751001576100014
Commercial Registry Registered to: Gebze Commercial Registry Office	Address: Emek Mah. Aşiroğlu Cad. No: 147, 41700 Darıca / Kocaeli
Telephone: 0262 676 66 00 (20 Lines)	Fax: 0262 676 66 80
E-Mail: info@sarkuysan.com	Website: www.sarkuysan.com

Vision & Mission

OUR VISION

To achieve customer satisfaction-oriented, environmentally-friendly, high-quality, competitive and innovative production as a global company in the electrolytic copper industry.

MISSION

To maintain our prestigious position in Turkey and worldwide, provide benefit to our country, partners, employees and customers and create social value through the social responsibility projects accomplished with the responsibility of serving as a model and being a public, aggregate, professionally-managed and successful corporation in Turkey.



History

Producing electrolytic copper wires, tubes and busbars over an outdoor area of over 175,000 m² and indoor area of 90,000 m², Sarkuysan has increased its production capacity over 200,000 tons/year and reached a global extent.



Sarkuysan was established in 1972 under the leadership of goldsmiths and jewellers at Kapalıçarşı (the Grand Bazaar), an important commercial centre in Istanbul, Turkey. The name of the company was derived from the Turkish combination of the first three letters of the founders' professions as SARraf (goldsmith) KUYumcu (jeweller) and SANatkar (craftsman).

In respectful memory of all members of the Sarkuysan family who have passed away into eternity...

Sarkuysan has a significant place in the country's industrialization history as it is the first successful publicly traded and aggregate company. The company, which produces electrolytic copper products, copper tubes and copper busbars over an area exceeding 175,000 m² in the Gebze and Darica region, with an indoor area of approximately 90,000 m², increased its initial capacity of 10,000 tons/year to over 200,000 tons/year and became a global company. The products are used as standard inputs in electro-technical, electronics, motor, communication, electricity generation and distribution, solar power, household appliances, measuring devices, defence, automotive, chemicals, construction, heating ventilation and sanitary installation sectors. Sarkuysan is certified with TS EN ISO 9001, ISO/TS 16949 Quality, ISO 14001 Environment, OHSAS 18001 Occupational Health and Safety, and ISO 50001 Energy Management systems for all the operations carried out. Using the

"sks" brand on its products, Sarkuysan meets a substantial part of the domestic demand while exporting approximately half of its production range to more than 70 countries in 5 continents. Today, a significant number of the cars and commercial vehicles produced in Europe use Sarkuysan wires. The company has been providing oxygen-free and nickel-plated copper wires to the suppliers of NASA in the USA for years as well as the aircraft manufacturers lately.

Having approximately 850 employees in total, around 90% of the personnel of the Company working in the production units have either vocational school or high school degrees, and they are provided in-house and outsourced training programs every year. Sarkuysan manufactures a significant portion of its own machinery and plants used during the manufacturing process. Moreover, generating a considerable portion of the power and steam requirement of the Company vital for the production consistency at the co-generation plant within its premises, the Company also offers its 47 years of experience and know-how to other

countries. Sarkuysan is a group of companies.

Sarmakina A.Ş., operating in machinery and spare parts manufacturing and environmental protection technologies field; Demisaş A.Ş., producing pig and nodular cast iron for automotive and machinery manufacturing sectors; Sarda A.Ş., a marketing and trade company; and Bektaş A.Ş. are the sister companies in the group. Sarkuysan has an agency in Italy and a sales and marketing company, SARK - USA, established in 2002 in the US, which are the two important countries for direct marketing purposes of the products as part of the Company's busy export operations. In addition, Sark Wire, a subsidiary which has begun production in Albany, New York as from the end of 2009, has become a pioneering Turkish industrial company following the second manufacturing plant in Toccoa, Georgia. Furthermore, Sarkuysan facilities located at the Aegean Free Trade Zone manufacture and export products with high added value. Furthermore, the investment process of the Sark Bulgaria AD, which



was established in Shumen, Bulgaria to be able to benefit from the advantages offered by the European Union in exportation and expand the activities of the Company, still continues. Being aware of its social responsibilities, Sarkuysan continuously develops social projects at all fields. In this context, Frej Han, renovated and used as Company Headquarters for years, is an important contribution to our cultural legacy. The company contributes to education by building the Sarkuysan High School in Gebze and the Sarkuysan Elementary School in Darica and by granting non-refundable scholarships to higher education students. Sarkuysan also supports State Religious Affairs with the Sarkuysan Mosque inspired by and built as an Ottoman Architectural complex. Contributing to health sector by allocating the funds reserved in the beginning of the year for the urgent medical device needs of a health institution, the company also supports sports with its Table Tennis Team that frequently represents our country successfully in the European Cup Championship. Contributing to arts with its Turkish Music Choir, Folk Dance Groups consisting of its employees, the company pays utmost attention to the environment by developing forestations and planting areas. And the last but not the least is that Sarkuysan promotes our country by hosting international events.

At a corporation, with approximately 5,000 shareholders, Sarkuysan supplies materials to numerous sectors in the domestic and international markets under the "sks" trademark for the production of many modern industrial products; facilitates and colours life and creates substantial added value with significant employment opportunities; brings foreign currencies to the country, pays taxes and distributes profits. Sarkuysan is a dynamic, global, publicly-held corporation with modern means of production and corporate organization governed by professionals

Message of the Chairman

We were presented above-the-line performance award in the category of Large-scale Organisations during the "Performance Assessment of Above-The-Line Industrial Companies" conducted by Kocaeli Chamber of Industry to award successful industrial organisations.

Dear Shareholders,

Welcome to our 47th Ordinary General Assembly. I would like to greet you all with warm and respectful regards.

2018 was a year with a global increase in protectionism policies in commerce. Throughout the year, US Federal Reserve Bank (FED) and UK's The Bank of England (BoE), pioneering central banks of the developed countries, maintained their normalisation policies with the power they get from the tight labour market. Whilst FED raised interest rates for 4 times, BoE preferred a raise in the interest rates only 1 time. The European Central Bank (ECB) ceased its asset purchase program.

Considering 2019, we reckon preparations for a soft decrease in the global economic activity. The soft decrease can be defined as follows: The world economy had achieved an average growth of 3.4% between 2011 and 2018; and, in 2018, the growth rate reached a climax with

3.7%. Notwithstanding this growth, in 2019, the global economy is expected to achieve an annual growth rate of 3.3%, which is considered a soft decrease. During this period, we take into account the uncertainty of the impact of commercial tensions and continuity of slowdown in the Chinese economy; and, furthermore, increasing political and geopolitical uncertainties and fragility in the emerging markets, which have relatively weak macroeconomic fundamentals, are factors that may negatively impact the increase in growth.

Beginning to include the concerns regarding the weakness in global growth in their assessments is an indicator of a slower normalisation process in the monetary policies of the central banks of developed countries such as ECB, FED, etc. Indeed, FED decreased its three interest raise estimations to two for 2019. In the event the slowdown in global economy becomes more evident, we may observe a more modest FED. In the end, the sharp drop lately observed in oil prices because of surplus supply and reduced demand is a development that indicates a modest global growth with low rates of global inflation.

Whilst Turkish economy had financial fluctuations in 2018; it was a year when Turkish economy experienced high inflation rates because of the exchange rates and the growth figures has a soft slowdown. It is expected to have increased pressures on growth in the beginning of 2019 for

a while. During this period, impacts of the election will stand out as well. In 2019, we expect the economic fragility to decrease with a New Economy Program and a strong policy coordination in line with the road map of economy. In 2019, we will test the reflections of the measures and supports taken as a result of a kind of economy management to economy and begin to get results. Financial discipline and tight monetary policy will continue to be the fundamental anchors of economy.

Even though we expect a recovery towards the potential growth levels in the second half of the year, risks regarding the global growth concerns may limit the recovery. The decrease in oil prices and low domestic demand will decrease the current account deficit in Q1 2019. Following Q2, current account deficit can gradually increase again with the growth. On the other hand, payments of external debt and financing amount to be created will be determinant particularly in Q2. I believe in the event that the central banks of developed countries proceed in a direction to support the global economy more in 2019 will have a positive reflection on the economy of developing countries, including Turkey.

We will begin a year with inflation rates having a decreasing trend, but will still stay in two figures. With the contribution of the slowdown in economy and positive trend in tourism sector, we can expect improvements to continue in the current deficit.



Message of the Chairman

We finance the installation of a multi-functional mill that can both separate and grind millet, which is the main food source of a poor village of Senegal with a population of 1,750 people.

During Q1 2019, fluctuations shall be considered ordinary as the elections are getting close. However, as soon as the election period ends, we will have a period that we shall focus more on economy policies for the rest of the year.

The size of global copper wire and cables market is US\$ 175 billion and the share of Turkey is around 2.8%. In 2019, we expect the global copper wire and cable market to grow 3% on the average.

Thanks to our experience in the sector, as well as in management considering the economic conditions in Turkey, Sarkuysan could have handled problems with a proactive approach. Hence, the extraordinary efforts of management and employees result in once again a positive balance sheet in 2018. The recession in the domestic market was balanced with the increase in export figures to a great extent. Successful results achieved by our group companies, namely Demisaş A.Ş., Sarmakina A.Ş. and Sarda A.Ş., contributed to the balance sheets of Sarkuysan. Our companies in the USA have entered into a restructuring process to adapt to varying market

conditions and competition.

The factory of Sark Bulgaria, the company established in Bulgaria, has begun its test productions as of February. We expect this development to greatly contribute to our sales figures.

As it is known, we have always had an R&D unit since the early years of the company and we attach utmost importance to R&D studies. As a result of the regulations issued by the government to encourage R&D studies and form a serious foundation for these studies, they initiated to establish R&D Centres. Prerequisites were determined and approval of the Ministry of Industry is required to become an R&D Centre. Sarkuysan re-organised our R&D Department in line with the conditions required and transformed the department into an R&D Centre. Following the audits of the Ministry in our factory and explanations of our officials in the presence of the Ministry, we are given the permission to establish an R&D Centre within the company. I believe this permission will be a motivation factor for our R&D studies.

I would like to mention that I have faith that the collective bargaining agreement, which will come to an end as of September 2019, will be negotiated and concluded with an agreement in satisfaction of both the workers' and employers' unions without any interruption in the labour peace.

We have included new awards to our awards collection. Once again, we were presented above-the-line performance award in the category of large-scale organisations during the "Performance Assessment of Above-The-Line Industrial Companies" coordinated by Kocaeli Chamber of Industry to award successful industrial organisations. We were presented this award back in 2014 before. Moreover, we were awarded the second rank in the companies with the highest export figures in the iron and non-iron metals category of Turkish Exporters Assembly.

Our public relations activities also continue. Our Turkish Music Choir and Folk dances group staged several performances and hence integrated with the people of Gebze and Darıca. The Theatre Club consisting of employees of Demisaş and Sarkuysan staged a successful play to the people of Gebze and Bilecik at the municipalities' culture centres.

We used our annual promotion budget in line with our 25-year-old traditional method and we donated a gastroscopy device needed by Gebze Fatih State Hospital. Our Company also financed the renovation of one room as part of the renovation project of the rooms of Kadıköy Health and Education Foundation Tuzla Senior Centre.

In the field of sports, our "Men's Table Tennis Team" is competing in Super League and, as in previous years, often representing our country in the International UEFA Cup.



Our traditional scholarship practice continues in two sections. Non-refundable scholarships provided to the children of our employees who are going to a university and to the successful students graduated from Sarkuysan High School have so far helped 270 students to begin their professional lives. In the meantime, 111 students continue their education. On the other hand, our employees established a scholarship fund 24 years ago by contributing with certain amounts of deduction from their salaries. So far, 272 students have benefitted from this scholarship and finished their schools. In the meantime, 62 students still continue their education. I would like to thank and congratulate the 407 employees of Sarkuysan, Sarmakina and Sarda who contribute to this scholarship fund for their sensitive behaviours.

As you all know, in Gambia, Africa, the NGO named "Sen de gel" had intended to drill several wells to bring a solution

to water supply problem of this poor country and Sarkuysan financed a well drilled in Mbanta village with a population of 400. This year, we are financing the installation of a multi-functional mill that can both separate and grind millet, which is the main food source of a poor village of Senegal with a population of 1,750 people, through the same association. I hope, next year, we will watch the video of the area where our donation is sent during our General Assembly.

As a result, our company achieved a consolidated gross profit of 121,024,860 TL from its 2018 activities according to the official bookkeeping entries. The net profit of the period after taxes is 91,217,033 TL.

I would like to take this opportunity to thank my colleagues in the Board of Directors and all our employees for their devoted works throughout this period. In the meantime, I would like to underline that the extraordinary economic conditions are expected to

last at least for 2-3 years. Therefore, I would like to mention that I have faith in all our employees that we will continue our path as a close-knit family as we did in the last year, without ever loosening up in our profession.

I would also like to express my most sincere condolences for the members of our family who passed away this year and express my best wishes to have a productive General Assembly meeting for our Company and country.

Hayrettin ÇAYCI
Chairman

The Board of Directors

As the largest electrolytic copper production company in Turkey, we continue proceeding with firm steps while increasing our production capacity to over 200,000 tons/year during 2018, when the competition is high, costs increased and capacities of several other facilities decreased.

AUTHORITIES

MEMBERS OF THE BOARD

Members of the Board were determined pursuant to the Turkish Commercial Code, the Capital Market Board Regulations and the Company's Articles of Association.

INDEPENDENT MEMBERS OF THE BOARD

Independent Members of the Board were determined pursuant to the Capital Market Board Regulations and the Company's Articles of Association.

TERMS OF DUTY

In accordance with the decision taken in the Ordinary General Assembly meeting dated 07.04.2017, the term of duty for the members of the Board is 3 (three) years and in accordance with the decision taken in the Ordinary General Assembly meeting dated 06.04.2018, the term of duty for the Independent Members of the Board is 1 (one) year.





THE BOARD OF DIRECTORS

STANDING - LEFT TO RIGHT

A. Hamdi BEKTAŞ, Bekir Menetlioğlu, Mehmet Bahtiyar, Turgay ŞOHOĞLU, Nurtekin KEÇECİ, Fuat AŞICIOĞLU, Fuat SUCU, Cenap TAŞKIN

SITTING - LEFT TO RIGHT

Maksut URUN, Hayrettin ÇAYCI, Hamit MÜCELLİT

NAME & SURNAME	POSITION	DATE OF ELECTION
Hayrettin ÇAYCI	Chairman	07.04.2017
Hamit MÜCELLİT	Acting Chairman	07.04.2017
Maksut URUN	Member of Board	07.04.2017
Fuat SUCU	Member of Board	07.04.2017
A. Hamdi BEKTAŞ	Member of Board	07.04.2017
Cenap TAŞKIN	Member of Board	07.04.2017
Nurtekin KEÇECİ	Member of Board	07.04.2017
Turgay ŞOHOĞLU	Member of Board	07.04.2017
Bekir MENETLİOĞLU	Member of Board	07.04.2017
Fuat AŞICIOĞLU	Independent Member of Board	06.04.2018
Mehmet BAHTİYAR	Independent Member of Board	06.04.2018

Senior Management



Mehmet Ali AKOY	R&D Manager - Metallurgical Engineer, MSc.
Sabri ATILLA	Administrative Affairs Manager - Administrator (Trainer)
Canan ÇAKIROĞLU	Quality Assurance Manager - Physics Engineer, MSc.
Çağatay ÇAPAL	Enamelled Wire Production Manager - Electronics Engineer
Şefiye DURMAZ YAYLA	Commercial Accounting Manager - Business Administrator (CAFA)
Mehmet Uğur ILGAZ	End Products Manager - Metallurgical Engineer, MSc.
Faruk Şekip KARŞANBAŞ	Industrial Automation and Maintenance Manager - Electronic Engineer, MSc.
Meryem KAYA	Export Operations Manager - Business Administrator
Levent Ş. KULAÇ	Procurement Manager - Metallurgical Engineer
Serkan ÖZGEN	Domestic Sales Manager - Business Administrator
S.Sinan SELVİ	Director of the Continuous Casting - Metallurgical Engineer, MSc
Yaşar SÖNMEZ	Constructions Manager - Civil Engineer
Filiz TEKİN SALMANLI	IT Systems Manager - Industrial Engineer
Deniz TURAN	Human Resources Manager - Industrial Engineer
Ferhan TURNAGİL	Cost Accounting Manager - Business Administrator (CAFA)
Ercan USER	Domestic Marketing Manager - Marketing Expert
İ.Deniz UZGAN	Financing and Risk Management Manager - Economist
Ömer Münci ÜNAL	Tube Plant Manager - Mechanical Engineer
M.Mahir YILDIZ	International Marketing Manager - Foreign Trade Expert (Mathematician)



We are more than happy to celebrate our 47th birthday together with our partners and employees, as a family strong committed to each other.

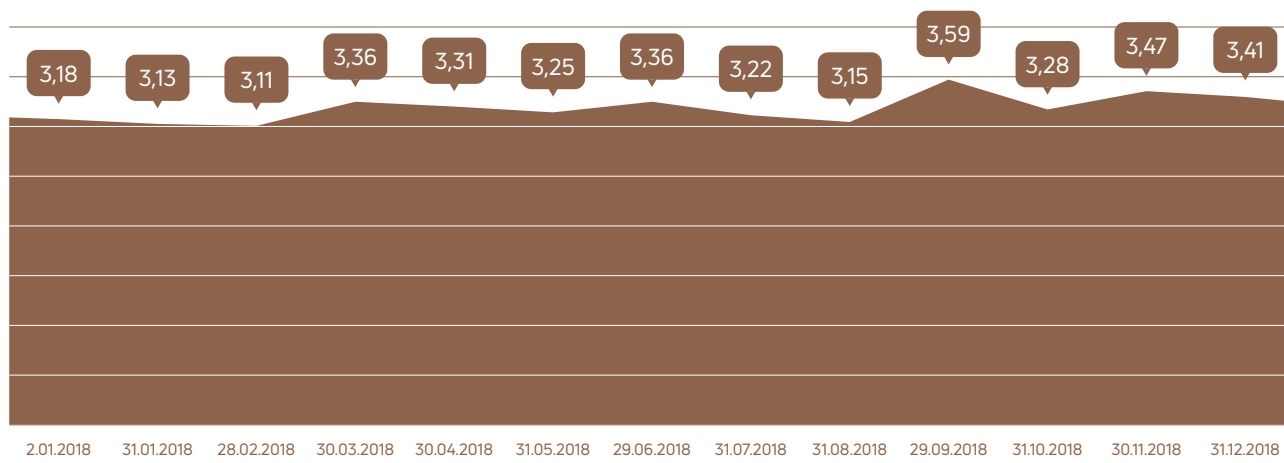
Being a global power in the sector, we increased our sales in approximately 70 countries on 5 continents. Besides the significant contribution to exportation in our country, we are on the verge of putting our factory in Bulgaria in operation in addition to the production facilities in the USA.

We share the proud of significantly contributing to the economy of our country through increasing exportation, recruitment figures, investments, taxes paid and social responsibility projects with our esteemed partners and are glad to put our efforts to carry the SARKUYSAN FLAG always towards improvement.

Sevgür Arslanpay
General Manager

Capital Structure

PRICE MOVEMENTS OF SARKUYSAN STOCKS IN THE MARKET IN 2018 (TL)



SHARES REPRESENTING CAPITAL

TYPE OF STOCK CERTIFICATE	PAID-IN CAPITAL (TL)	NUMBER OF SHARES	THE PORTION OF SHARES IN THE CAPITAL (%)
Group A Registered Shares	10,00	1000	0,000005
Group B Registered Shares	199.999.990,00	19.999.999.000	99,999995
TOTAL	200.000.000,00	20.000.000.000	100,000000

RESULTS OF 5-YEAR-LONG ACTIVITIES (THOUSAND TL)

	2014	2015	2016	2017	2018
Registered Capital	200.000	200.000	200.000	300.000	300.000
Issued Capital	100.000	100.000	125.000	200.000	200.000
Total Par Value of Shares	4.268	4.268	4.268	4.268	4.268
Total Par Value of Bonus Shares	95.732	95.732	120.732	195.732	195.732
Capital Increase (%)	-	25	-	60	-
Stock Price (TL) (As of the end of the year)	3,10	3,30	3,06	3,30	3,41
Addition of Fixed Assets Over the Year	8.950	19.165	18.545	36.279	9.842
Total Amount of Dividends Distributed (Gross)	20.000	14.118	18.750	16.176	34.000
Total Amount of Dividends Distributed (Net)	17.000	12.000	15.937	13.750	28.900
Dividend Rate (Gross) (%)	20	14,12	15	12,94	17
Dividend Rate (Net) (%)	17	12	12,75	11	14,45



Having an extensive product portfolio, Sarkuysan, the indispensable Electrolytic Copper Company in Turkey, has a pioneering position with its capital structure.

Whilst the closing price of our stocks on Borsa Istanbul was listed 3.30 TL on 31.12.2017, as of 31.12.2018, the price was 3.41 TL by an increase of 3.33%.

100% of our capital is open to the public and the latest status of our capital structure is presented in the given table.

As of 31.12.2018, Mr. Hayrettin ÇAYCI and Mr. A. Hamdi BEKTAŞ, members of the Board, have 9.00% and 2.30% of the capital share, respectively. The shares of other members of the Board are less than the aforementioned shares. Mr. Şükrü KILIMCI holds the highest number of shares of the company with 9.50% of our capital.

The percent of shares of our company in actual circulation was 82.64% on 02.01.2018 and 83.58% on 31.12.2018.

General Information



The report covers the period between 01.01.2018 and 31.12.2018. During this period, important developments related with the company were disclosed at Public Disclosure Platform (PDP) as well as to investors through our website.

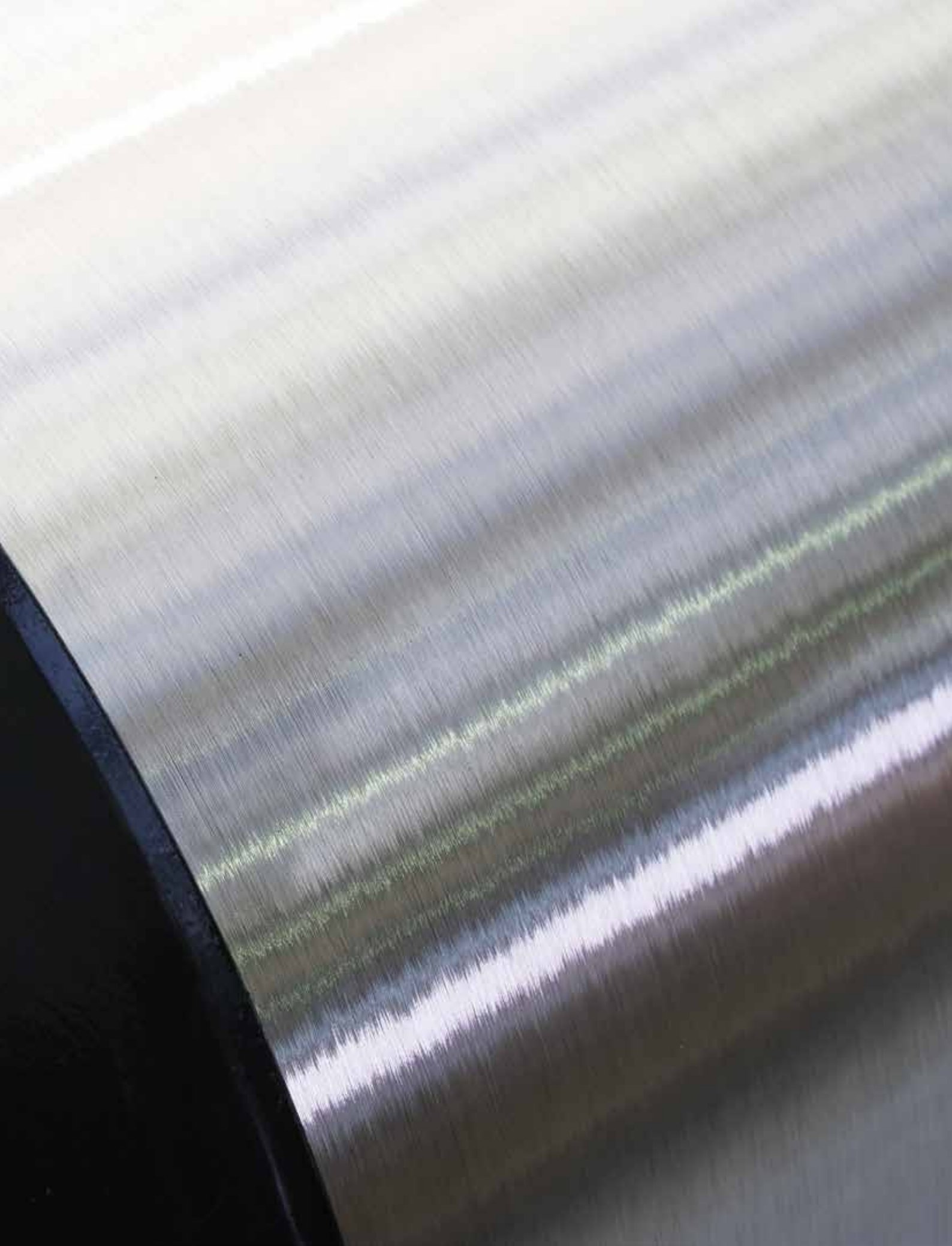
The Ordinary General Assembly Meeting regarding 2017 activities of the Company was held on 06.04.2018 at the Company Headquarters. In this meeting, shareholders representing 64.31% of the shares were represented, whereby members of the Board were released from their activities and all of the agenda items were discussed and resolved.

As a result of the election held on 06.04.2018 during the General Assembly for the two Independent Members of the Board in accordance with the Capital

Market Board Corporate Governance Communique, Mr. Fuat ASICIOGLU and Mehmet BAHTIYAR were elected.

Electronic General Meeting provisions stated in Article 1527 of Turkish Commercial Code began implementing in 2013 and, besides attendees in the meeting room; the shareholders who fulfilled the required procedures in advance attended the General Assembly Meeting held online on 06.04.2018.

In 2018, 17% gross and 14.45% net dividends of the 2017 profits were distributed to our partners. In this case the net 0.1445 TL cash dividend was paid to share certificates with a nominal value of 1 TL. The dividend was distributed on 06.06.2018.



Financial Status

KEY FINANCIAL INDICATORS (THOUSAND TL)

	2017	2018
Total Assets	1.506.659	1.792.009
Shareholder's Equity	453.018	551.069
Total Sales (Net)	4.349.760	5.645.636

FINANCIAL RATIOS

	2017	2018
LIQUIDITY RATIOS		
Current Ratio (Current Assets/Short Term Liabilities)	1,28	1,30
Acid Test Ratio (Current Assets Inventory/Short Term Liabilities)	0,85	0,84

OPERATIONAL EFFICIENCY RATIOS

Asset Turnover (Net Sales/Total Assets)	2,89	3,15
Account Receivable Turnover (Net Sales/Short-Term Trade Receivables)	7,58	7,98
Inventory Turnover (Cost of Goods Sold/Inventories)	10,72	11,49
Accounts Receivable Collection Period (360/Account Receivables Turnover Rate)(Days)	47	45
Term of Inventory Sales (360/Inventory Turnover)(Days)	34	31
Inventory Collection Period (Days)	81	76

FINANCIAL RATIOS

Total Liabilities/Shareholders' Equity	2,33	2,25
Shareholders' Equity/Total Assets	0,30	0,31
Total Liabilities/Total Assets	0,70	0,69
Short-term Liabilities/Total Assets	0,60	0,57

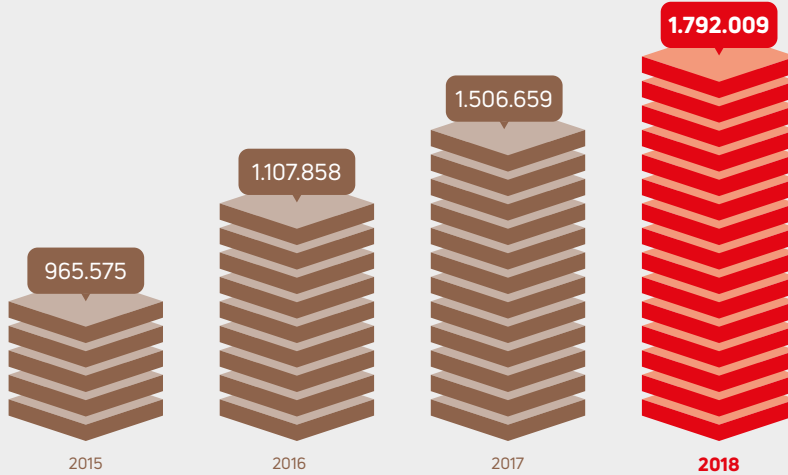
PROFITABILITY RATIOS

Return on Assets (Income Before Tax/Total Assets)	0,08	0,07
Return on Equity (Income Before Tax/Equity)	0,25	0,22
Operating Profit Margin (Operating Profit/Net Sales)	0,03	0,04
Profit Margin (Income Before Tax/Net Sales)	0,03	0,02

The Group preserved its financial position thanks to successful risk management and on-time financial measures, despite the prevailing economic conditions and currency fluctuations in 2018. In addition

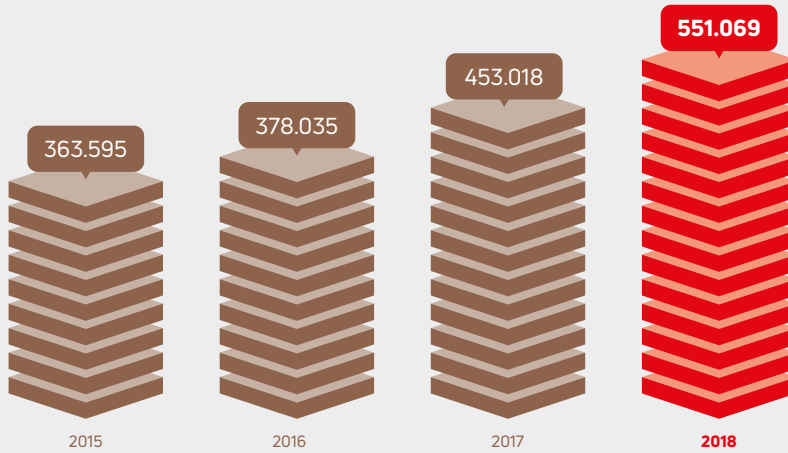
to the effective and efficient operation capital, improvements were achieved in operational capital thanks to the Cash Management, Assets Management, Debts Management and Risk Management practices.

TOTAL ASSETS (THOUSAND TL)



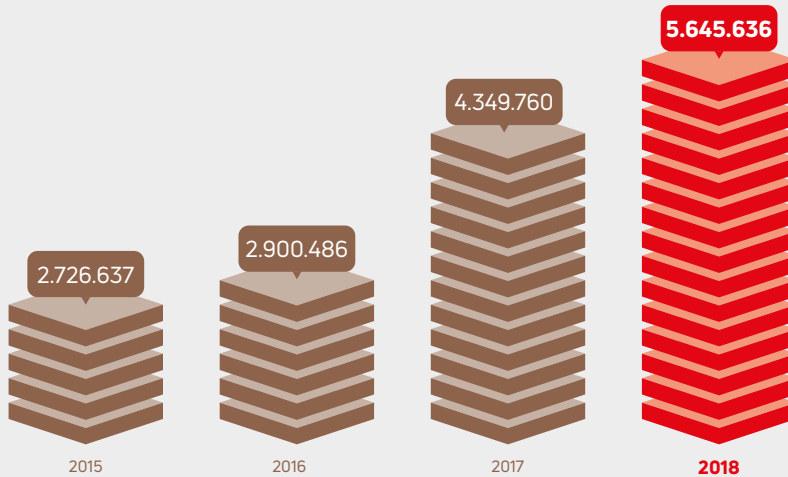
In 2018, our total assets reached to 1,792,009 TL level, an increase of 18.94% compared to previous year's level.

SHAREHOLDERS' EQUITY (THOUSAND TL)



Our shareholders' equity sustained its increasing trend for the last five year period and reached to 551,069 TL level, increasing 21.64%.

TOTAL SALES (THOUSAND TL)



In 2018, our total sales reached 5,645,636 TL, realising a significant increase of 29.79% compared to the previous year.

Subsidiaries and Affiliates



DEMİSAŞ DÖKÜM EMAYE MAMULLERİ SAN. A.Ş.

The factory of Demisaş A.Ş., which is founded in 1974, is in Bilecik. The casting plants, cupola furnaces and induction furnaces are used for melting and the production takes place in three automatic casting lines. There is also a "Machining Workshop" for processing and selling pig and nodular cast iron parts which are produced in the plant. It manufactures compressor parts with hermetic pistons, components for spiral lobe compressors for the white goods sector; brake discs (nodular cast and grey cast iron), airbrake discs, brake drums, flywheels, exhaust manifolds, pulleys, brake cylinders, various brackets and parts, brake safety parts

for automotive sector; pump housings for the water system sector;, compressor housings and brake safety parts for the heavy vehicle sector, rail junction parts for the railway sector and scaffolding connectors for the construction sector. Annual production capacity is 80,000 tons. As of 31.12.2018, approximately 42% of the production output is exported particularly to the West European countries. Stocks of our affiliate are listed on Borsa Istanbul. The registered equity ceiling is TL 80,000,000 and its paid-up capital is TL 52,500,000. Our shareholding in Demisaş is 44.44%.

SARMAKİNA SAN. VE TİC. A.Ş.


Founded in 1991, Sarmakina successfully produces steel reel and

special auxiliary machines for the wire and cable industry and markets these products to the leading national and international wire and cable producers.

Additionally, it manufactures paper insulated copper wire, copper and aluminium bus bars for the electro mechanics industry as well as project development, manufacturing, subcontracting, contracting and various steel construction works for other sectors. The capital of Sarmakina A.Ş. is 10,000,000 TL in which our share is 99%.

SARDA DAĞITIM VE TİC. A.Ş.

Established in 1979 in Istanbul, Sarda A.Ş. carries out some of promotion and marketing operations for our products. It also imports, exports and distributes



the products that are within its field of activity. The capital of Sarda A.Ş. is 15,000,000 TL in which our share is 99.97%.

BEKTAŞ BAKIR EMAYE KABLO SAN. VE TİC. A.Ş.

Our company and Sarda A.Ş. have shareholdings of 70.71% and 29.12% respectively in the company, which stopped its operations in 2003 with a capital of 5,500,000- TL.

BEMKA KUPFERLACKDRAHT GMBH

The company was founded to conduct a portion of the promotion and marketing activities for the products of Turkey's leading enamelled winding wire producers, Bemka A.Ş., which was founded in 2002. Our company merged with Bemka A.Ş. as of 22.12.2016. Bemka Kupferlackdraht GMBH with an equity of €500,000 has an affiliated partnership of 99.60% with our company.

SARK - USA, INCORPORATED

Sark-USA, incorporated founded in 2002, markets the products of our Company and Sark Wire Corp. directly in the USA. The Company owns 100% of Sark - USA that has a capital of US\$100,000.

SARK WIRE CORPORATION

Sark Wire Corp., which was established in 2008 and has been operating in Albany, New York, the USA, since 15.12.2009, produces electrolytic copper wire and other electrolytic copper wire products with high added value at its factory equipped with the latest technology machinery and equipment.

Subsidiaries and Affiliates

Sark Bulgaria AD. was established on 10.06.2016 in Shumen, Bulgaria, to be able to benefit from the advantages offered by the European Union in exportation and expand the activities of the Company.

An additional factory was established in Georgia to reduce transport costs and deliver products to customers more quickly.

Our Company has 60%, Sarmakina A.Ş. has 15%, Bektaş A.Ş. has 12.5% and Sark - USA Inc. has 12.5% partnership in Sark Wire Corp, which has a capital of US\$10,000,000. During our company's Board Meeting held on 26.07.2017, a decision was taken for our subscribing to capital increase of our affiliated company Sark Wire located at Albany, New York, USA, with US\$3,000,000, as part of our 60% share in the company's capital, in accordance with their decision to increase their US\$10,000,000 capital by US\$5,000,000 to US\$15,000,000. As of 31.12.2018, the stipulated amount has been paid completely.

During the Board Meeting held on 21.02.2019;

Pursuant to the decisions taken by the boards of the aforementioned companies regarding a merger of Sark Wire, which we own 60% of its capital, and Sark - USA, which we own 100% of its capital, under Sark Wire in order to have all operations carried out under a single structure to make them more efficient



and to decrease costs, it was decided by unanimity to approve the merger in the general assemblies of the companies and that Mr. Hayrettin Çaycı would represent our Company in the general assemblies of the companies.

SARK BULGARIA AD.

Sark Bulgaria AD. was established on 10.06.2016 in Shumen, Bulgaria, to be able to benefit from the advantages offered by the European Union in exportation and expand the activities of the Company. Our company has 90% share and Sarmakina A.Ş. has 10% share in Sark Bulgaria AD., which has a registered capital of 8,000,000 Leva. The investment process for Sark Bulgaria AD. continues. With the decision of the Board

taken on 29.03.2018, we agreed to join to a capital increase of 2,000,000 Leva. 25% of 2,000,000 Bulgarian Leva was decided to be paid in advance and the remaining amount will be completed in 2 (two) years, in line with the legal period according to the Bulgarian Commerce Law; hence the company's capital share will increase to 8,000,000 Bulgarian Leva. As of 31.12.2018, the stipulated amount of 2,000,000 Bulgarian Leva has been paid completely.

SUBSIDIARIES AND AFFILIATES ACCORDING TO YEARS

	2014	2015	2016	2017	2018
DEMİSAŞ DÖKÜM EMAYE MAMULLERİ SANAYİ A.Ş. (THOUSAND TL)					
Paid-in Capital	35.000	35.000	35.000	35.000	52.500
Participation Share	15.554	15.554	15.554	15.554	23.331
Participation Rate (%)	44,44	44,44	44,44	44,44	44,44

SARMAKİNA SAN. VE TİC. A.Ş. (THOUSAND TL)

Paid-in Capital	2.000	10.000	10.000	10.000	10.000
Participation Share	1.980	9.900	9.900	9.900	9.900
Participation Rate (%)	99,00	99,00	99,00	99,00	99,00

SARDA DAĞITIM VE TİC. A.Ş. (THOUSAND TL)

Paid-in Capital	10.000	15.000	15.000	15.000	15.000
Participation Share	9.997	14.996	14.996	14.996	14.996
Participation Rate (%)	99,97	99,97	99,97	99,97	99,97

SARK WIRE CORPORATION (THOUSAND US\$)

Capital	10.000	10.000	10.000	15.000	15.000
Paid-in Capital	9.200	10.000	10.000	11.250	15.000
Participation Share	6.000	6.000	6.000	6.750	9.000
Participation Rate (%)	60	60	60	60	60

SARK BULGARIA AD. (THOUSAND LEVA)

Capital			6.000	6.000	8.000
Paid-in Capital			1.875	6.000	8.000
Participation Share			5.400	5.400	7.200
Participation Rate (%)			90	90	90

SARK - USA, INC. (THOUSAND US\$)

Paid-in Capital	100	100	100	100	100
Participation Share	100	100	100	100	100
Participation Rate (%)	100	100	100	100	100

BEKTAŞ BAKIR EMAYE KABLO SANAYİ VE TİC. A.Ş. (THOUSAND TL)

Paid-in Capital	5.500	5.500	5.500	5.500	5.500
Participation Share	3.889	3.889	3.889	3.889	3.889
Participation Rate (%)	70,71	70,71	70,71	70,71	70,71

BEMKA EMAYE BOBİN TELİ VE KABLO SANAYİ TİCARET A.Ş. (THOUSAND TL)

Paid-in Capital	35.000	35.000	35.000	-	-
Participation Share ^(*)	20.056	20.056	34.991 ^(*)	-	-
Participation Rate (%) ^(*)	57.304	57.304	99,975	-	-

BEMKA KUPFERLACKDRAHT GMBH (THOUSAND €)

Paid-in Capital				500	500
Participation Share				498	498
Participation Rate (%)				99,60	99,60

(*) The merger process with Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş. was completed and registered in 22.12.2016 and Bemka Kupferlackdraht GMBH, an affiliated company of Bemka A.Ş. operating in marketing sector in Germany, was included to Sarkuysan's affiliated companies.

Activities in 2018

At Sarkuysan, our investment activities were especially focused on high value added products taking into account the intense competition in the global sector and the new technological trends.

INVESTMENTS

Our company continued investment activities in the 2018 period. Our investment activities were especially focused on high value added products taking into account the intense competition in the global sector and the new technological trends. Utmost care was given so that the machineries and plants commissioned during the year possess the latest technologies.

Thanks to these investments, the product range was broadened contributing positively to meet customer requirements.

One of the 2 gas machines of 3,845 kw operating at our cogeneration plant since 1997 was inactivated and by commissioning of two 4.4 MW, one 3.8 MW and one 3 MW gas turbines and one 700 kW steam turbine installation of which started in 2015, installed capacity of our cogeneration plant reached 16.3 MW. The capacity of our autoproducer license was increased and transformed to a production license accordingly.

Our company carried out studies and completed Enterprise Resource Planning (ERP) work in order to respond to the



The Sark Wire Corporation, of which 60% is owned by our company, successfully continues its production of high quality products in the North America market with growing product variety, competitive prices, short delivery periods and a particular focus on customer satisfaction.

need for revising the software system that has been used by our company for many years due to competitive developments and the rapid innovations being experienced in the industrial field; and the need for adapting to the change.

OUR PRODUCTION COMPANY IN THE USA: SARK WIRE CORPORATION

The Sark Wire Corporation, established in Albany, New York-USA, of which 60% is owned by our company, produces in accordance with the requirements of the ISO 9001 Quality Management System Certificate it possesses with high quality products with growing product variety, competitive prices, short delivery terms and a focus on customer satisfaction in the North American market. Following the success of our first foreign investment, our production facility in Georgia, the USA, also successfully continues its operations.

INFORMATION ON OUR PRODUCTION

Sarkuysan was founded in Istanbul in 1972 to produce electrolytic copper and products. The premises of the company are located on an area of 175,000 sq. metres in Osmangazi, Gebze, which is 45 km from Istanbul. With an annual



Sarkuysan, the first truly publicly owned company in Turkey, with its multi partner and professional management structure, subsidiaries and affiliates and approximately 5,000 shareholders, adds value to the economic and social life in Turkey.

production capacity over 200,000 tons, the environment friendly production is carried out at plants equipped with modern environmental protection technologies.

Sarkuysan, the first truly publicly owned company of Turkey, with its multi partner and professional management structure, subsidiaries and affiliates, approximately 5,000 shareholders and social projects, has been adding value to the country's socioeconomic life since 1972. Sarkuysan reached 170,035 tons of goods sales in 2018.

PRODUCTION FACILITIES

REFINERY FACILITIES

Anode Casting Workshop

Blister copper is melted in refining furnaces and then automatically cast in moulds at the casting wheel to obtain copper anodes.

Tank House

Anodes placed in electrolysis baths are subjected to electrolytic refining by means of the conventional direct current electrolysis method. After the

Activities in 2018

Sarkuysan manufactures precise standard compliant conductors to be used in technical equipment for fast communication and data transmission in computers and Internet.

electrolysis process, copper cathodes of electrolytic purity are obtained.

CONTINUOUS CASTING PLANTS

Sarkuysan is the unique organization in the world which is capable of manufacturing copper wire rod by means of three competitive continuous casting technologies that are operated under the same roof.

Upcast (Outokumpu)

High purity electrolytic copper cathodes are melted in the protective atmosphere at induction furnaces, transferred to casting furnaces via launders and cast into wire rods with diameters of 8 to 25 mm range by means of the "UPCAST" continuous casting technology. Silver alloyed copper wire rod is also produced in this facility.

Southwire

Electrolytic copper cathodes are melted in the atmosphere controlled shaft furnace and consecutively transferred into holding furnace and caster via launders. The continuously cast bar through the caster is then hot rolled into ETP copper wire rods with diameters of 8, 11 and 16 mm, followed by pickling process for surface deoxidation and brightening.



Contirod Contirod/Hazelett

Electrolytic copper cathodes are melted in the atmosphere controlled shaft furnace and cast into bar form in Continuous Casting Plant. The cast bar is hot rolled into 8 mm wire rod and ETP copper wire rod is produced.

Billet Casting

Electrolytic copper cathodes are melted in the channel type induction furnace and transferred to the holding/casting furnace. The casting takes place automatically and cut into requested lengths at the vertical strand caster. The billets produced in this facility are dispatched to tube, busbar and profile plants for extrusion processes.

PRODUCTION

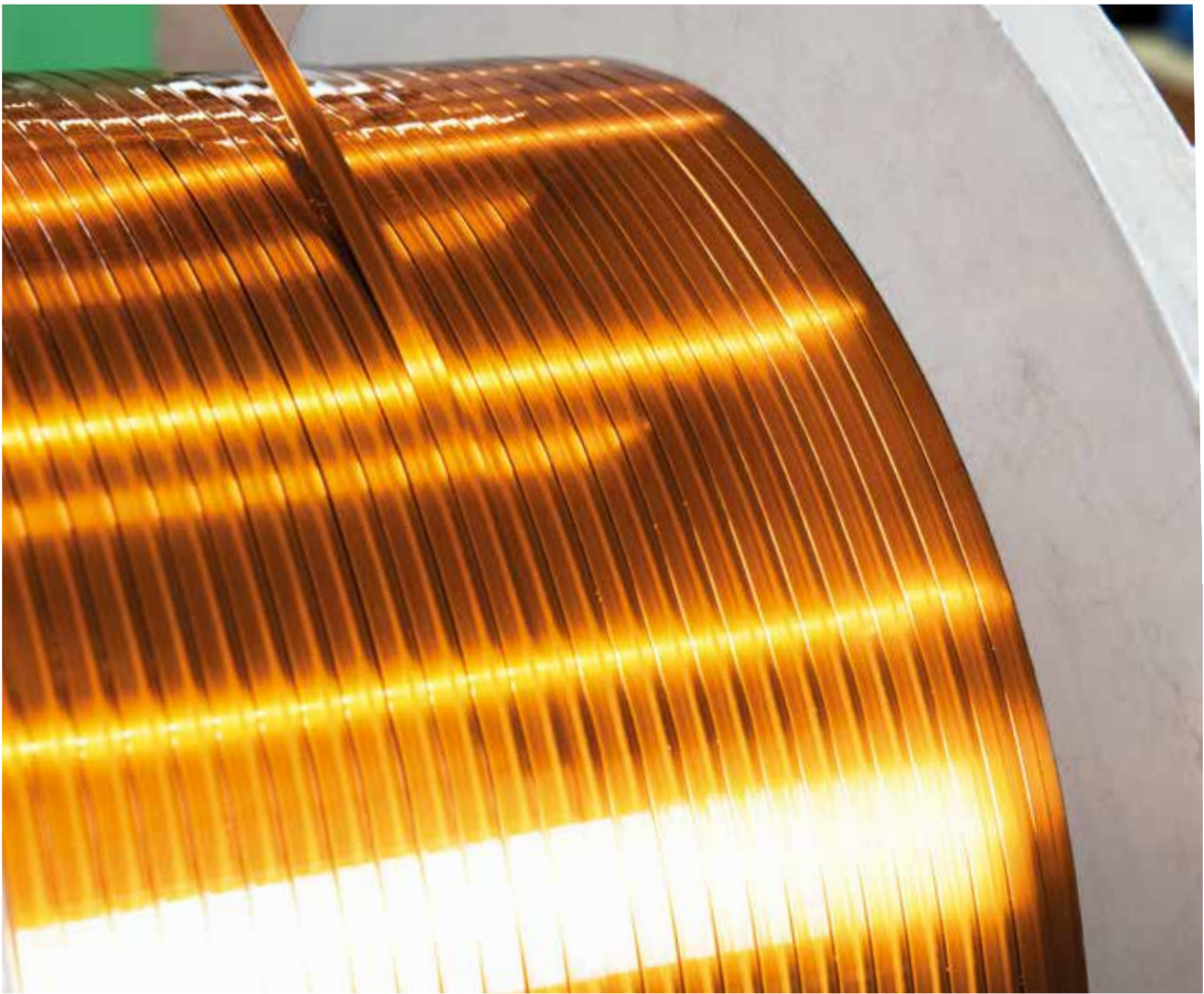
CONDUCTOR PRODUCTION

Providing raw materials for harness cables as a major input for the automotive industry today, our Company

manufactures precise standard compliant conductors to be used in technical equipment for fast communication and data transmission particularly in modern communication systems, computers and Internet. Furthermore, general and special purpose conductors used in electronics industry are included in our product range. Moreover, our Company also undertakes the manufacture of special conductors consumed in every segment of aviation and defence industries. Wires manufactured by Sarkuysan of high conductivity copper with superior heat and thermal shock resistance are used in space and flight research industries.

Mono Wire Production

8 mm wire rods produced at the continuous casting plants are cold drawn down to 0.05 - 4.50 mm at different drawing machines with annealing units as per the standards and/or customer requirements.



Bundled Conductor Production

Multi-Wire Bundled Conductors

Multi-wires consisting of up to 24 wires are drawn down to 0.05 - 1.04 mm on state of the art wire drawing machines.

Bunched Conductors

0.05 - 300 mm² conductors are manufactured in conformance with international standards on bunching machines.

Special Stranded Conductors

0.05 - 300 mm² conductors are stranded with customized geometry.

Tin / Nickel Plated Wire Production

Copper wires within the diameter range of 0.80 - 3.00 mm are firstly electroplated with tin or nickel, and then drawn down to required diameters at wire drawing machines.

Flat Wire and Profile Production

Predrawn and shaved rods are fed into specially designed cold drawing/rolling

machines. The product is then annealed in compliance with required standards depending on the customer demand. Flat wires and profiles are also produced in annealed form thanks to the state of the art continuous extrusion method.

Flat Wires

Flat wires up to 150 mm² cross-section in 3 - 30 mm width and 1 - 12 mm thickness are produced.

PV Ribbon Wire Production

With the PV ribbon wire production facility, which was put into operation in the last quarter of 2013, the company launched 100% domestic PV ribbon wires initially to local market. PV ribbon wires are produced in bare, tin, nickel or solder plated forms by means of particular rolling and plating units, and then transferred to spools via the rewinding unit according to customer specifications.

Thickness: 0.08 - 0.50 mm, Width:

1.00 - 6.00 mm, Plating: Tin-plated, nickel plated or solder plated in desired specifications, Physical characteristics: Annealed or hard

Contact Wires and Catenary Conductors

Sarkuysan manufactures contact wires with electrolytic copper of 99.99% purity in manufacturing. The company manufactures contact wires in different dimensions from electrolytic copper and silver alloyed copper wire rods by means of drawing, rolling or drawing rolling method. Products are manufactured according to international standards such as ASTM B 47, UIC 870 - 0 and TS EN 50149 or customer specifications in 107 mm², 120 mm² or 150 mm² cross sections. Silver alloyed copper contact wires provide advantages to high speed and high frequency rail systems thanks to their high conductivity and high softening temperatures. Tin alloyed contact wires have high breaking stress and wear strength, and thus are highly

Activities in 2018

Effective team work, high quality and our customers regarding Sarkuysan as a long term solution partner were the reasons to reach record breaking sales despite all the adversities in the global markets.

preferred in very fast speed rail systems. Magnesium alloy conductors, which have high tensile strength, are ideal to be used in manufacturing catenary wires that require flexibility and high strength. Catenary wires and feed wires can be produced from CuMg and CuAg alloy or pure copper according to demand.

Profile Bars

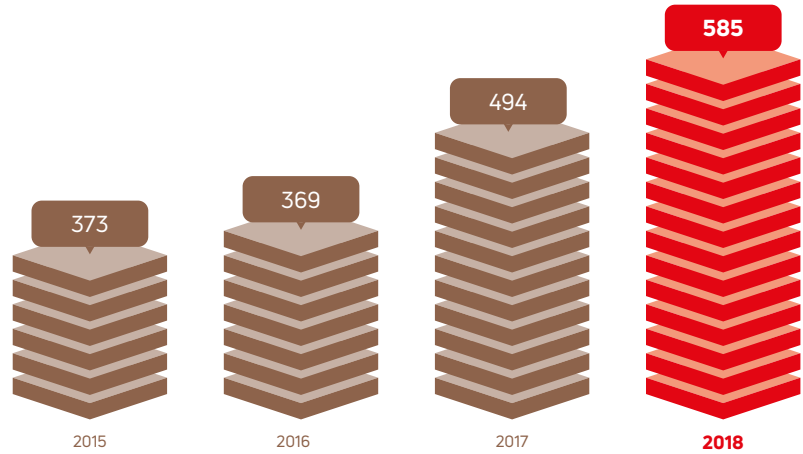
Maximum diameter in round bars is 80 mm. In flat profiles, maximum width is 200 mm.

TUBE, BUSBAR AND PROFILE MANUFACTURING PLANT

Preheated up to the appropriate process temperatures, DHP-Cu and ETP-Cu billets are transformed into mother tubes and busbars by extrusion presses. Final products are produced in different finishing lines in compliance with required dimensions.

As well as busbars and profiles, inner grooved or non-grooved tubes drawn in straight lengths, pancake or LWC forms are calibrated according to customers' demands, and are annealed in the annealing furnace, operating under protective gas. Insulated copper tubes are produced for the air conditioning

EXPORTATION (MILLION US\$)



sector with a production line that is specially developed and produced by Sarkuysan. Depending on the customers' order, busbars are offered for sale in bare or tin-plated forms.

In addition, copper busbars with high conductivity and surface quality properties are manufactured from OF wire rods at the state of the art continuous extrusion plant. Moreover, tin-plated busbars can be produced at electro tin-plating line, jointly developed by Sarkuysan and SarMakina who is the patent holder.

ENAMELLED WIRE PRODUCTION FACILITIES

Round copper and aluminium enamel winding wire, flat copper enamelled winding wire and Continuously Transposed Conductors are produced at our plants in Gebze and Tuzla.

Round and Flat Enamelled Winding Wire Production

Round copper wires in the 0.03 -5.00

mm range, round aluminium in the 0.80-2.50 mm range and up to 100 mm² cross section in flat enamelled winding wires are produced on enamelling machines at world standards.

CTC (Continuously Transposed Conductor) Production

The CTC product that is manufactured by gathering flat enamelled winding wires together which is used in power transformers and generators that reduce losses in the unit used, winding time and costs and increases the physical endurance of the winding, is produced with project development according to customer demand.

SALES

The total sales of group in 2018 reached 5,645,635,715 TL. Effective team work, high quality and our customers regarding Sarkuysan as a long term solution partner played an important role in reaching record breaking sales despite all the adversities in local and the global markets.



Sarkuysan products are used as standard inputs in electro-technical, electronics, motor, communication, electricity generation and distribution, solar power, household appliances, measuring devices, defence, automotive, chemicals, construction, heating ventilation and sanitary installation sectors.

PRODUCTS

- Copper Cathode
- Produced from electrolytic copper;
 - Wire rod
 - Rods
 - Wires in various diameters
 - Flat wires (bare and insulated)
 - Overhead Catenary Wires (contact wires, dropper wires, porter wires, feeder wires, Y rope insulated/non-insulated earth wires)
 - Tin-Plated Wires
 - Nickel-Plated Wires
 - Bunched and Stranded Wires
 - Rope Stranded Wires
 - Profiles
 - Copper Tubes (LWC, pancake, plain, grooved, insulated)
 - Copper Busbars (bare or tin-plated)
 - Copper Nuggets (Cu - OF and Cu - DXP)
 - PV Ribbon Wires
 - Round Enamelled Winding Wire (copper or aluminium)
 - Flat Enamel Winding Wire
 - CTC (Continuously Transposed Conductor)

Activities in 2018

Sarkuysan increased its export figures from 73,468 tons to 80,377 tons with a net growth of 9.40%. For the same period, the export revenues increased to US\$ 585,070,230 by an increase of 18.36%.



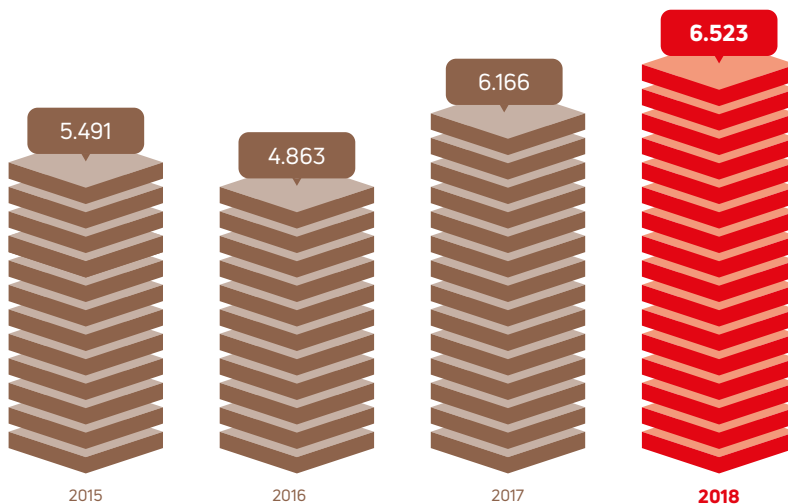
Although the competition is high, costs increased and capacities of several other facilities decreased, our group sales in total reached 5,645,635,715 TL. Effective team work, high quality and our customers regarding Sarkuysan as a long term solution partner played an important role in reaching record breaking sales.

EXPORT

2018 was a year in which important achievements were attained in exportation. Exporting products to 70 countries over 5 continents, Sarkuysan achieved to reach 55% of the total copper wire and wire rod exportation in Turkey. Sarkuysan, a leader in the field of copper wire and wire rod not only in Turkey but also in the international arena, increased its exportation from 73,468 tons to

80,377 tons, attaining a 9.40% net growth. The export revenues in the same period increased from US\$ 494,273,642 to US\$ 585,070,230, corresponding to an increase of 18.36%. Although the aforementioned figures are partly due to the increase in LME copper prices, net sales increase and our policy of transition to products with higher added value was also effective in this result.

LME COPPER PRICES ANNUAL AVERAGE (US\$/TONS)





Attaching a particular importance to establishing strong communication with its customers, Sarkuysan maintained this tradition in the domestic and international fairs participated in 2018.

FAIRS PARTICIPATED IN TURKEY AND ABROAD 2018

FAIRS IN TURKEY

February 7th-10th, 2018, ISK-SODEX 2018, Istanbul / Turkey

March 29th- 30th, 2018, 9th Energy Efficiency Forum and Fair, Istanbul / Turkey

April 5th-7th, 2018, Solarex Istanbul 2018, Istanbul / Turkey

October 31st-November 3rd, 2018, Santek 2018, Kocaeli / Turkey

FAIRS ABROAD

March 6th-8th, 2018, Middle East Electricity, Dubai / United Arab Emirates

April 16th-20th, 2018, Wire 2018, Düsseldorf / Germany

June 5th-7th, 2018, Expo Electrica Internacional, Santa Monica / Mexico

June 19th-21st, 2018, CWIEME Global Exhibitions, Berlin / Germany

September 18th-21st, 2018, InnoTrans, Berlin / Germany

Activities in 2018

Sarkuysan, with its exports to more than 70 countries over 5 continents, has sustained its leadership in the sector.





Activities in 2018

Sarkuysan sustains its R&D activities in its R&D Centre, opened with the permission of the Ministry of Industry and Technology on November 19th, 2018 to develop high quality products required by the developing technology and to maintain its competitive position in the sector, in which global competition is at the highest level.



EXPECTATIONS OF THE MARKET AND THE COPPER MARKET IN 2019

After seeing the lowest closing price (4.310 \$/t) in the last decade on 15.01.2016, the copper prices have rebounded and with Trump's surprise electoral victory, the prices has been rallying steadily and peaked (7.245 \$/t) on 08.06.2018. During the period, affirmative developments achieved particularly in the US economy and infrastructure investments anticipated to increase in the country fed the expectations of the market and a bull market lasting for approximately 20 months was experienced. However, during mid-2018, Trump referred to protective politics and started commercial wars with various commercial partners including China and the EU, which resulted in serious adverse expectations in the global growth rates and a significant drop in the copper demand, one of the most important indicators of industrial growth. Having

the conflict between China, which solely holds 52% of the refined copper demand of the world, and Trump become a crisis resulted in a significant bottleneck in the refined copper demand of China; thus 20-month-long bull market turned into a bear market, in which prices decrease tremendously.

Considering the global trend, the global growth rate around 3.7% is expected in 2018 according to IMF data. During this period, the USA is expected to achieve a growth rate of 2.9%, while Europe and China achieve a growth rate of 1.8% and 6.6%, respectively; whereas Developing Countries Group in which Turkey is expected to close the year with a growth rate of 4.6%. Because of these commercial wars, IMF and World Bank had to frequently update the global growth expectations in a decreasing trend for the second half of 2018 and the entire 2019. In the recent studies published by IMF, the global growth in 2019 is expected to be around 3.5%.

(Source: IMF, World Bank)

In 2018, an increase around 2% is expected in global refined copper production (2017: 23,061,000 Mt; 2018: 23,519,000 Mt). In the meantime, refined copper consumption is expected to increase around 2.9%. (2017: 23,014,000 Mt; 2018: 23,696,000 Mt). Checking the copper stocks, the figures hit the highest of the last 5 years on 27.03.2018 with 388,175 tons and then quickly decreased to 119,975 tons on 11.12.2018. (Source: Reuters, CRU, ICSG)

In 2018, copper market as well as all other markets experienced two completely opposite episodes. The sector began the year well, and had a very productive episode in the first half of the year with demands from particularly energy, construction, infrastructure and other sectors. However, the exchange rates shock in August impacted copper sector negatively, besides all sectors. The high shrinkage in automotive, energy,



construction and infrastructure sectors, which are major customers of our products caused significant constrictions in the domestic sales. However, the constriction was covered by the increase in exportation, thanks to the experienced export team of Sarkuysan and its “growth by venturing out into new markets” strategy followed for several years.

Expectations that an agreement will be reached in the commercial wars as a result of the negotiations between the USA and China fed the estimations of positive global growth expectations, and hence, an increase in the refined copper demand of China. Whilst the copper prices were 5.810 \$/t during the beginning of the year (03.01.2019), they reached up to 6.500 \$/t. Leaving the concerns behind with the global growth, the market is expected to re-test the peak values of 2018 again in 2019.

Although a significant increase is not expected considering the whole 2019

in the domestic market, the increasing trend in export is expected to continue. The “growth by venturing out into new markets” strategy with which the Company achieved significant success in the previous years will be continued in the New Year. Accordingly, Sarkuysan is expected to expand its existing market shares, particularly in Africa and the Middle East countries, in addition to sustaining its increasing trend in its total sales figures in the new markets such as Asia-Pacific.

OUR RESEARCH AND DEVELOPMENT ACTIVITIES

Sarkuysan R&D Centre commenced its activities with the permission of the Ministry of Industry and Technology on November 19th, 2018

Continuing its activities in sector with high global competition, Sarkuysan places importance to its R&D studies to fulfill the requirements of the industry

and compete in the international arena. Sarkuysan R&D Centre continues its studies in line with the company’s line of business and goals. Hence, the centre is mainly focused on developing products included in the portfolio of the company and produced in massive amounts as well as tailor-made products and systems in line with the requests and suggestions of the customers. Thus, every year activities to strengthen R&D infrastructure and human resources are carried out.

Sarkuysan R&D Centre is focused on,

- Process design and implementation,
- Material development and implementation
- Project-specific tailor-made implementations,
- Low-cost, high-quality implementations,

to strengthen its position in the sector.

Activities in 2018

Placing utmost importance to environmental sustainability, Sarkuysan achieved significant saving in 2018 thanks to the projects carried out in energy efficiency.

MANAGEMENT SYSTEMS AND QUALITY CONTROL ACTIVITIES

High quality of our products and our business understanding focused on continuous improvement have an important role in the success of our company in sustaining its leading position in the production of electrolytic copper and copper products.

Thanks to the "Quality Management System" with ISO 9001 and IATF 16949 certificates, Sarkuysan continues its activities in line with the Company's main goals of increasing quality and customer satisfaction and ensuring sustainability.

The "Environmental Management System" with ISO 14001 certificate leads Sarkuysan to decrease the use of natural resources, minimizes the impacts on soil, water and air, increase and sustains the environmental performance.

The "Occupational Health and Safety Management System" with OHSAS 18001 certificate enables us to continue our systematic applications for the protection of our employees by creating a safe and healthy work environment, prevents the occurrence of workplace accidents and occupational diseases, and ensures the safety of workplace environment.



Thanks to our "Energy Management System" with ISO 50001 certificate, the required processes and systems to increase energy efficiency were established and efficient energy management is enabled by the projects applied.

The quality control activities that start with input products are continued with process control and product controls. Quality controls at all levels are carried out according to test methods stipulated in line with the national and international standards and by appropriate devices and competent personnel. The laboratories where physical tests and chemical analyses are conducted are experts on copper tests and analyses and our activities are approved by the Turkish Standards Institute (TSE). Conformity of our products to the national standards is certified by TSE.

ENERGY POLICY

Sarkuysan A.Ş. adopts the principle of constantly improving the efficient use of energy and providing environmental and economic sustainability in all of operations with the responsibility of our Energy Management System.

In this respect, we are committed to;

- Complying with appropriate national and international energy regulations, standards and other requirements in force,
- Utilizing energy and natural resources efficiently in all manufacturing operations and processes, and constantly improving our energy performance through surveys and improvement projects for energy efficiency,
- Keeping up with technological trends to evaluate alternative



Adopting international standards in health & safety, Sarkuysan particularly focuses on providing the healthiest and safest work environment to its employees.

- energy resources that would minimize negative impacts,
- Efficiently using energy and natural resources through sustainable development approach, and launching efficient and transparent efforts for reducing greenhouse gas emissions,
 - Implementing efforts dedicated to improving the energy awareness of employees, suppliers, customers and stakeholders,
 - Minimizing energy losses and optimally utilizing gas emissions and waste heat,
 - Preferring energy-efficient technologies and applications to improve our production plants and equipment and new investment operations services in new investments,
 - Integrating the documented Energy Management System into corporate management applications and periodically reviewing and improving the objectives.

ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY POLICY

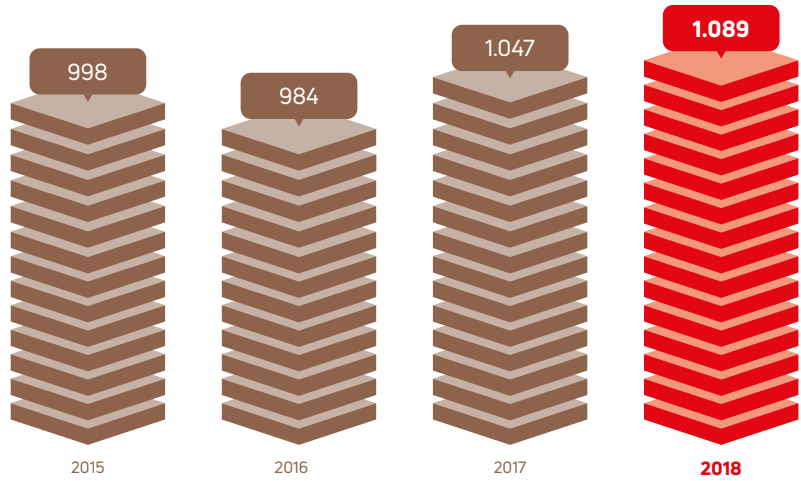
The principles of Sarkuysan which are based on protecting our employees' health and safety are; using clean technologies which do not pollute

Activities in 2018

With the social responsibility projects, which are considered as an essential component of its operations, Sarkuysan contributed to social development through educational and environmental projects that the company successfully carried out in 2018.

the environment and minimize waste with recycling facilities recycling facilities in the production site in accordance with the requirements of our customers; to ensure the efficient use of energy and natural resources for sustainable development and to prevent pollution within the framework of our Environmental Management System that is based on continuous improvement; to take all necessary measures in order to prevent workplace accidents and to preserve our employees from occupational diseases; to comply with the requirements of Environmental, Workplace Health and Safety Legislation and approved code of practice in the course of activities; to set attainable targets and objectives and continuously seek to improve them in line with the continuous improvement principle; to ensure the effective implementation of Environmental Protection, Workplace

NUMBER OF EMPLOYEES



Health and Safety Systems and to train the employees to raise awareness. Our policy is accessible to all stakeholders and the public.

HUMAN RESOURCES

In this period, human resources policy was implemented in parallel with our main targets.

In 2018, the year-on-year recruitment volume of our group increased to 1,089. 411 administrative personnel and 678 workers were employed.

Our staff members have been encouraged to attend the relevant internal and external training programs with the purpose of accelerating their occupational and social development. Additionally, various events have been

organized to increase the positive communication and motivation among the staff members. Thus, Company's Turkish Music Chorus, which is established by our staff, gave a concert on May 12th, 2018 as part of the 25th Istanbul Turkish Music Days in addition to another concert held for the public at the Gebze Osman Hamdi Bey Stage on December 22nd, 2018 for the 43rd anniversary of commencement of our production. Also folk dancing and Pilates training sessions continued.

FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF BOARD AND SENIOR EXECUTIVES

The salaries of Board Members are determined in the Ordinary General Assembly which is held annually.

FINANCIAL RIGHTS GIVEN TO THE MEMBERS OF THE BOARD AND SENIOR EXECUTIVES (TL)

Attendance fees, salaries, bonuses, premiums and dividends, allowances, travels, accommodations, insurances and representation expenses	12.030.735
TOTAL	12.030.735



Salaries of all managers including senior executives of the Group are determined in parallel with the pay rise periods specified in the collective labour agreements, based on the general economic and sectoral circumstances, actual figures in the financial statements of the Company, wages applied in the market and particularly in the peer corporations, annual performance assessment results of employees, pay rise percentages arising from collective labour agreements of our union member workers and implemented upon evaluation and approval of the Board of Directors.

SOCIAL RESPONSIBILITY

We are aware of our responsibilities towards society and we carried out various social responsibility projects over the year. We continued our contributions in the education field by granting non-refundable scholarships to 110 undergraduates, including children of our employees and graduates of Sarkuysan High School studying at higher education institutions.

Additionally, 70 students were granted scholarships from the fund created with the voluntary contributions of our employees. Vocational high school students and undergraduates are also given the chance of training at the company to the extent of the quota allocated for this purpose.

We keep our relations with Sarkuysan High School and Sarkuysan Primary Schools close and vivacious and make contributions for maintenance and repair

Activities in 2018

works, as well as new equipment. As part of determining on the purchase of a medical device required by a health institution within the new year giveaway budget that has been ongoing for 25 years in the field of health, we donated a gastroscopy device needed by Gebze Fatih State Hospital. We also financed the renovation of one room as part of the renovation project of the rooms of Kadıköy Health and Education Foundation Tuzla Senior Centre.

As per the requests of Gebze Autism Association, education and furniture requirements of the association were fulfilled.

As per the request of "Sen de gel" Association, which has a mission to create and develop projects to solve the problems of particularly the least developed countries, we finance the installation of a multi-functional mill that can both separate and grind coos (millet), which is the main food source of a poor village of Senegal.

Sarkuysan Table Tennis Team successfully represented our country in the European Cup Championship in France between September 29th and 30th, 2018.

DONATIONS AND GRANTS

In this period, donations and grants in an amount of 304,796.-TL in total were provided to various organizations. Major donations and aids paid during this period were as follows; 132,250 TL was donated to Sarkuysan Sports Club for the cost of the materials and equipment of our table tennis team competing in the



Super League; 70,000 TL was donated to Fatih State Hospital for a Gastroscopy Device; 23,541 TL was donated to Qualified Change and Development in Social and Economic Life Support Association; and 15,950 TL was donated to KASEV (Kadıköy Health Education Centre).

Dear shareholders,

Our Company made donations and grants to various organizations and contributed to their development and improvement.

Yours faithfully,

The Board of Directors



DONATIONS AND GRANTS IN 2018 (TL)

Sarkuysan Sports Club	132.250
Gastroscopy Device (Fatih State Hospital)	70.000
Association on Support in Qualified Change and Development in the Social and Economic Life - "Sen de Gel"	23.541
Kadıköy Health Education Center	15.950
Police Guesthouse	16.950
Sarkuysan High School	13.000
Kilis Culture Association	6.000
Darica Sports Club	5.000
Turkish Education Foundation	4.080
Bizim Köy Association for Disabled	4.000
Kadıköy Turkish Classical Music Society	3.000
Turkish Mining Development Foundation	3.000
Red Crescent Aid Association	1.025
Educational Volunteers Foundation	1.000
Turkish Armed Forces Turkish Soldiers Foundation	1.000
Solidarity Foundation for the Physically Disabled	1.000
Education and Solidarity Foundation for the Mentally Handicapped	1.000
Foundation for Children with Leukaemia	1.000
Autism Foundation	1.000
Deafs and Solidarity Association	1.000
TOTAL	304.796

Internal Audits

The internal audit system of the company consists of job descriptions, authorization system, policies and documented procedures that were previously determined based on the work flows and processes.

Our Company aims to achieve its targets on efficiency and effectiveness of operations, the reliability of its financial reporting system and assurance on the compliance to the legal regulations through implementation of an internal audit system.

Internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and effectiveness of the production operations is inspected.

The Audit Committee has notified the Board in writing about its opinions on the election of the independent auditors for the year 2018 interim and annual financial statements to be disclosed to the public, accuracy and consistency of them with the accounting principles and actual figures and the decisions taken during the meetings held throughout the year.

Risks and Assessment of the Board of Directors

All of the strategic, operational, financial particularities and other aspects that are thought to create risks preventing our company from achieving its short and long term targets are evaluated at every level of the organization starting from the Board.

The Early Risk Detection Committee that is established for this purpose carries out activities in parallel with the objective of making recommendations and giving advice towards detecting, evaluating and managing, reporting all kinds of risks including strategic, financial, operational risks etc., that may have an impact on the Company and taking them into consideration in the decision taking mechanisms.

Operational risks: These risks are evaluated from a broad perspective beginning from the procurement of raw materials, production, sales and after sales services.

Receivable risk: The receivable risks of our company are reported by the Limit Determination Committees consisting of senior executives of the Company in accordance with the Customer Limits Determination Procedure and they are approved upon checking and analysing in accordance with the relevant procedure.

There are insurance policies covering the receivables of our Company from the domestic market and foreign countries so that the losses that may arise from risks can be compensated.

In addition to the global policies, various security methods (securities, bonds, direct debiting system, etc.) are used with the purpose of minimizing the receivables risk.

Financial risks: These risks are classified in four categories as Liquidity Risks, Interest Rate Risks, Foreign Exchange and Price Risks and following principles are regarded for the management.

Liquidity Risks: Attention is paid for matching the due dates of our Company's receivables and debts, and efforts are made to maintain the liquidity ratios of the Company (current ratio and acid-test ratio) through effective cash flow management and control and net operating capital management with the purpose of maintaining the short term liquidity level.

Interest Rate Risk: Changes in the interest rates lead to a substantial risk with respect to the financial consequences as a result of the impact created on interest sensitive assets and liabilities. This risk is managed by balancing the amount and maturity dates of the interest sensitive items.

Accordingly, efforts are made not only to match the maturities of the receivables and payables but also to balance the fixed/ fluctuating interest rates and short/long-term maturities.

Foreign Exchange Risk: As our company carries out operations in a vast geography, the operations are compensated with different currencies. Therefore, the exchange rate risk is one of the most important financial risks encountered. The main principle in managing this risk is to balance foreign currency assets and liabilities in foreign currencies such that the currency fluctuations create the minimum impact, in other words, a level close to zero is maintained in connection with the foreign currency position.

Risks and Assessment of the Board of Directors

Most of the time, methods that can be implemented on the balance sheet are used for the management of the foreign exchange. In addition, derivative financial instruments are used for protection against the parity change risks.

Raw Material Price Risk: Copper prices that form a substantial part of our costs are set by the global markets and follow a volatile trend. We implement models based on matching the prices and payment dates of the goods procured and sold in order to protect the Company against such price change risks. Apart from these models, all long-term price fixing demands of customers are managed through hedging operations.

In addition to the hedging operations against changes in copper prices, we implement hedging operations for other metals such as Tin, Nickel and Aluminium too, as they form a part of our costs and are open to price changes.

Miscellaneous

No important developments of special importance occurred in the company that may have a potential to affect rights of the partners, debtors and other relevant persons and organizations upon expiry of the activity period.

Corporate Governance Compliance Report

SECTION I. DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Our company adopted complete compliance to Corporate Management Principles included in the annex of Communiqué on Corporate Management no.II-17.1 of the Capital Markets Board that came into effect after it was published in the Official Gazette no. 28871 dated 03.01.2014. However, full compliance could not be achieved due to reasons such as difficulties that could be faced in practice and that could cause delays in the company's activities, existence of debates in our country and also in the international arena about the compliance to some articles and as some of its aspects do not fully coincide with our company's present structure. There is not any conflict of interest situation that our company has been subject to for not complying with any principle. During application of Corporate Management Principles, some principles that do not fully coincide with our company structure and could cause delays in some activities were not included. Aforementioned principles and the reasons for not applying these principles are summarized below:

Regarding the principle no. 1.5.2; since it is considered that existing arrangements in legislation regarding dissent ratio are sufficient, these rights are not re-arranged with Articles of Incorporation separately.

Regarding principle no. 2.1.3; Pursuant to Capital Markets Legislation, special circumstances and financial statements and footnotes that have to be disclosed to the public are disclosed at PDP (Public Disclosure Platform) in Turkish. Our annual financial statements and footnotes are being disclosed on our website in Turkish and English languages. Explanations made in English language are presented as a summary to the extent that they will be helpful to the persons that will benefit from in making a decision; in a correct, complete, direct, understandable, sufficient and in a consistent manner with Turkish version.

Regarding principle no. 4.3.9; a target ratio and target time period has not been determined for the ratio of women members in the Board and evaluation works continue.

Regarding principle no 4.4.7; members of the Board are not restricted in assuming other duties outside of the company.

Regarding principle no. 4.5.5; members of the Board assignment of duties in committees are being determined by taking into consideration their accumulation of knowledge and experiences and in accordance with related arrangements and some members are being assigned for more than one committee. Members who have to serve in more than one committee shall enable communication between the committees that serve in related matters and increase the ability to cooperate.

Regarding principle no. 4.6.5; payments made to members of the Board and to managers who assume managerial responsibilities are being disclosed at Ordinary General Assembly meetings and in financial statement footnotes and to the public collectively, in line with general applications.

Prepared in line with the Capital Market Board decision dated 10.01.2019 and numbered 2/49 and Corporate Governance Communiqué numbered II-17.1, Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) can be accessed on <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1067-sarkuysan-elektrolitik-bakir-sanayi-ve-ticaret-a-s> as part of the related reporting principles, under "Corporate Governance Principles Compliance Report" section.

SECTION II - SHAREHOLDERS

2.1 INVESTOR RELATIONS DEPARTMENT

There is an Investor Relations Department that manages relations between the company and shareholders and directly reports to the General Manager Sevgür ARSLANPAY. Investor Relations Department personnel and their contact information are: Şefiye YAYLA (s.yayla@sks.com.tr) (Ext.: 3275) Suat VARDAR (s.vardar@sks.com.tr) (Ext.: 3455) Operator Telephone: (0262) 676 66 00 Fax: (0262) 676 66 85 Adv. Demet CİZRELİOĞULLARI (hukuk@sarkuysan.com) (Ext.:3277)

Corporate Governance Compliance Report

The Investor Relations Department is responsible for ensuring that the investor relations are conducted in the framework of Corporate Governance Principles, following the changes that occur in the regulations concerning the Capital market Board Law and making sure that the concerned departments in the company are informed, maintaining the relationship between the Capital Market Board (CMB), the Istanbul Stock Exchange (BIST) and the Central Records Agency (MKK) and representing our company. Information and disclosures of a nature that could affect the use of shareholder rights are presented to the attention of shareholders on our website, www.sarkuysan.com. Our company has made 24 special situation disclosures on the Public Disclosure Platform. Material events were disclosed according to the "Material Events" communiqué and no sanctions were imposed by the CMB and Borsa Istanbul. The verbal applications, which were made by investors to our company within the period, were also responded.

2.2 SHAREHOLDERS EXERCISING THEIR RIGHT TO INFORMATION

While there is no article concerning the appointment of a special auditor in our articles of association, our company avoids actions that may complicate special audit and in 2018 there were no requests of a special audit from shareholders.

Investors can obtain answers to anything they want to know about our company from the 0 262 666 66 00 / Extension 3275 and 3455 telephone numbers. The e-mail address of investor relations, muhassebe@sarkuysan.com, can be used by shareholders to have all their questions answered other than information that has not been disclosed to the public, that is confidential and of a commercial secret nature. The inquiries of our partners who choose to contact us via mail will be answered immediately. Information and disclosures of a nature that could affect the use of shareholder rights are presented to the attention of shareholders on our website www.sarkuysan.com under "Investor Relations" menu. Also, following the agreement made with the MKK, the sub-section "Information Society Services" was added under the "Investor Relations" section and through the link provided here services can be accessed over the e-COMPANY Portal on MKK thus fulfilling the obligations specified in the TCC article 1524 and in the Regulation.

2.3 GENERAL ASSEMBLY MEETINGS

The Ordinary General Assembly Meeting concerning the 2017 activities of the company was held on 06.04.2018 with a quorum of 64.31% at the company headquarters. Shareholders attended by proxy and in person to the General Assembly Meeting. The articles of the agenda were disclosed on the same date on PDP (Public Disclosure Platform) with the Board decision dated 06.03.2018. The announcement for the General Assembly Meeting was posted in the Turkish Commercial Registry and Gebze Yenigün Newspaper on 12.03.2018, 3 weeks before the meeting date, besides the Company's website and the Public Disclosure Platform (PDP) on 06.03.2018 in compliance with the Corporate Governance Principles Communiqué. Additionally, an announcement was made regarding the General Assembly Meeting to the shareholders of Group A Registered Shares by a letter dated 13.03.2018. The agenda, amendment draft in the articles of association, a sample power of attorney and signature declaration were attached to the letter. At least three weeks before the general assembly meeting date, excluding announcement and meeting dates, the Consolidated Financial Statements and the Annual Report were made available to shareholders in the framework of the Turkish Commercial Code no 6102, article 437. We negotiated with the company Me-dianova İnternet Hizmetleri ve Tic. A.Ş. for an Electronic General Assembly Meeting per the Turkish Commercial Code number 1524 and article 34 of our Articles of Association. On the day of our company's general assembly meeting the audio and video of our meeting was broadcasted by 3 cameras on the internet by connecting to the Central Records Agency. In order to make it more convenient for shareholders to attend the General Assembly meeting, buses were arranged from the Mecidiyeköy Trump Towers Shopping Centre and in front of the Haydarpaşa Protocol Mosque and after the meeting the buses returned shareholders to the same location. The Board members, other concerned individuals, authorities in charge of preparing the financial statements and the auditors were present at the General Assembly meeting to answer questions and provide information about the subjects on the agenda. The questions of shareholders were answered and there were no questions left unanswered. There were no other interest holders and media at the General Assembly

meeting other than shareholders. During the General Assembly meeting, information was provided to the partners under a separate agenda matter about the donations and aid given out within the period and a decision was made on the cap for donations in 2018. All of the decisions concerning the meeting agenda matters discussed in the General Assembly and the minutes of General Assembly meeting including the dividends were broadcasted on PDP and our company's website after the meeting.

2.4 VOTING RIGHTS AND MINORITY RIGHTS

No privileges are recognized concerning voting rights in the company Articles of Association. There is one vote per share in the Ordinary and Extraordinary General Assemblies. Shareholders may attend the General Assembly meetings by proxy with a power of attorney issued in the name of shareholders or non-shareholders representing them. Power of attorney holders who are also shareholders shall have the right to use their own vote plus the vote of the share they are representing. The power of attorney form is determined and announced by the Board in accordance with the CMB. While the company avoids all practices that make it difficult for shareholders to use their votes, the necessary mechanisms have been established to help shareholders vote easily and properly, even outside the borders. In this context, according to articles 21 and 34 of the articles of association concerning Participation in General Assembly Meetings Electronically, shareholders who have the right to participate in General Assembly Meetings are able to attend these meetings in electronic setting per Turkish Commercial Code article 1527. At the 2018 Ordinary General Assembly meeting the system established according to this provision of the articles of association was used to enable shareholders and their representatives to use their votes. There are no privileges concerning the use of votes. Only as a requirement of our articles of association, in Board member elections, 5 of the Board members are selected amongst the candidates nominated by shareholders of the (A) group and 4 candidates nominated by the (B) group shareholders, after which the selection is carried out in the General Assembly. There is no reciprocal shareholding in our company.

2.5 PROFIT SHARE RIGHT

There are no privileges on profit share rights and profit is distributed equally to all existing shares. The company has a specific and consistent profit distribution policy. This policy is presented to the partners for approval at the general assembly meeting and is disclosed on our company's corporate website. Profit is distributed according to the policy provisions.

Dividend Distribution Policy

- The annual profit of the Company is distributed per General Assembly meeting decision in accordance with the Dividend Distribution policy formulated in accordance with the Turkish Commercial Code, Capital Market Law, appropriate regulations and Company's articles of association.
- The Board determines its proposal for dividend distribution in line with appropriate legal provisions and by observing the sensitive benefit balance between shareholders and Company.
- The decision of whether to distribute profit or not is taken during the General Assembly upon the proposal of the board. The Board's proposal for profit distribution is publicly disclosed together with the dividend distribution scheme, for which the format and content are defined by the capital markets board, in line with CMB's regulations on the disclosure of material events, on the date when the agenda of the general assembly meeting is announced at the latest, and then posted in the Company's corporate website.
- The profit distribution process is initiated no later than the end of accounting period for which the general assembly meeting where dividend distribution is decided is held.
- The profit may be paid in instalments of equal or different amounts subject to the further appropriate decision taken at the general assembly meeting. The number and timing of instalments are determined during the general assembly meeting or by the Board authorized thereby.

Corporate Governance Compliance Report

- Instalment payments are distributed equally to all of the shares existing as of the date of payment pro rata their shares in capital, regardless of their dates of issuance and acquisition.
- The dividend per share is found by dividing the profit to be distributed to shareholders under the general assembly meeting decision by total number of shares.
- There is no share certificate granting any privilege for dividend share.
- Since the share certificates of the Company are registered on account as per the applicable regulations, profit share payments are deposited to Takasbank A.Ş. for further transfer to the accounts of shareholders with brokers and banks upon Central Registry's request on the date specified by the general assembly.
- Profit share distribution is effected in accordance with Turkish Commercial Code, Capital Market Law, applicable regulations and the Company's articles of association.
- The Company's articles of association should contain a specific provision for profit distribution to Board members and Company's employees.
- The Company's articles of association should contain a provision to make donations. The limit of donation is designated defined during the general assembly meeting. Donations made within the given fiscal period are added to the distributable profit base. The donations and payments to be made are presented to the partners in the ordinary general assembly.
- The profit distribution policy is formulated in accordance with the Turkish Commercial Code, Capital Market Law appropriate legal regulations and the Company's articles of association, and included in the annual report. Shareholders are informed accordingly during the general assembly meeting.
- In the event that it is proposed to make an amendment to the dividend distribution policy, the Board resolution on this matter and justification thereof are publicly disclosed in accordance with CMB's regulations on the public disclosure of material events.

2.6 TRANSFER OF SHARES

All of the A and B Group shares that were issued against our company's issued capital have been listed in the Stock Exchange. Whilst the Group A registered shares are not traded, the B group shares are issued to the holder and traded. Per article 7 of the company Articles of Association "Founding partners who wish to sell their Group (A) Registered Shares shall first propose their intention in writing through the Board to the other partners. If none of the founding partners states an interest in the said shares at market value or the real value of the share stock this share may be sold to an outsider. All sales, which are not done accordingly shall be considered invalid by the company and shall not be entered on the company ledgers."

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 WEBSITE OF THE COMPANY AND ITS CONTENT

The objective of disclosure policy is to share the performance, expectations, strategies, targets, and visions of the company except for confidential business information with the public, relevant authorities, existing and potential investors and shareholders through an active and open communication medium. This policy is presented to the approval of the partners during the general assembly meeting and is disclosed to the public in the annual report and on our company's website.

The Sarkuysan website www.sarkuysan.com is actively used by the company in public disclosure as recommended by the CMB Corporate Governance Principles. The disclosures on the website do not take the place of notifications and material disclosures required by the Capital Markets Board. The website is prepared in Turkish and in English with the content and format set forth by the CMB Corporate Governance Principles. In accordance with Article 1527 of the Turkish Commercial Code, a specific part of the corporate website is dedicated to legal announcements. This section is available through "Information Society Services" in our

corporate website. The Investor Relations part of our corporate website contains the Company's trade registration details, most recent shareholding and management structure, details of preferred shares, announcements, date and issue no of the Turkish Commercial Registry Gazette announcing the amendments to the Company's articles of association, Company's up-to-date articles of association, material event disclosures, annual reports, announcements for General Assembly meetings, sample agenda and power of attorney, list of attendance, meeting minutes, profit distribution policy, disclosure policy, frequently asked questions and answers thereto. In the part "Sarkuysan on Istanbul Stock Exchange" of our website, all details about the Company posted in Istanbul Stock Exchange's corporate website are available. The corporate website further contains stock prices, charts, prices of some precious items as well as news about Sarkuysan and all other related news and exchange rates.

3.2 ANNUAL REPORT

The company's annual report is prepared according to the provisions in the Regulation on Determining the Minimum Contents of Company Annual Reports published in the Official Gazette no 28395 dated August 28, 2012, the periods in the Communiqué on Principles Concerning Financial Reporting in the Capital Markets (II - 14.1) and in the framework of Corporate Governance Principles and are disclosed to the public.

SECTION IV - STAKEHOLDERS

4.1 INFORMING STAKEHOLDERS

The rights of all our stakeholders and employees are protected and they are informed efficiently as part of our information disclosure policy concerning company activities. Stakeholders are organizations or interest groups like employees, creditors, customers, suppliers, unions and various nongovernmental organizations that are involved in our Company's reaching its goals or in its activities. The company protects the rights of stakeholders that are organized by relevant regulations and mutual contracts in its operations and activities. In cases where the rights of stakeholders are not protected under regulations and mutual contracts, the rights of stakeholders are protected in the framework of good faith and to the extent of the company's capabilities.

Our company forms the necessary mechanisms to forward any acts of stakeholders that are in violation of our company's relevant regulations and ethically unsuitable to the corporate governance committee or the committee in charge of auditing.

4.2 PARTICIPATION OF STAKEHOLDERS IN MANAGEMENT

In order to encourage the participation of personnel at all levels in the management, management meetings are held on a regular basis with the attendance of department managers and senior managers. The "Suggestion System" for employees is actively used. In 2018, 82 of the 120 suggestions were accepted. Those whose suggestions are chosen to be the best are rewarded every year. All of the operations and processes of our company are carried out in accordance with the ISO 9001 quality management system procedures. While there are no provisions in the Company's Articles of Association concerning employee participation in the management, the principle to employ personnel who have been raised within the company for vacancies in senior management positions has been adopted.

Human Resources Policy

Action is taken in line with the Human Resources Policy broadcasted on the company website.

When forming employment policies and planning careers, the principle of providing equal opportunity to people in equal conditions is implemented. Employees are treated fairly in all rights and training programs are provided to increase their knowledge, skills and experience. Meetings are organized to inform employees and get their views on the financial status of our company, salaries, career, training and health. Periodic bulletins and announcements as necessary are issued to achieve an efficient communication network

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to inform employees, increase their motivation and develop good relations and communication.

Decisions that are made concerning the employees or developments about the employees are notified to the employee or their representatives and if deemed necessary the views of the concerned unions are obtained for these types of decisions.

Precautions are taken to ensure that employees are not discriminated based on race, religion, language and gender; and to protect employees from physical, mental and emotional abuse in the company.

Our company effectively supports the freedom to establish organizations and collective labour agreements. Relations with employees in the scope of Collective Labour Contracts are conducted through representatives. As an employer the company is a member of the Turkish Metal Industrialists (MESS) and its blue collar workers are members of the United Metal Labour Union.

A safe work environment and conditions are provided to our employees. In the scope of the "ISO 9001 Quality Management System" job descriptions and our booklet titled "The Basic Sources of Our Corporate Culture", which includes Our Quality Policy, Our Personnel Guidelines, Our Collective Labour Contract and Our Corporate Behaviour Principles, is given in printed form to each employee. The "Occupational Safety Handbook" is handed to our workers with priority as part of our activities which we carry out to prevent occupational accidents. Applications like vaccination, health screening and medical follow up is carried out meticulously to protect employee health, which is a top priority of the company. The necessary work within the framework of standards under the "OHSAS 18001 Occupational Health and Safety" management system certificate we possess is carried out in integration with our legal obligations. All of our employees and their spouses and children are covered under a group personal injury insurance policy 24/7 and 365 days a year.

Various social, athletic and artistic events are organized to motivate employees. Our Sarkuysan Tennis Table team has won domestic and international championships and a number of different achievements while we also have different activities in music.

Our Turkish Music Chorus, which is composed of our staff members, gives concerts to the local people in Gebze. Furthermore, folk dancing and Pilates activities continue.

4.3 ETHICS CODE AND SOCIAL RESPONSIBILITY

The Ethics Code of the Company is explained to the employees under the "Corporate Behaviour Principles" titles within "The Basic Principles of the Company Culture" manual.

Our company presents its governance undertakings concerning the environment and occupational safety with its "Environment, Occupational Health and Safety Policy" which it has disclosed to the public through our Company website.

Being aware of its social responsibilities, Sarkuysan continuously develops social projects at all fields. Accordingly;

Frej Han, renovated and used as Company Headquarters for several years, is an important contribution to our cultural legacy. The company contributes to education by building the Sarkuysan High School in Gebze and the Sarkuysan Elementary School in Darica and by granting non-refundable scholarships to higher education students. Sarkuysan also supports State Religious Affairs with the Sarkuysan Mosque inspired by and built as an Ottoman Architectural complex. Contributing to health sector by allocating the funds reserved in the beginning of the year for the urgent medical device needs of a health institution, the company also supports sports with its Table Tennis Team that frequently represents our country successfully in the European Cup Championship. Contributing to arts with its Turkish Music Choir, Folk Dance group consisting of its employees, the company pays utmost attention to the environment by developing forestation areas. And the last but not the least is that Sarkuysan promotes our country by hosting international events. There are no cases filed against our company for environmental damage in this period.

SECTION V - THE BOARD OF DIRECTORS

5.1 STRUCTURE AND ORGANIZATION OF THE BOARD OF DIRECTORS

According to the Company's Articles of Association, the management of the Company is carried out within the framework of Turkish Commercial Code provisions and the Capital Markets Board Regulation by 11 members, 9 of which are regular members and 2 of which are independent members, to be elected by General Assembly decision from among the 5 candidates nominated by A Group shareholders and 4 candidates to be nominated by B Group shareholders. The Board members must be determined as to assist conducting efficient and constructive work, making fast and rational decisions and effectively organizing the formation work of the committees.

Some members of the board are assigned in executive positions whilst others are not. (Members of the Board who are not assigned in an executive function are individuals that, except for membership, do not have any other management position in the company or an executive department that reports to them and are not involved in the daily work flow and ordinary activities of the company.) Amongst the members of the Board who are not assigned in an executive function, there are independent members with the ability to carry out their duties without being under any kind of influence.

BOARD MEMBERS

NAME&SURNAME	POSITION	EXECUTIVE OR NOT
Hayrettin ÇAYCI	Chairman	Executive
Hamit MÜCELLİT	Acting Chairman	Executive
A. Hamdi BEKTAŞ	Member	Executive
Cenap TAŞKIN	Member	Executive
Fuat SUCU	Member	Not executive
Maksut URUN	Member	Not executive
Nurtekin KEÇECİ	Member	Not executive
Turgay ŞOHOĞLU	Member	Not executive
Bekir MENETLİOĞLU	Member	Not executive
Fuat AŞICIOĞLU	Member	Not executive
Mehmet BAHTİYAR	Member	Not executive

The Chairman and the General Manager positions are filled by two different persons.

Since our company is in the 3rd group according to the criteria in the Corporate Governance Principles, the number of independent members in our Board is 2. In the Ordinary General Assembly Meeting held in 2018, 2 independent members who fully meet the criteria set forth by the Capital Markets Board's communique no. II-17.1 were elected. The Independent Members of Board submitted their independence declarations and background information to the Corporate Governance Board before the General Assembly Meeting. No incidents that would invalidate the independent status of our Independent Board Members occurred in this activity period.

In accordance with the decision taken in the Ordinary General Assembly meeting dated 07.04.2017, the terms of duty for the Members of the Board is 3 years; while in accordance with the decision taken in the Ordinary General Assembly meeting dated

Corporate Governance Compliance Report

06.04.2017, the terms of duty for the Independent Members of the Board is 1 year. It was decided by General Assembly decision that the Board of Director Members be allowed to carry out transactions in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Market Board regulations.

5.2 PRINCIPLES OF BOARD OF DIRECTOR ACTIVITIES

Our Board of Directors meets at least once a month in the framework of articles of association provisions. The Chairman of the Board negotiates with the other members and the general manager to determine the agenda of the Board meeting. The members pay attention to attend every meeting and state their opinions. Work has been started to make sure remote participation can be made possible through technological means and this has been included in the articles of association.

The Chairman of the Board is responsible for providing the information and documents concerning the agenda of the Board meeting in a sufficient time ahead of the meeting for the board members to review them for ensuring equal information flow.

The opinions of members who did not attend the Board meeting but submitted their views in writing are presented to the information of other members.

Each member has one vote on the board.

How the Board of Directors meetings are to be held has been organized and also an internal guideline has been prepared in the framework of the TCC and relevant regulations. The Board of Directors met 18 times in 2018.

The issues on the agenda in Board meetings are openly discussed in every aspect. The Chairman of the Board does the best to make sure that nonexecutive members actively attend the Board meetings. Board members shall record their reasonable and detailed justifications for opposing votes on issues they disagree in the decision record.

Members of Board shall set aside sufficient time for company work. If the member of Board is an administrator or Board member in another company or provides consultation in another company, it is essential that this situation does not cause a conflict, interests or disruptions in the member's work in this company.

The Board Members shall always consult to the Chairman and ask for matters to be added to the agenda.

As part of Capital Markets legislation, as a related party transaction, the Board of Directors decision was taken regarding the purchasing transactions of the land owned by our affiliated company Sarmakina San. ve Tic. A.Ş. at Makina İhtisas Organized Industrial Zone. However, since above mentioned purchase price was much below the limits stipulated in the Communiqué, right to withdraw was not given to partners and it was not submitted for the approval of the General Assembly.

The Independent Members of Board have positive votes on the Board decisions concerning related party processes presented to the Board of Directors for approval.

5.3 NUMBERS, STRUCTURE AND INDEPENDENCE OF THE COMMITTEES UNDER THE BOARD OF DIRECTORS

With the objective of carrying out the duties and responsibilities of our Board efficiently, an "Audit Committee", a "Corporate Governance Committee" and an "Early Risk Detection Committee" were established in line with Board decision 1351/12.41 dated 18.09.2012 and these committees conduct their activities within the framework of their specified operation principles. However since a separate nomination committee and remuneration committee have not been established due to the structure of the Board, the corporate governance committee carries out the duties of these committees. No conflicts of interest occurred in the committees in 2018.

The tasks, principles of work and which members will comprise the committees is determined by the Board and disclosed on Public Disclosure Platform (PDP).

The general manager is not assigned in any of the committees.

The utmost care is taken to make sure that one Board member is not assigned in more than one committee but members who have to serve on more than one committee due to the structure provide communication between the committees that serve in related matters and increase the ability to cooperate. The Board of Directors is of the opinion that the benefits expected from the committee work are being provided.

All kinds of resources and supports, which are required for the committees to fulfil their duties, are provided by the Board. The committees invite people, who they deem as necessary, to the meetings and obtain their views.

Committees utilize independent expert opinions on subjects they require concerning their operations. The fees for consultation which is needed by the committee are covered by the company. However, in such a case, information about the person/company service is being acquired from and whether or not this person/company has any relation with the company is included in our annual report.

Decisions that are made as a result of the independent work done by our committees are presented to the Board of Directors and the final decision is made by the Board of Directors. Committees put all their work in writing and keep records. Our committees meet at the frequency that is deemed necessary and explained in the working principles. Committees present reports containing information about their work and results of meetings to the Board of Directors.

The Audit Committee

Our audit committee monitors the company accounting system, the disclosure of financial information to the public, independent auditing and the operation and efficiency of the internal control and auditing system.

The independent audit company that our company will obtain services from and the services to be obtained from this company are determined by the audit committee and presented to the Board for approval. The company accounting and internal audit system, investigation and conclusion of complaints received by the company concerning internal audit and the methods and criteria to be applied in the evaluation of disclosures concerning company employees, company accounting and independent audit in the framework of confidentiality principles are determined by the audit committee. The audit board makes an evaluation of the annual and interim financial statements to be disclosed to the public and their compliance with the accounting principles followed by the company and their accuracy and submits the evaluations along with the opinions of company administrators and independent auditors, in writing to the Board. The audit committee met 5 times in 2018 and the results of the meetings were recorded and decisions were presented to the Board. Explanations of the activities and meetings results of the audit committee are provided in the annual report. The number of audit committee's submission with written notification to the Board within the accounting period is included in the annual report.

THE AUDIT COMMITTEE

NAME&SURNAME	POSITION IN THE COMPANY	DUTY IN THE COMMITTEE
Fuat AŞICIOĞLU	Independent Member of Board	Chairman
Mehmet BAHTİYAR	Independent Member of Board	Member

Corporate Governance Compliance Report

Corporate Governance Committee

Our corporate governance committee determines whether or not corporate governance principles are being implemented in our company, if not the reasons for not implementing and the conflicts of interest that are generated by not fully complying with these principles, they make recommendations to the Board to improve the implementation of corporate governance applications and monitor the work of the investor relations department.

CORPORATE GOVERNANCE COMMITTEE

NAME&SURNAME	POSITION IN THE COMPANY	DUTY IN THE COMMITTEE
Mehmet BAHTİYAR	Independent Member of Board	Chairman
Turgay ŞOHOĞLU	Member of Board	Member
Bekir MENETLİOĞLU	Member of Board	Member
Suat VARDAR	Investor Relations Manager	Member

Nomination Committee (within our Corporate Governance Committee)

The duties of this committee include forming a transparent system for selecting, evaluating and training suitable candidates for the Board and management positions with administrative responsibility, to determine policies and strategies on this subject, to make regular assessments of the structure and productivity of the Board and to submit suggestions to the Board on changes that could be made on these subjects.

Remuneration Committee (within our Corporate Governance Committee)

This committee determines the principles, criteria and applications to be used in the remuneration of Board members and managers with administrative responsibility taking into account the long term goals of the company and monitors the application thereof. The committee presents recommendations for the wages to be paid to Board members and managers with administrative responsibility considering their degree of meeting the criteria used in remuneration to the Board.

Early Risk Detection Committee

The early risk detection committee works to detect the risks that could endanger our company's existence, development and continuation, to take precautions concerning the detected risks and manage the risks; and reviews the risk management systems at least once a year. Additionally, the committee meets at least once in every two months and gives reports to the Board on their work.

EARLY RISK DETECTION COMMITTEE

NAME&SURNAME	POSITION IN THE COMPANY	DUTY IN THE COMMITTEE
Fuat AŞICIOĞLU	Independent Member of Board	Chairman
Mehmet BAHTİYAR	Independent Member of Board	Member
Nurtekin KEÇECİ	Member of Board	Member

Risk Management and Internal Control Mechanism

All of the strategic, operational, financial particularities and other aspects that are thought to create risks preventing our company from achieving its short and long term targets are evaluated at every level of the organization starting from the Board of Directors' level. The Early Risk Detection Committee that is established for this purpose carries out activities in parallel with the objective

of making recommendations and giving advice towards detecting, evaluating and managing, reporting all kinds of risks including strategic, financial, operational risks etc., that may have an impact on the Company and taking them into consideration in the decision taking mechanisms.

The internal audit system of the company consists of job descriptions, authorization system, policies and documented procedures that were previously determined based on the work flows and processes. Our Company aims to achieve its targets on efficiency and effectiveness of operations, the reliability of its financial reporting system and assurance on the compliance to the legal regulations through implementation of an internal audit system. Internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and effectiveness of the production operations is inspected. The Audit Committee has notified the Board of Directors in writing about its opinions on the election of the independent auditors for the year 2018 interim and annual financial statements to be disclosed to the public, accuracy and consistency of them with the accounting principles and actual figures and the decisions taken during the meetings held throughout the year.

5.4 STRATEGIC GOALS OF THE COMPANY

The goals and critical performance indicators that are in parallel with the company's vision and mission are approved by the Board of Directors at the budget meetings which is organized at the end of the previous year. The Board of Directors reviews the results of activities and target indicators by comparing with the previous year's performance and target indicators in its ordinary meetings.

5.5. FINANCIAL RIGHTS

The principles of remuneration for Board members and administrative staff have been transferred into written form and presented to the information of shareholders as a separate item on the agenda at the general assembly meeting of 06.04.2018. Our partners are given the opportunity to submit their opinions on the subject.

Profit shares, profit options or payment plans based on the company's performance cannot be used in the remuneration of Independent Board Members. In fact, the wages of our Independent Board Members are determined at a level that will maintain their independence. Our company does not give loans to any Board member or administrative staff, enable them to use a loan, extend the period of debts or loans enhance their conditions, enable use of a personal loan through a third person or submit collateral in their favour such as a surety.

All other benefits acquired with the wages given to Board members and administrative staff has been disclosed to the public via the annual report.

The wages, attendance fees and profit shares from the annual profit of Board members and administrative staff have been transferred to written form. The criteria and remuneration principles have been presented as a separate agenda subject in the General Assembly meeting dated 06.04.2018 and shareholders have been given the opportunity to state their opinions. Decisions, which are made at a later date, are written on record and disclosed to the public. This information that is included in our annual report is also available on our website.

Statements of Independence from the Members of the Board

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş (Company); within the scope of the criteria stipulated in the legislations, the articles of association of the Company and the Corporate Governance principles issued by the Capital Markets Board,

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) the Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and legal persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities, or have not been a member of the Board or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to as part of the agreements signed,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership on the Board,
- Accordance with the legislations, I will not be working full-time in public institutions and organizations (except working as an academician at the university) after being elected as a member,
- I am treated as a resident in Turkey in accordance with the Income Tax Law no 193 of 31.12.1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,
- I have not been a member of the Board of the Company for more than six years in total within the last decade,
- I have not been an independent member of the Board in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors,

and therefore I will fulfil my Board membership as an independent member.

Yours faithfully,

Mehmet Bahtiyar

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş (Company); within the scope of the criteria stipulated in the legislations, the articles of association of the Company and the Corporate Governance principles issued by the Capital Markets Board,

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) the Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and legal persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities, or have not been a member of the Board or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to as part of the agreements signed,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership on the Board,
- Accordance with the legislations, I will not be working full-time in public institutions and organizations (except working as an academician at the university) after being elected as a member,
- I am treated as a resident in Turkey in accordance with the Income Tax Law no 193 of 31.12.1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,
- I have not been a member of the Board of the Company for more than six years in total within the last decade,
- I have not been an independent member of the Board in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors,

and therefore I will fulfil my Board membership as an independent member.

Yours faithfully,

Fuat Aşıcıoğlu

Disclosure Policy

PURPOSE

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. pursues a transparent and accurate policy that enables its shareholders to be informed precisely, clearly, accurately and simultaneously within the framework of relevant laws and the Capital Markets Board (CMB) Corporate Governance Principles. Any information, which is not regarded as a trade secret and can be legally disclosed, is publicly communicated.

The objective of the disclosure policy is to share past performance, strategies, targets except for confidential business information, and visions of the company with the public, relevant authorities, existing and potential investors and shareholders through an active and open communication medium.

Sarkuysan complies with the regulations of CMB and the regulations of the Istanbul Stock Exchange (IMKB) regarding all public disclosure, and aims to follow the most accurate, fair, simultaneous, clear and efficient communication policy within the scope of CMB Corporate Governance Principles.

AUTHORITY AND RESPONSIBILITY

The authority and responsibility to follow, monitor and develop Sarkuysan A.Ş.'s policy of clarifying and informing the public is under the responsibility of the Board, whilst the Vice General Manager (Finance), Accounting Department and Investor Relationships Department conduct the coordination of the disclosure function. Such authorities carry out their responsibilities in close cooperation with the Board and the General Manager.

The Disclosure Policy approved by the Board is submitted to the consideration of shareholders at the General Assembly meeting and disclosed publicly through the corporate website.

METHODS AND MEANS OF PUBLIC DISCLOSURE

The methods and means used to inform the public by Sarkuysan in accordance with the regulations of CMB and BIST and further with the appropriate provisions of the Turkish Commercial Code (TCC) are given below:

- Material Event disclosures (submitted online to the Public Disclosure Platform (PDP)),
- Financial statements, notes, independent audit reports and statements periodically disclosed on quarterly basis (submitted online to PDP),
- Annual and interim reports,
- Corporate website (www.sarkuysan.com),
- Prospectus, circular, invitation for general assembly and other documents disclosed through Central Registration System (CRS) and the Central Database Service Provider (CDSP) systems,
- Announcements and notices made in Turkish Trade Registry Gazette, and also in national and local newspapers that are widely circulated when necessary,
- Press statements made in the press and mass media throughout the year parallel to the important developments,
- Means and methods of communication such as telephone, e-mail, fax, etc.,
- Announcements made through brochures and catalogues,
- Domestic and International fairs participated.

PUBLIC DISCLOSURE OF MATERIAL EVENTS

The material event disclosures of Sarkuysan A.Ş are prepared by the Financial Affairs Department and Investor Relations

Department, and submitted online to PDP by duly authorized directors. The relevant units carry out controls in connection with the publication of such disclosures on PDP.

Officials with administrative function are Board Members, Auditors, General Manager, Assistant General Managers, Commercial Accounting Department, Cost Accounting and other officials who make administrative decisions having effect on future development and commercial objectives of Sarkuysan.

Such officials are announced in the Annual Report updated annually and on the corporate website.

In the event that there are legal and commercial relationships between our Company and real & legal entities with which we directly or indirectly collaborate for capital management and audit purposes, the necessary disclosures are made pursuant to the appropriate provisions of CMB.

PUBLIC DISCLOSURE OF FINANCIAL STATEMENTS

Financial statements and footnotes of Sarkuysan are prepared in consolidated form in accordance with the provisions set forth by the Capital Markets Board and International Financial Reporting Standards (IFRS). Annual and semi-annual financial statements are subject to independent audit in accordance with International Audit Standards before public disclosure. 3 and 9 month Financial Statements are also prepared in accordance with IFRS and publicly disclosed within a defined timeframe.

In accordance with the Capital Markets Legislation, prior to public disclosure of the financial statements and footnotes, they are submitted to the Board of Directors for approval upon the positive opinion of the Audit Committee. After attestation is granted at the meeting, financial statements, footnotes and the independent audit reports are submitted to BIST and CMB in accordance with the Capital Market Law and BIST.

Financial statements and footnotes that are disclosed on PDP are publicly announced simultaneously with PDP on our corporate website under a link titled BIST due to our agreement with Forex. In addition to that, data of financial statements are retrospectively stored for a period of five years under the heading "Annual Reports" in the Investor Relations section of the corporate website.

PUBLIC DISCLOSURE OF THE ANNUAL REPORT

The content of yearly and interim Annual Reports is prepared in accordance with the Turkish Commercial Code, Capital Market legislation and CMB's Corporate Governance Principles. Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) are applied to the annual report and financial statements.

Once Annual Reports are prepared, they are subject to the Board's approval, and then reports are publicly disclosed through the corporate website three weeks prior to the General Assembly meeting, and also communicated to PDP online. Investors may obtain a Turkish and English hard-copy version of the Annual Report from the Commercial Accounting Department and Investor Relations Department.

WEBSITE

The Sarkuysan website www.sarkuysan.com is actively used by the company in public disclosure as recommended by the CMB Corporate Governance Principles. The disclosures on the website do not take the place of notifications and material disclosures required by the Capital Markets Board. The website is prepared in Turkish and in English with the content and format set forth by the CMB Corporate Governance Principles.

Disclosure Policy

In accordance with Article 1527 of the Turkish Commercial Code, a specific part of the corporate website is dedicated to legal announcements. This section is available through "Information Society Services" in our corporate website.

The Investor Relations part of our corporate website contains the Company's trade registration details, most recent shareholding and management structure, details of preferred shares, announcements, date and issue no of the Turkish Commercial Registry Gazette announcing the amendments to the Company's articles of association, Company's up-to-date articles of association, material event disclosures, annual reports, announcements for General Assembly meetings, sample agenda and power of attorney, list of attendance, meeting minutes, profit distribution policy, disclosure policy, ethical rules of the Company, frequently asked questions and answers.

In the part "Sarkuysan on Istanbul Stock Exchange" of our website, all details about the Company posted in Istanbul Stock Exchange's corporate website are available. The corporate website further contains stock prices, charts, prices of some precious items as well as news about Sarkuysan and all other related news and exchange rates.

ANNOUNCEMENTS AND NOTICES PUBLISHED ON THE TURKISH TRADE REGISTRY GAZETTE

As required by the Capital Market Law, Turkish Commercial Code and the Company's Articles of Association; the announcements related to the General Assembly meeting, capital increase and dividend payment are published both in the Turkish Trade Registry Gazette and daily newspapers.

STATEMENTS ON EXERCISING THE RIGHTS OF PARTNERSHIP

Pursuant to CMB regulations, shareholders are informed about the General Assembly, Capital Increase, Dividend Payments, merger and appropriate matters through prospectuses and announcements.

Company's Ordinary General Assembly meetings are held every year within legal periods specified. The information and documents to be discussed during the General Assembly meeting can be listed as the List of Attendance, Annual Report, Auditor's Report, Balance Sheet, Statement of Income, minutes of meeting for the General Assembly and Amendments to the Articles of Association, if any.

MEASURES TO KEEP IN-HOUSE INFORMATION CONFIDENTIAL UNTIL PUBLIC DISCLOSURE

Sarkuysan A.Ş. employees with internal information and other relevant parties are informed about their liability to ensure confidentiality of internal information between the times when the information subject to a material event disclosure develops until it is announced on PDP.

In the event that it is determined that internal information has unintentionally been shared by people working for and on behalf of Sarkuysan A.Ş. with third parties, if it is concluded that the confidentiality of the information cannot be protected within the scope of CMB legislations, a material event disclosure is made immediately.

Guarantees / Pledges / Mortgages Assigned

	AMOUNT ON 31.12.2017 (TL)	AMOUNT ON 31.12.2018 (TL)
A. TOTAL VALUE OF GPM ASSIGNED ON BEHALF OF THE COMPANY	532.883.420	516.533.659
Sarkuysan A.Ş. Letter of Guarantees Given	112.208.014	157.455.768
Sarkuysan A.Ş. Surety Bonds Given	401.003.512	345.349.672
Sarmakina A.Ş. Letter of Guarantees Given	744.961	937.209
Sarda A.Ş. Letter of Guarantees Given	18.920.000	12.780.000
Aegean Free Trade Zone Letter of Guarantees Given	6.933	11.010
B. TOTAL AMOUNT OF THE GMP ASSIGNED IN FAVOUR OF THE CORPORATIONS INCLUDED IN THE SCOPE OF FULL CONSOLIDATION	115.606.763	167.006.793
Sureties	115.606.763	167.006.793
Mortgages		
C. TOTAL AMOUNT OF THE GMP ASSIGNED FOR SECURING DEBTS OF OTHER 3RD PERSONS IN ORDER TO CARRY OUT ORDINARY BUSINESS OPERATIONS		
D. TOTAL AMOUNT OF OTHER GMPS ASSIGNED		
ii. Total amount of the GMPs assigned in favour of the other group companies that are not within the scope of B and C		
iii. Total amount of the GMPs assigned in favour of 3 rd persons that are not within the scope of C		
TOTAL	648.490.183	683.540.452

Dividend Distribution Policy

- The annual profit of the Company is distributed as per the decision taken during the general assembly meeting in accordance with the Profit Distribution policy formulated in accordance with the Turkish Commercial Code, Capital Market Law, appropriate regulations and Company's articles of association.
- The Board determines its proposal for dividend distribution in line with appropriate legal provisions and by observing the sensitive benefit balance between shareholders and Company.
- The decision of whether to distribute profit or not is taken during the General Assembly upon the proposal of the board. The Board's proposal for profit distribution is publicly disclosed together with the dividend distribution scheme, for which the format and content are defined by the capital markets board, in line with CMB's regulations on the disclosure of material events, on the date when the agenda of the general assembly meeting is announced at the latest, and then posted in the Company's corporate website.
- The profit distribution process is initiated no later than the end of accounting period for which the general assembly meeting where dividend distribution is decided is held.
- The profit may be paid in instalments of equal or different amounts subject to the further appropriate decision taken at the general assembly meeting. The number and timing of instalments are determined during the general assembly meeting or by the Board of Directors authorized thereby.
- Instalment payments are distributed equally to all of the shares existing as of the date of payment pro rata their shares in capital, regardless of their dates of issuance and acquisition.
- The dividend per share is found by dividing the profit to be distributed to shareholders under the general assembly meeting decision by total number of shares.
- There is no share certificate granting any privilege for dividend share.
- Since the share certificates of the Company are registered on account as per the applicable regulations, profit share payments are deposited to Takasbank A.Ş. for further transfer to the accounts of shareholders with brokers and banks upon Central Registry's request on the date specified by the general assembly.
- Profit share distribution is effected in accordance with Turkish Commercial Code, Capital Market Law, applicable regulations and the Company's articles of association.
- The Company's articles of association should contain a specific provision for profit distribution to Board members and Company's employees.
- The Company's articles of association should contain a provision to make donations. The limit of donation is designated defined during the general assembly meeting. Donations made within the given fiscal period are added to the distributable profit base. The donations and payments to be made are disclosed to the public within the framework of rules concerning public disclosure of material events and are presented to the partners in the ordinary general assembly.
- The profit distribution policy is formulated in accordance with the Turkish Commercial Code, Capital Market Law appropriate legal regulations and the Company's articles of association, and included in the annual report. Shareholders are informed accordingly during the general assembly meeting.
- In the event that it is proposed to make an amendment to the dividend distribution policy, the Board resolution on this matter and justification thereof are publicly disclosed in accordance with CMB's regulations on the public disclosure of material events.

Dividend Distribution Recommendation

The 85,643,837.- TL Net Distributable Period Profit that remains after the Taxes to be Paid and the General Legal Reserves are deducted from the period profit on our Consolidated Income Table dated 31.12.2018 prepared in accordance with the Capital Markets Board and the donations are added, is recommended to be distributed as shown in the table below per article 25 of our articles of association and our partners be given an 21.25% net profit share and the distribution date be 27.05.2019.

If this proposal is accepted, 25% (0.25 TL) Gross and 21.25% (0.2125 TL) Net in cash profit share will be given for each nominal value share of 1.-TL of our 200,000,000:-TL Paid Capital.

Yours faithfully,

The Board of Directors

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş. DIVIDEND DISTRIBUTION IN 2018			
1.	Paid-in/Issued Capital		200.000.000
2.	General Legal Reserves (According to Legal Records)		31.715.971
	Information on the relevant privilege if any privileges are applied in the distribution of		None.
		ACCORDING TO CMB	ACCORDING TO LEGAL REGISTRIES
3.	TERM PROFIT	121.024.860	147.932.540
4.	Taxes (-)	29.807.827	30.372.705
		Corporate Tax (-)	29.807.827
		Provision for Deferred Tax (-)	0
5.	NET TERM PROFIT	91.217.033	117.559.835
6.	Previous Years Losses (-)	0	0
7.	General Legal Reserve (-)	5.877.992	5.877.992
8.	75% of Property Sales		
9.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD	85.339.041,00	111.681.843
10.	Donations Made Within the Year (+)	304.796	
	NET DISTRIBUTABLE PROFIT FOR THE PERIOD INCL. DONATIONS	85.643.837	
12.	First Dividend to Shareholders	4.282.192	
		Cash	4.282.192
		Bonus	0
		Total	4.282.192
13.	Dividends Distributed to Privileged Shareholders		0
14.	Other Dividends Distributed	5.269.867	
	- Dividend to Board Members	5.269.867	
15.	Dividends Distributed to Holders of Redeemed Shares		0
16.	Second Dividend to Shareholders	45.717.808	
	Cash	45.717.808	
	Bonus	0	
	Total	45.717.808	
17.	General Legal Reserve (-)	4.526.987	
18.	Statutory Reserves	0,00	0
19.	Special Reserves	0,00	0
20.	EXTRAORDINARY RESERVE	25.542.187	51.884.989
21.	Other Resources to be Distributed	0	0
	- Profit of the Previous Year	0	0
	- Extraordinary Reserves	0	0
	- Pursuant to Law and Articles of Association	0	0

PROFIT SHARES TABLE

INFORMATION ON DIVIDEND PER SHARE

GROUP	TOTAL DIVIDENDS DISTRIBUTED		TOTAL DIVIDENDS DISTRIBUTED/NET DISTRIBUTABLE DIVIDENDS	DIVIDEND CORRESPONDING TO SHARE WITH PAR VALUE OF 1 TL	
	CASH (TL)	BONUS (TL)	RATE %	AMOUNT (TL)	RATE (%)
NET A	212,50	0	0,00	0,2125	21,25
B	42.499.787,50	0	49,80	0,2125	21,25
TOPLAM	42.500.000,00	0	49,80	0,2125	21,25

Audit Report on Early Risk Detection System and Committee

TO THE BOARD OF DIRECTORS OF SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET ANONİM ŞİRKETİ

We have audited the early risk detection system and committee established by the Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

THE BOARD'S RESPONSIBILITY

Per article 378 clause 1 of the Turkish Commercial Code (TCC) Law no. 6102, the Board of Directors is responsible for establishing an expert committee for early risk detection of factors that threaten the existence, development and continuation of the Group, to implement the necessary precautions and solutions for these and to manage the risk; for operating and developing the system.

RESPONSIBILITY OF THE AUDITOR

Our responsibility is to come to a conclusion concerning the early risk detection system and committee based on the audit we have conducted. The audit we have conducted is in accordance with the TCC and the "Principles of Audit Reports Concerning Early Risk Detection Systems and Committees" published by the Public Oversight, Accounting and Audit Standards Agency ("KGK") and ethical rules. These Principles require that we evaluate whether or not the company has established an early risk detection system, if so whether or not the system and committee are operating according to TCC article 378. Whether the solutions provided for the risks detected by the early risk detection committee are appropriate and the actions taken by the management against risks are outside of our scope.

INFORMATION ON THE EARLY RISK DETECTION SYSTEM AND COMMITTEE

The Group established the committee September 18th, 2012 and the committee consists of 3 (three) members. The Committee met 6 (six) times in 2018 for early risk detection of factors that threaten the existence, development and continuation of the Group, to implement the necessary precautions and solutions for these and to manage the risk; and the reports prepared as a result were submitted to the Board.

CONCLUSION

As a result of the audit we conducted, we have found the early risk detection system and committee established by Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. to be sufficient in every perspective within the framework of TCC article 378.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Dr. Hakkı DEDE

Responsible Partner Lead Auditor

Istanbul, March 11th, 2019

Independent Audit Report regarding the Annual Report of the Board of Directors

TO THE BOARD OF DIRECTORS OF SARKUYSAN ELEKTROLİTİK BAKİR SANAYİ VE TİCARET A.Ş

OPINION

We have audited the Annual Report of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. for the fiscal period covering the period between January 1st and December 31st, 2018.

In our opinion, the financial information provided in the annual report of the Board of Directors as well as the discussions of the Board of Directors regarding the status of the Group, is presented fairly and consistent with the whole set of financial statements audited and information acquired during the independent audit in all material respects.

BASIS OF OPINION

The independent audit we have conducted is in accordance with the Independent Audit Standards (IAS), which are inseparable parts of the Turkish Audit Standards published by the Public Oversight, Accounting and Audit Standards Agency ("KGK"). Our responsibilities as part of the aforementioned standards are explained in detail in our report under the title of Responsibility of the Independent Auditor on the Annual Report of the Independent Auditor. Ethics Code for the Independent Auditors (Code of Ethics) published by KGK and ethical rules pursuant to the legislation regarding independent audits, we hereby declare that we are independent from the Group. Code of Ethics and other responsibilities regarding the ethics as per the legislation have been carried out by our party. We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion.

AUDITOR OPINION ON THE WHOLE SET FINANCIAL STATEMENTS

We kindly submitted our opinion on the whole set of financial statements of the Group regarding the period covering January 1st and December 31st, 2018 in our report dated March 11th, 2019.

RESPONSIBILITY OF THE BOARD OF DIRECTORS REGARDING THE ANNUAL REPORT

The executives of the Group are responsible from the following items regarding the annual report as per the articles 514 and 516 of the Turkish Commercial Code (TCC) no 6102:

- a. Annual report shall be prepared within the first three months following the date of the balance sheet and submitted to the attention of the General Assembly.
- b. The annual report shall be prepared to include the activities carried out within the year, and the Group's financial status in a complete, correct, direct, realistic and honest way. The financial status given in the report shall be evaluated according to the financial statements. The report shall also explicitly highlight the development of the Group and the possible risks to be encountered. The assessment of the Board of Directors on the subject issues shall be included in the report.
- c. The annual report shall also include the following issues:
 - Special incidents occurred in the Group after completion of the operation period for the year-in-question,
 - Research and development activities of the Group,
 - Financial benefits such as the salaries, premiums, bonuses, etc., allowances, travel, accommodation and representation expenses and real and cash benefits, insurances and similar securities.

During the preparation process of the annual report, the Board of Directors shall also consider the regulations stipulated by the secondary legislation of the Ministry of Customs and Trade and other related institutions.

Independent Audit Report regarding the Annual Report of the Board of Directors

RESPONSIBILITY OF THE INDEPENDENT AUDITOR REGARDING THE INDEPENDENT AUDIT OF THE ANNUAL REPORT

The purpose is to provide our opinion on whether or not financial information provided in the annual report as well as the discussions of the Board of Directors are consistent with and represent the actual situation in the audited financial statements of the Group and information acquired during the independent audit and to prepare a report including our opinion.

The independent audit that we carried out was in compliance with the Independent Audit Standards. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and discussions of the Board of Directors is free from material misstatement and consistent with the financial statements and information gathered during the independent audit.

The independent audit was carried out and completed by Hakkı Dede, auditor in charge.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Dr. Hakkı DEDE

Responsible Partner Lead Auditor

Istanbul, March 11th, 2019

SARUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

Consolidated Financial Statements and Independent Audit Report for the Period Between January 1st, 2018 and December 31st, 2018

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the (consolidated) financial statements Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi ("the Company"), which comprise the statement of financial position as at December 31, 2018 the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant Audit Matters

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

Trade Receivables

See Consolidated Financial Statement Notes 2.09.09 and 10.

Subject of Significant Audit

Group Trade Receivables is TL 707,262,363 and account for 39% of the consolidated assets. TL 57,202,294 provisions for doubtful trade receivables is set aside in the financial statements. The Group makes certain estimations and adopts certain policies in order to reduce the value of the trade receivables to recoverable amounts, and to determine the amount of provision that is needed.

Considering the importance of trade receivables in the financial statements, the existence and recoverability of the receivables are a key issue for our audit.

How the Subject Conducted in our Audit

Our auditing procedures are based on verification of trade receivables and testing whether appropriate provisions were set aside for taking into account collaterals provided for trade receivables that cannot be collected.

We evaluated the effectiveness of the internal control of the financial reporting related to receivables risk and how the receivables are followed up.

Receivables risk policy of the Group is based on analysis of overdue trade receivables taking into account credit insurances and collaterals that have been collected.

We evaluated the third party verifications of trade receivables, and recalculated the exchange rate valuation of trade receivables in the financial statements, receivables rediscount (deferred interest income) and other valuations.

Trade Receivables

See Consolidated Financial Statement Notes 2.09.09 and 10.

Subject of Significant Audit

How the Subject Conducted in our Audit

The appropriateness of the provisions to be taken into consideration in respect of the aging results of the receivables, economic conditions, past collection capability, lawsuits filed and execution proceedings as well as guarantees received, receivable insurance amounts and subsequent collections were evaluated. TFRS 9 implementation and transition provisions were checked.

We examined the appropriateness of explanations made in the notes related to trade receivables.

Determining Fair Value of Immovable Properties Held for Investment Purposes

See Consolidated Financial Statement Notes 2.09.19 and 17.

Subject of Significant Audit

How the Subject Conducted in our Audit

The fair value of the immovable properties of the Group as of 31 December 2018 held for investment purposes is TL 93,060,000. The 2018 income statement of the Group contains an earning of TL 933,371 corresponding to an increase in the value of immovable properties held for investment purposes.

Fair values of the Group immovable properties held for investment purposes are written down according to valuation reports issued by independent experts. These independent valuation companies used various estimations and assumptions, when making valuations. Therefore, determining fair value of immovable properties held for investment purposes and writing them correctly in financial statements, is a key issue for our audit.

Our auditing procedures are designed to question the fair value of the immovable properties held for investment purposes.

We examined the competency and neutrality of immovable property valuation experts appointed by the Group management.

We evaluated appropriateness of valuation methods used by the valuation experts.

We made discussions with the Group management and in these discussions, we compared the estimations and assumptions used in the valuation reports with assumptions made in the previous years.

We examined the explanations in the financial statement notes related to fair values of immovable properties held for investment purposes, and checked the adequacy of information given in these notes.

Report on the Audit of the Consolidated Financial Statements

Financial Liabilities

See Consolidated Financial Statement Notes 2.09 and 8.

Subject of Significant Audit

The total amount of short-term and long-term financial liabilities of the Group is TL 1,033,807,769 in its financial statements, and constitutes a substantial portion of the Group liabilities.

The Group writes down its financial liabilities at discounted cost using the effective interest method. Calculating and reconciling the discounted cost of financial liabilities is a key issue for our audit.

How the Subject Conducted in our Audit

We designed our auditing procedures to question the accuracy of financial liabilities.

We obtained third party verifications of the Group's financial liability balances. We recalculated and tested the internal efficiency ratios and discounts calculated by the Group for its financial liabilities.

We examined the explanations in the financial statement notes related to financial liabilities, and checked the adequacy of information given in these notes.

Revenue

See Consolidated Financial Statement Notes 2.09.01,5 and 28.

Subject of Significant Audit

The Group transfers the revenue to a customer by transferring a committed product or service to its financial statements when it fulfills (or brings) the performance obligation.

Based on the aforementioned disclosure, the periodicity of sales is determined as the key audit issue whether or not its revenue is recorded in the correct period.

How the Subject Conducted in our Audit

Our auditing procedures are based on verifying that proceeds are recorded timely and accurately.

We examined the accounting policies related to entering Group proceeds in the financial statements.

We evaluated the proceeds process by examining and observing sales and delivery procedures of the Group.

We focused our auditing procedures on cases where invoices are issued but risk and ownership are not transferred; and in this context we analyzed invoices, waybills, warehouse departure and delivery documents by adopting a sampling method, and checked whether actual deliveries took place before the balance sheet date.

We asked for the details of the return on sales account as of the auditing date, and checked whether any substantial return has taken place after the balance sheet date.

The conformity of the explanations and footnotes are assessed in the consolidated financial statements compliance with TFRS 15.

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those responsible for senior management are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the (Consolidated) Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the (consolidated) financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- In order to provide an opinion about the consolidated financial statements, we obtain sufficient and appropriate auditing evidence related to financial information on group companies or operations. We are responsible for directing, supervising and executing the Group auditing. We are solely responsible for the auditing opinion we are providing.

Report on the Audit of the Consolidated Financial Statements

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

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

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

Other Responsibilities Arising From Regulatory Requirements

1. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No:6102; auditor's report on the early risk identification system and comitee has been submitted to the company's Board of Directors on March 11, 2019.
2. In accordance with subparagraph 4 of Article 402 of the "TCC"; no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 – December 31, 2018 is not in compliance with the code and provisions of the Group's articles of association in relation financial reporting.
3. In accordance with subparagraph 4 of Article 402 of the "TCC"; the board of directors provided us the necessary explanations and submitted required documents within the context of audit.

The engagement partner on the audit resulting in this independent auditor's report is Hakkı Dede

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Dr. Hakkı DEDE

Responsible Auditor, Sworn-in CPA

Istanbul, March 11, 2019

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Consolidated Statement of Financial Position for the Period Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

	Notes	Audited Current Period 31.12.2018	Audited Previous Period 31.12.2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	64.545.928	52.081.584
Financial Investments	7	-	-
Trade Receivables	10	707.262.363	573.897.522
- Trade Receivables from Unrelated Parties	10	705.897.613	572.616.591
- Trade Receivables from Related Parties	10, 37	1.364.750	1.280.931
Receivables from Finance Sector Activities		-	-
Other Receivables	11	35.445.289	62.078.862
- Other Trade Receivables from Unrelated Parties	11	35.445.289	62.078.862
- Other Trade Receivables from Related Parties		-	-
Derivative Financial Instruments	14	148.585	2.723.991
Inventories	13	468.246.350	385.256.363
Prepaid Expenses	26	43.137.224	70.373.360
Current Tax Assets	35	4.292.471	521.598
Other Current Assets	26	1.199.496	2.066.394
Total		1.324.277.706	1.148.999.674
Assets Held For Sale	34	-	-
Non-Current Assets			
Financial Investments	7	95.582	24.558
Trade Receivables	10	-	-
Due From Finance Sector Operations	12	-	-
Other Receivables	11	47.074	401.930
- Other Receivables from Unrelated Parties		47.074	401.930
- Other Receivables from Related Parties		-	-
Derivative Financial Instruments	14	-	-
Investments Evaluated with Equity Method	16	49.118.548	27.135.743
Investment Properties	17	93.060.000	63.312.129
Tangible Assets	18	305.673.713	249.003.711
Intangible Assets	19	8.769.351	9.583.839
Prepaid Expenses	26	2.884.707	4.900.742
Deferred Tax Asset	35	8.082.207	3.297.139
Other Non-Current Assets	26	-	-
TOTAL ASSETS		1.792.008.888	1.506.659.465

The accompanying notes are integral parts of the consolidated financial statements.

Consolidated Statement of Financial Position for the Period Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

	Notes	Audited Current Period 31.12.2018	Audited Previous Period 31.12.2017
LIABILITIES			
Short-Term Liabilities			
Short-Term Financial Liabilities	8	706.299.426	704.328.697
Short-term Portion of Long-term Financial Liabilities	8	143.461.823	42.209.604
Other Financial Liabilities	9	-	-
Trade Payables	10	124.310.494	115.221.872
- Other Trade Payables to Unrelated Parties	10, 38	124.310.494	115.221.872
- Other Trade Payables to Related Parties		-	-
Employee Benefit Obligations	12	4.220.629	3.634.224
Other Payables	11	6.674.648	4.747.275
- Other Payables to Unrelated Parties	11	6.674.648	4.747.275
- Other Payables to Related Parties		-	-
Derivative Financial Instruments	14	1.516.431	241.893
Deferred Income	26	16.298.862	12.419.263
- Deferred Income to Unrelated Parties		16.298.862	12.419.263
Period Income Tax Liabilities	35	778.334	3.646.952
Short – Term Provisions	22,24	12.268.584	13.527.587
- Provisions for Employee Benefits		10.025.334	12.088.982
- Other Short-Term Provisions		2.243.250	1.438.605
Other Current Liabilities	26	352.669	446.671
Total		1.016.181.900	900.424.038
Liabilities Regarding Assets Held For Sale		-	-
Long-Term Liabilities			
Long-Term Payables	8	184.046.520	119.819.345
Trade Payables	10	-	-
Long-Term Provisions	24	39.320.004	32.633.288
- Provisions for Employee Benefits		39.320.004	32.633.288
- Other Long-Term Provisions		-	-
Deferred Tax Liabilities	35	1.391.816	763.950
SHAREHOLDERS' EQUITY			
Parent Company Shareholders' Equity	27	550.557.406	452.491.301
Paid-in Capital		200.000.000	200.000.000
Capital Adjustment Positive Differences		1.020.551	1.020.551
Other Accumulated Comprehensive Income/Expense not to be reclassified as profit or loss		15.340.163	(5.245.253)
Other Accumulated Comprehensive Income/Expense to be reclassified as profit or loss		51.022.125	26.485.559
Restricted Profit Reserves		88.862.693	30.843.011
Previous Years Profits/Losses		103.213.140	111.498.511
Net Period Profit/Loss		91.098.734	87.888.922
Non-Controlling Interests		511.242	527.543
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1.792.008.888	1.506.659.465

The accompanying notes are integral parts of the consolidated financial statements.

Consolidated Statement of Profit or Loss for the Period Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

	Notes	Audited Current Period 01.01.2018 31.12.2018	Audited Previous Period 01.01.2017 31.12.2017
PROFIT OR LOSS			
Revenue	5, 28	5.645.635.715	4.349.760.480
Cost of Sales (-)	5, 28	(5.381.801.749)	(4.130.011.725)
GROSS PROFIT		263.833.966	219.748.755
Marketing, Selling and Distribution Expenses (-)	29, 30	(22.868.646)	(18.400.494)
General Administration Expenses (-)	29, 30	(55.574.012)	(48.986.004)
Research and Development Expenses (-)	29, 30	(2.161.892)	(1.940.285)
Other Operating Income	31	446.160.170	123.710.149
Other Operating Expenses (-)	31	(382.767.216)	(152.874.320)
OPERATING PROFIT / (LOSS)		246.622.370	121.257.801
Income from Investment Activities	32	1.152.105	28.194.347
Loss from Investment Activities (-)	32	(106.970)	-
The Profit/(Loss) Portion of Investments Evaluated With Equity Method	16	15.818.752	2.372.197
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE		263.486.257	151.824.345
Financial Income	33	189.145.631	284.801.255
Financial Expense (-)	33	(331.607.028)	(322.268.083)
CONTINUED OPERATIONS PROFIT / (LOSS) BEFORE TAX		121.024.860	114.357.517
Continued Operations Tax Profit / (Loss)	35	(29.807.827)	(26.155.555)
- Current Period Tax Income /(Expense)		(35.125.109)	(22.354.160)
- Deferred Tax Income / (Expense)		5.317.282	(3.801.395)
CONTINUED OPERATIONS PERIOD PROFIT / (LOSS)		91.217.033	88.201.962
DISCONTINUED OPERATIONS			
Discontinued Operations Profit / (Loss) After Tax		-	-
PERIOD PROFIT / (LOSS)		91.217.033	88.201.962
Distribution of Period Profit / (Loss)		91.217.033	88.201.962
Non-Controlling Interests		118.299	313.040
Parent Company		91.098.734	87.888.922
Net Earnings Per Share	36	0,00455	0,00439

The accompanying notes are integral parts of the consolidated financial statements.

Consolidated Statement of Other Comprehensive Income for the Period Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

		Audited Current Period 01.01.2018 31.12.2018	Audited Previous Period 01.01.2017 31.12.2017
PROFIT / (LOSS) FOR THE PERIOD	27	91.217.033	88.201.962
OTHER COMPREHENSIVE INCOME			
Items Not To Be Reclassified in Profit Or Loss		20.583.812	(358.923)
Increase / Decrease in Revaluation of Tangible Assets		26.445.204	-
Defined Benefit Plans Re-Measurement Gains (Losses)	24	(2.003.435)	(92.513)
Shares Not To Be Classified In Other Profit Or Loss Of Investments Valued By Equity Method	16	(1.612.947)	(302.818)
Other Comprehensive Income Taxes Not to be Reclassified to Profit or Loss	35	(2.245.010)	36.408
- <i>Period Tax Expense/Income</i>		-	-
- <i>Deferred Tax Expense/Income</i>		(2.245.010)	36.408
Items To Be Reclassified in Profit or Loss		24.537.188	4.667.044
Foreign Currency Translation Adjustment	27	24.537.188	4.667.044
Shares To Be Classified In Other Profit Or Loss Of Investments Valued By Equity Method		-	-
Other Comprehensive Income Taxes To Be Reclassified To Profit Or Loss		-	-
- <i>Period Tax Expense/Income</i>		-	-
- <i>Deferred Tax Expense/Income</i>		-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		45.121.000	4.308.121
TOTAL COMPREHENSIVE INCOME		136.338.033	92.510.083
Distribution of Comprehensive Income		136.338.033	92.510.083
Non-Controlling Interests		117.317	312.775
Parent Company		136.220.716	92.197.308

The accompanying notes are integral parts of the consolidated financial statements.

Consolidated Statement of Changes in Shareholder's Equity For the Period Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

Audited Current Period	Notes	Paid-in Capital	Capital Adjustment Differences	Tangible Fixed Assets Revaluation Increase/Decrease	Other Comprehensive Income/(Expense) Not To Be Reclassified To Profit Or Loss	
					Defined Benefit Plans Measurement Gains/Losses	Shares Not To Be Classified In Other Profit Or Loss Of Investments Valued By Equity Method
Balance At January 1, 2018		200.000.000	1.020.551	-	(4.991.991)	(253.262)
Adjustments Regarding Change in Accounting Policies		-	-	-	-	-
TFRS 9 Policy Change Effect, Net		-	-	-	-	-
Adjustments Regarding Misstatements		-	-	-	-	-
Other Adjustments		-	-	-	-	-
Amounts After Adjustments		200.000.000	1.020.551	-	(4.991.991)	(253.262)
Transfers	27	-	-	-	-	-
Capital Increase		-	-	-	-	-
Dividends		-	-	-	-	-
Transactions with Non- Controlling Shareholders		-	-	-	-	-
Total Comprehensive Income		-	-	23.800.684	(1.602.321)	(1.612.947)
- Net Period Profit		-	-	-	-	-
- Other Comprehensive Income/ Expenses		-	-	23.800.684	(1.602.321)	(1.612.947)
Balance At December 31, 2018		200.000.000	1.020.551	23.800.684	(6.594.312)	(1.866.209)

Audited Previous Period	Notes	Paid-in Capital	Capital Adjustment Differences	Tangible Fixed Assets Revaluation Increase/Decrease	Other Comprehensive Income/(Expense) Not To Be Reclassified To Profit Or Loss	
					Defined Benefit Plans Measurement Gains/Losses	Shares Not To Be Classified In Other Profit Or Loss Of Investments Valued By Equity Method
Balance At January 1, 2017		125.000.000	51.466.039		14.891.096	49.556
Adjustments Regarding Change in Accounting Policies		-	-		-	-
TFRS 9 Policy Change Effect, Net		-	-		-	-
Adjustments Regarding Misstatements		-	-		-	-
Other Adjustments		-	-		-	-
Amounts After Adjustments		125.000.000	51.466.039		14.891.096	49.556
Transfers	27	-	-		(19.827.490)	-
Capital Increase		75.000.000	(50.445.488)		-	-
Dividends		-	-		-	-
Transactions with Non- Controlling Shareholders		-	-		-	-
Total Comprehensive Income		-	-		(55.597)	(302.818)
- Net Period Profit		-	-		-	-
- Other Comprehensive Income/ Expenses		-	-		(55.597)	(302.818)
Balance At December 31, 2017		200.000.000	1.020.551		(4.991.991)	(253.262)

The accompanying notes are integral parts of the consolidated financial statements..

Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	Restricted Reserves		Accumulated Profit					
Foreign Currency Translation Adjustments	Legal Reserves	Gain on Sale of Participation Shares and Real Estate	Previous Years Profit/(Loss)	Net Period Profit/Loss	Parent Company Equity	Non-Controlling Interests	Shareholder's Equity	
26.485.559	30.843.011	-	111.498.511	87.888.922	452.491.301	527.543	453.018.844	
-	-	-	(431.116)	-	(431.116)	-	(431.116)	
-	-	-	(431.116)	-	(431.116)	-	(431.116)	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
26.485.559	30.843.011	-	111.067.395	87.888.922	452.060.185	527.543	452.587.728	
-	58.019.682	-	29.869.240	(87.888.922)	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	(37.723.495)	-	(37.723.495)	(133.618)	(37.857.113)	
-	-	-	-	-	-	-	-	
24.536.566	-	-	-	91.098.734	136.220.716	117.317	136.338.033	
-	-	-	-	91.098.734	91.098.734	118.299	91.217.033	
24.536.566	-	-	-	-	45.121.982	(982)	45.121.000	
51.022.125	88.862.693	-	103.213.140	91.098.734	550.557.406	511.242	551.068.648	

Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	Restricted Reserves		Accumulated Profit					
Foreign Currency Translation Adjustments	Legal Reserves	Gain on Sale of Participation Shares and Real Estate	Previous Years Profit/(Loss)	Net Period Profit/Loss	Parent Company Equity	Non-Controlling Interests	Shareholder's Equity	
21.818.759	28.138.521	2.581.372	103.606.841	30.254.361	377.806.545	228.170	378.034.715	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
21.818.759	28.138.521	2.581.372	103.606.841	30.254.361	377.806.545	228.170	378.034.715	
-	2.704.490	(2.581.372)	49.958.734	(30.254.361)	-	-	-	
-	-	-	(24.554.512)	-	-	-	-	
-	-	-	(17.512.551)	-	(17.512.551)	(13.402)	(17.525.953)	
-	-	-	-	-	-	-	-	
4.666.800	-	-	-	87.888.922	92.197.307	312.775	92.510.082	
-	-	-	-	87.888.922	87.888.922	313.040	88.201.962	
4.666.800	-	-	-	-	4.308.385	(265)	4.308.120	
26.485.559	30.843.011	-	111.498.511	87.888.922	452.491.301	527.543	453.018.844	

Consolidated Statement of Cash Flows for the Period Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

		Audited Current Period 01.01.2018 31.12.2018	Audited Previous Period 01.01.2017 31.12.2017
A) CASH FLOW PROVIDED FROM OPERATIONS	Notes	43.999.028	(128.608.051)
Net Profit / (Loss)		91.217.033	88.201.962
Period Profit/Loss from Continued Operations		91.217.033	88.201.962
Period Profit/Loss from Discontinued Operations		-	-
Adjustments Regarding:		161.269.490	123.754.801
Depreciation and Amortization (+)	18,19	28.136.600	23.849.574
Interest Income and Interest Expenses	33	61.866.627	45.184.583
Interest Income	33	(7.873.219)	(5.415.961)
Interest Expenses	33	69.739.846	50.600.544
Cancellation of Impairment	13, 31	20.938.882	5.309.541
Impairment of Receivables	10	20.668.918	5.309.541
Other Impairments	11	269.964	-
Adjustments regarding Provisions	24	8.883.690	15.273.089
Employee Benefit Provisions (Cancellations)	12, 24	8.079.045	14.818.731
Other Provisions (Cancellations)	22	804.645	454.358
Tax (Income) / Expense	35	29.807.827	26.155.555
Unrealized Foreign Exchange Differences		24.756.777	42.005.556
Fair Value Losses/Gains	14	2.916.573	(30.695.927)
(Gain)/loss on revaluation of investment property		(933.371)	(27.605.655)
(Gain)/loss on revaluation of derivative instruments	14	3.849.944	(3.090.272)
Undistributed Profits of Investments valued by equity method	16	(15.818.752)	(2.372.197)
Gain/Loss of Fixed Assets	18	(218.734)	(954.973)
Operational Income before Changes in Working Capital		(164.869.239)	(318.887.926)
Decrease (Increase) in Financial Investments		(71.024)	-
Increase in Trade Receivables /Other Receivables (-)	10	(154.033.759)	(224.976.679)
Decrease / Increase in Inventories (+), (-)	13	(82.989.987)	(62.835.613)
Decrease/ (Increase) in Other Receivables Related to Activities	11	27.855.327	(8.066.042)
Decrease/ (Increase) in Other Receivables Related to Activities	10	8.818.658	9.615.006
Increase/Decrease in Other Payables Regarding Activities	11,20,22	1.833.371	(1.353.620)
Prepaid Expenses Increase (-) /Decrease(+)	26	29.252.171	(45.432.291)
Employee Benefit Obligation Increase (-) / Decrease (+)	24	586.405	91.980
Deferred Income increase (-) / decrease (+)	26	3.879.599	11.175.662
Other Increase and Decrease in Working Capital (+) / (-)		-	2.893.671
Net Cash Inflow Provided/(Used) From Operating Activities:		87.617.284	(106.931.163)
Payments Regarding Employee Benefit Provisions	24	(1.853.656)	(2.876.436)
Tax Returns (Payables)		(41.764.600)	(18.800.452)
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		(61.443.445)	(32.413.960)
Cash Outflows from Purchase of Shares in Associates and/or Joint ventures or Capital Increase	27	(7.777.000)	-
Acquisitions of Tangible Assets and Investment Property (-)	18,19	1.029.441	2.895.945
Tangible Assets Disposals (+) and Intangible Assets Disposals	18,19	(54.695.886)	(35.309.905)
C) CASH FLOWS FROM FINANCIAL ACTIVITIES		18.230.996	188.165.820
Cash Inflows from Borrowings	8	1.799.026.160	1.960.973.578
Cash Outflows from Debt Payments	8	(1.681.071.424)	(1.724.993.234)
Cash inflows from derivative instruments	14	-	-
Cash outflows from derivative instruments	14	-	-
Dividend Paid (-)	27	(37.857.113)	(17.525.953)
Payment of Interest (Net)	33	(61.866.627)	(30.288.571)
Net Decrease/Increase in Cash and Cash Equivalents Before Currency Translation Differences		786.579	27.143.809
Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents		11.227.645	(1.652.032)
Net Changes in Cash and Cash Equivalents		12.014.225	25.491.777
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	52.081.584	26.478.533
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	64.095.808	51.970.310

The accompanying notes are integral parts of the consolidated financial statements.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 1 ORGANIZATION AND BUSINESS SEGMENT

Sarkuysan Elektrolitik Bakir Sanayi ve Ticaret A.Ş. (The Company) was established on May 3, 1972 and company shares are traded on the Borsa Istanbul (BIST). The main operations of the company are to produce and trade electrolytic copper wire, copper and copper alloys.

The registered address of the company is at Emek Mahallesi Aşiroğlu Cad. No:147 Darıca Kocaeli.

All of the shares are publicly traded and there is no shareholder who is holding voting rights more than %10.

The subsidiaries and affiliates of the company as of December 31, 2018 are as follows:

Partner Name	Subsidiary Name	Area of Operation	Country	Partnership Percentage
Sarkuysan A.Ş.	Sarmakina San.ve Tic. A.Ş.	Packaging materials manufacturing and trade of manufacturing machinery, import machinery's import and export	Turkey	99,00
Sarkuysan A.Ş.	Sarda Dağ.ve Tic.A.Ş.	Marketing and Distribution	Turkey	99,97
Sarkuysan A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	Non-operational and receives participation income.	Turkey	70,71
Sarda Dağ. ve Tic. A.Ş	Bektaş Emaye Kablo San. Tic. A.Ş.	The company obtains real estate rent income and Dividend income	Turkey	29,13
Sarkuysan A.Ş.	Sark - USA, Inc.	Markets Sarkuysan A.Ş and Sark Wire Corps products in the US market.	USA	100,00
Sarkuysan A.Ş.	Ege Serbest Bölge Şubesi	Manufacturing and trade of electrolytic copper wire.	Turkey	100,00
Sarkuysan A.Ş.	Demisaş DökümEmaye Mam. San.A.Ş.	Manufacturing and trade of steels parts for automotive and household appliances.	Turkey	44,44
Sarkuysan A.Ş.	Bemka Kupferlackdraht GMBH.	Marketing and Distribution	Germany	99,60
Sarkuysan A.Ş.	Sark Bulgaria A.D.	Production Of Electrolytic Copper And Conductors	Bulgaria	90,00
Sarkuysan A.Ş.	Sark Wire Corp.	Copper wire production and marketing.	USA	60,00
Bektaş Emaye Kablo San. Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing.	USA	12,50
Sark - USA, Inc.	Sark Wire Corp.	Copper wire production and marketing.	USA	12,50
Sarmakina San. ve Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing.	USA	15,00
Sarmakina San. ve Tic. A.Ş.	Sark Bulgaria A.D.	Production of electrolytic copper and conductors	Bulgaria	10,00

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Hereafter, in the consolidated financial statements and footnotes, Sarkuysan and the consolidated subsidiaries will be referred as "Group".

The average number of the personnel is 1.090 . (December 2017: 1.047)

	December 31, 2018	December 31, 2017
Unionized employees	599	588
Non-unionized employees	79	72
White-collared employees	412	387
Toplam	1.090	1047

The consolidated financial statements of the Group have been prepared in accordance with the CMB Communiqué Serial Numbered II-14.1 "Principles of Financial Reporting in Capital Market". The consolidated financial statements for the year ended December 31, 2018 were approved at the meeting which was held on March 11, 2019. Hayrettin ÇAYCI who is Chairman of The Board and Şefiye YAYLA who is Commercial Accounting Director signed the consolidated financial statements on behalf of the Board The General Assembly has the authority to amend the financial statements.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 Basic Principles for the Presentation

The Group maintains its books of accounts and legal financial statement in accordance with Turkish Commercial Code and accounting principles determined in tax legislations. Subsidiaries operating in foreign countries prepare accounting records and statutory financial statements according to currencies of the country where they are in and in accordance with the legislation of the countries. The Group's financial position and operation results are indicated in the Group's functional currency, Turkish Lira.

As a result of preparation of the condensed consolidated financial statements in accordance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. In line with this 5th article communiqué, The Group is applied in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") issued by Public Oversight Accounting And Auditing Standards Authority ("POA").

In addition, the accompanying financial statements and footnotes are presented in accordance with the formats declared by Capital Markets Board on 7 June 2013 and the 2016 TAS Taxonomy, which was approved by the decision of the Public Oversight Accounting And Auditing Standards Authority dated 2 June 2016 and numbered 30.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Financial Statements of the Subsidiaries which are Operated in Other Countries:

If the functional currency of any of the group companies is different than the reporting currency, the functional currency is translated into reporting currency according to the following rules (none of the currencies of the group companies belong to a hyper inflationist economy)

- Assets, liabilities and equity items except for the ones arising as a result of presenting income and expenses in the current period financial statements (except certain shareholder's equity items) are translated into Turkish Liras at the closing rate at the date of that statement of financial position. Capital and capital reserves are carried at their historical nominal values and the translation differences arising from these are recorded under the equity item translation differences.
- Income and expenses in the Statement of profit or loss are translated by the average exchange rate and the translation differences are presented under Shareholders' Equity and Comprehensive Statement of Profit or Loss as a separate item
- When a section of the foreign operations are sold, the exchange differences which were recorded under Shareholders' Equity are transferred to Statement of Profit or Loss as sales income or expense. Goodwill and fair value adjustments arising from an acquisition of a foreign company are considered to be assets and liabilities of the acquired entity and are translated using the closing exchange rate.

2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

According to the decision dated March 17, 2005 with No: 11 /367 made by the CMB, the inflation accounting has been no longer effective for the periods after January 1, 2005 for the companies that are operating in Turkey and preparing financial statements in accordance with CMB standards. Therefore, application of International Accounting Standards 29 "Financial Reporting on Hyper-Inflationist Economies" was ended after January 1, 2005.

2.03 Basis of Consolidation

Subsidiaries are companies in which the current shares has the power to control the financial and operating policies for the benefit of the Group, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or companies whereby the Group exercises control over the voting rights of the shares held by them, or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual control effect over the financial and operating policies.

The statement of financial positions and statements of income of the Subsidiaries are consolidated on a full consolidation basis and the carrying value of the investment held by the main partnership is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Group and its Subsidiaries are eliminated when consolidating. The financing cost of, and the dividends arising from, shares held by the Group in its Subsidiaries are eliminated from shareholders' equity and related period's income, respectively.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

The proportion of ownership interest and effective interest of the Group in these Joint Ventures as of December 31, 2018 and December 31, 2017 are as follows;

December 31, 2018

Name of the Subsidiary	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Sarmakina San. ve Tic. A.Ş.	%99	-	%99
Sarda Dağ.ve Tic.A.Ş.	%99,97	-	%99,97
Bektaş Emaye Kablo San. Tic. A.Ş.	%70,71	%29,13	%99,84
Sark-USA, Inc.	%100	-	%100
Ege Serbest Bölge Şubesi	%100	-	%100
Sark Wire Corp. (**)	%60	%39,83	%99,83
Sark Bulgaria A.D. (*)	%90	%10	%100
Bemka Kupferlackdraht GMBH	%99,60	-	%99,60

December 31, 2017

Bağlı Ortaklığın Ünvanı	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Sarmakina San. ve Tic. A.Ş.	%99	-	%99
Sarda Dağ.ve Tic.A.Ş.	%99,97	-	%99,97
Bektaş Emaye Kablo San. Tic. A.Ş.	%70,71	%29,13	%99,84
Sark-USA, Inc.	%100	-	%100
Ege Serbest Bölge Şubesi	%100	-	%100
Sark Wire Corp. (**)	%60	%39,83	%99,83
Sark Bulgaria A.D. (*)	%90	%10	%100
Bemka Kupferlackdraht GMBH	%99,60	-	%99,60

(*) In the Board of Directors' decision dated 29.03.2018, Sark Bulgaria A.D. which is located in Bulgaria has increased the capital of its subsidiary from 6.000.000 Leva to 8.000.000 Leva and all of the increased capital has been paid as of 31.12.2018.

(**)The Company held a Board of Directors' Meeting on July 26,2017 and decided to increase the capital of its subsidiary Sark Wire located in Albany, New York, U.S. from USD 10,000,000 to USD 15,000,000.All of the increased capital has been paid as of 31.12.2018.

Investments in Affiliates; are accounted for by the equity method of accounting. These are entities over which the Group generally has between 20% and 50% of voting rights or has significant influence, but does not have control on these affiliates' operations. Unrealized gains that result from intercompany transactions between the Group and its Associates are eliminated on consolidation, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Demisaş A.Ş., which is one of Sarkuysan Elektrolitik Bakır Sanayi and Ticaret A.Ş.'s subsidiaries, is accounted for under the equity method. According to equity method of accounting, subsidiaries are recorded initially at acquisition cost, and subsequently the amount of the parent's interest in the associate's shareholders' equity is reflected to financial statements by either adding the increase in the amount to the investment amount or subtracting the losses from the investment amount.

The table below discloses all affiliates and shows the total interest of the Group in these affiliates as of December 31, 2018 and December 31, 2017.

December 31, 2018

Subsidiary Name	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Demisaş Döküm Emaye Mam.San.A.Ş.	%44,44	-	%44,44

December 31, 2017

Subsidiary Name	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Demisaş Döküm Emaye Mam.San.A.Ş.	%44,44	-	%44,44

Financial Assets available for sale in which the Group and its Subsidiaries, have interest below 20%, or over which the Group does not have a significant influence even though having more than an interest over 20 %, are classified as financial assets available for sale. Financial Assets available for sale that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Financial Assets available for sale that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value. (Note.7)

The minority shareholders' share in the net assets and results for the period for Subsidiaries are separately classified in the consolidated statement of financial position and in the statement of profit or loss as Non-Controlling Interest.

The subsidiary of the Group, Demisaş Döküm Emaye Mam. San. A.Ş. accounted for using the equity method in its special event statement dated 9 May 2018, the issued capital of TL 35.000.000 was increased by 50% to 80.000.000 TL within the registered capital ceiling of 17.500.000 TL become 52.500.000 TL through cash capital increase. It was decided to increase to TL. The Company has participated in this capital issued by the Group management and was paid in cash on the date of 12.09.2018, which is the whole of the capital commitment of 7.777.000 TL.

2.04 Comparative Information and Adjustment of the Previous Consolidated Financial

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

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

2.05 Significant Accounting Considerations, Predictions and Assumptions

During the preparation of the consolidated financial statements, the Group management has to make assumptions and predictions, which would indicate the possible liabilities, commitments as of the statement of financial position date as well as amounts of income and expense as of the reporting date.

The realized results may differ from the estimates. Estimations are reviewed regularly and any corrections made to those estimates is corrected in the current period and reflected on the statement of profit or loss in the period which is occurred.

The Comments, which may have significant affects for the amounts reflected on the consolidated financial statements and the assumptions made that are existed as of statement of financial position date or may occur at future are as below:

- a. Termination Indemnity Liability is determined using the actuarial valuations (discount rates, salary increases for the future periods and estimated probability of retirement rates).Details of the calaulation are stated in the employee benefits foot note. (Note 24)
- b. Tangible assets are depreciated using the straight-line method over their economic lives. The estimated useful life and amortization are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. (Note: 2.09.03- 2.09.04)
- c. In the accompanying financial statements, the Group management made a litigation provision related to the law suits disclosed in Note 22 in line with the opinion of the Group's legal counselors based on the best estimates.
- d. In determining the impairment of trade receivables, creditworthiness of debtors, past payment performances and restructuring conditions, collaterals of mortgages and receivable insurance amounts taken into consideration. (Note 10). In addition, the Group hedges its domestic and foreign receivables with insurance, letters of guarantee and various guarantees in accordance with the credit risk policy. The Group calculates the expected credit loss using the expected life-to-maturity ratio by adopting the simple approach model for trade receivables that does not include a significant financing component in accordance with TFRS 9. This model is based on a review of the collection performance of the customer on the basis of past and the comparison of the sales made and the submerged ratio account which includes future forecasts taking into account the future credit risks and macroeconomic impacts. In the expected credit loss calculations, the right to insurance indemnity and letters of guarantee are considered as the most liquid collaterals and are taken into account in the calculations. The Group makes forward-looking estimates of the collection performances, taking into account the effects of economic growth expectations and the exchange rate effects of foreign currency exchange rates.
- e. When accounting for decrease in value of inventories, copper prices determined in London Metal Market as of balance sheet date and discounted pricing lists are taken into consideration. For inventories with an undeterminable sales price, inventory turnover periods and opinions of technical staff are evaluated. When cost value exceeds the assumed net realizable value a provision for decrease in value of inventories is reflected to the financial statements. (Note:13)
- f. The Group has chosen to use the revaluation model for Investment Properties in the accompanying consolidated financial statements. (Note 2.09.19)

2.06 Changes in Accounting Policies

The changes to the current accounting policies can be performed if it is necessary or the changes will provide more appropriate and reliable presentation of the transactions and events related to the financial position, performance and the cash flow of the Group that affect the financial statements of the Group. If the changes in accounting policies affects the prior periods, policy is applied to the prior period financial statements as if it is applied before. The Group's accounting policies have not changed except for the following.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Amendment of Compulsory Accounting Policy Regarding TFRS 9

As of 1 January 2018, the Group has adopted TFRS 9 "Financial Instruments" standard. TFRS 9 is applied retrospectively as of the effective date. The Group has applied this standard by applying the retrospective but simplified application in accordance with the application exception of this standard. In other words, according to TAS 8, the current period in which the application was made, applied the approach of presenting the previous period's effect of the transition to the new application to the retained earnings as a record of the change without applying the balance sheet presentation of the previous period and the previous period. The impact of the new accounting policies and the adjusting entries resulting from the transition are summarized below:

Due to the classification and measurement of financial instruments, the total impact on the company's accumulated profits is as follows:

Opening Balance of Previous Period Profits- TAS 39 (31.12.2017)	Note	111.498.511
Reclassification of financial assets at fair value through profit or loss available for sale portfolio(+)		139.687
Increase in doubtful receivable provision of trade receivables (-)		(704.776)
Deferred Tax Effect		133.973
Amendments to Previous Year's Profits with TFRS 9		(431.116)
Opening Balance of Previous Period Profits - TFRS 9 (31.12.2017) After Adjustment		111.067.395

The Group has reviewed the management models applicable to financial assets at the initial implementation date (1 January 2018) and has classified its financial instruments in accordance with the appropriate TFRS 9 categories. In accordance with TFRS 9 Financial Instruments Standard, the management models and measurement methods of financial assets are as follows.

Financial Assets on the Financial Statements	TFRS 9 Measurement Method
Deposits	Amortised Cost
Notes	Amortised Cost
Trade Receivables	Amortised Cost
Derivative Instruments	Financial Assets at Fair Value Reflected Through Profit and Loss
Shareholders' Equity Financial Instruments (Common Stocks)	Financial Assets at Fair Value Reflected Through Other Comprehensive Income

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

2.07 Changes in Accounting Estimates and Errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period's financial statements are adjusted. On the other hand, if the amendments are related to the current as well as the forthcoming periods, then both current and forthcoming periods' financial statements are adjusted.

In instances where the accounting estimates affect both current and forthcoming periods, then description and monetary value of the estimate is disclosed in the notes to the financial statements. However; if the affect of the accounting estimate to the financial statement is not determinable, then it is not disclosed in the notes to the financial statements. There are not any changes in accounting estimates which may affect the period results of the current period.

2.08 Offsetting

The financial assets and liabilities in the financial statements are offset and the net amount reported in the statement of financial position, where there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.09 Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the consolidated financial statements are as follows:

2.09.01 Revenue Recognition

Revenues are shown to be expected to be earned in return for goods and services. For this purpose, a 5-step process is applied in the recognition of revenue in accordance with TFRS 15 provisions.

- Identification of contracts with customers
- Determination of separate performance criteria and obligations in the contract
- Determination of contract price
- Distribution of Sales Price to Liabilities
- Recording of revenue as contractual obligations are met

Group revenue consists mainly of electrolytic copper wire, copper to be, enameled coil wire, copper flats and copper alloys sales to the domestic market and overseas and subcontracting services. Rent income from investment properties is included in sales.

When the revenue from services (contract service income) can be measured reliably, the revenue is recorded in accordance with its completion level. If the revenue cannot be measured reliably, revenue is recognized as much as the recoverable amount of expenses that are associated with this revenue.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Other miscellaneous income that are derived by the Group, are recognized as follows:

Interest Income, on the basis of effective interest method

Rent and Royalty Income, on an accruals basis in accordance with the substance of the relevant agreement

Dividend Income, when the shareholder's right to receive payment is established.

Rent income from investment properties is recognized on a straight-line basis over the term of the respective lease.

When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The differences between the fair value and the nominal value are recorded as interest income according to the accrual basis.

2.09.02 Inventories

Inventories are stated either at the lower of acquisition cost or net realizable value. The cost basis of the inventories includes; the acquisition cost, conversion costs, and the costs incurred to bring the inventories to their existing status. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued using the monthly weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

2.09.03 Tangible Fixed Assets

The property, plant, and equipment acquired after January 1, 2005 are carried at historical cost, which is computed by deducting the accumulated depreciation from their cost basis. For assets that were acquired before January 1, 2005, the tangible fixed assets are presented on the financial statement at indexed historical cost for inflation effects as at December 31, 2004. Tangible assets are depreciated using the straight-line method over their economic lives.

The depreciation rates according to the estimated useful lives are as follows:

Type	Economic Life (Year)	Depreciation Rates as of December 31, 2018 (%)	Depreciation Rates as of December 31, 2017(%)
Land Improvements	25	4	4
Buildings	50	2	2
Machinery, Plant and Equipment	8-12,5	8-12,5	8-12,5
Furniture and Fixtures	5	20	20
Vehicles	5	20	20
Other Tangible Assets	5	20	20
Leasehold improvements	5	20	20

The expected useful lives, residual values and the depreciation method are reviewed annually for the probable effects of changes that occur in estimates. If there are any changes regarding the estimates, their effects are recognized retroactively.

The profit and loss arisen from fixed asset sales are determined by comparing the net book value with the sales price and the difference is recorded as operating profit or loss.

Maintenance and repair costs are recorded as expense as at their realization date. If the maintenance and repair expenses clearly improve the economic value or performance of the related asset, then these costs are capitalized.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

2.09.04 Intangible Assets

Intangible fixed assets acquired before January 1, 2005 are carried at indexed historical cost for inflation effects as at December 31, 2004; however, purchases after January 1, 2005 are carried at their historical cost less accumulated amortization and impairment. Except for expenses incurred in the development of new products planned to be produced within the Group, Intangible assets are depreciated on a straight-line basis over their expected useful lives. Intangible Assets are depreciated with the straight-line method over their expected economic lives. Capitalized development costs are amortized with a straight-line method over their estimated economic lives after the production starts. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Type	Economic Life (Year)	Depreciation Rates as of December 31, 2018 (%)	Depreciation Rates as of December 31, 2017(%)
Rights	5	20	20
Development Cost	5	20	20
Other Intangible Assets	3 – 10	10 – 33	10 – 33

2.09.05 Impairment of Assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

2.09.06 Leasing Operations

I) Financial Leasing

Financial leasing which transfers all ownership risks and benefits of the leased property to the Group, is included as of the inception date of the financial leasing, based on the market value of the leased property and current value of lease payments, whichever is lower. Lease payments are treated as if they include principal and interest. Principal lease payments are entered as a liability and reduced pro rate the amount of payments.

II) Operational Leasing

Lease agreements, which the lessor retains all the risks and benefits pertaining to the goods, are described as operational leases.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

The Group as Lessee:

The lease payments are recognised as an expense in the income statement over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the user's benefit. The transactions between parent company and subsidiaries are eliminated reciprocally within the scope of consolidation. (Note:29- 30)

The Group as Lessor:

The operational leasing collections are recognised as an income over the lease term on a straight-line basis. The Group's rent income from investment property is recognized under revenue, other rent income is recognized under other operating income. The transactions between parent company and subsidiaries are eliminated reciprocally within the scope of consolidation. (Dipnot 31)

2.09.07 Research and Development Costs

Research and development costs are expensed as incurred. Development expenses recognized in previous periods cannot be capitalized in following periods. Development costs are considered to be an intangible asset only as follows,

- The product or process is clearly defined and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-house
- A potential market exists for the product or its usefulness in case of internal use is demonstrated,
- Adequate technical, financial and other resources required for completion of the project are available.

There are no development improvements transferred to the active.

2.09.08 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the statement of profit or loss in the period in which they are incurred. The Group did not capitalize any borrowing costs as of period end.

2.09.09 Financial Instruments

1. Financial Assets

i. Classification and measurement of financial assets and liabilities

A financial asset is recognized for the first time in its financial statements:

- a. Financial instruments measured at amortized cost
- b. Lending instruments whose fair value ("FV") difference is reflected in other comprehensive income;
- c. Equity instruments measured by reflecting FV difference on other comprehensive income
- d. Financial instruments measured at a FV difference reflected to profit or loss

as classified.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

The classification of financial assets is generally based on the business model used by the entity for the management of financial assets and the contractual cash flows of the financial asset.

A financial asset is measured at amortized cost if both the two following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- Obtaining a business model for the purpose of collecting contractual cash flows of the financial asset eclipse and
- The contractual terms of the financial asset cause cash flows that include interest payments on principal and principal balance on certain dates.

A debt instrument is measured by reflecting the FV difference on other comprehensive income if both of the following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

All financial assets that are not measured by the above mentioned amortized cost or by reflecting the FV difference in other comprehensive income are measured by reflecting to FV difference profit or loss. These include all derivative financial assets. In the event that financial assets are recognized for the first time in their financial statements, a financial asset is measured at fair value through profit or loss on the condition that a financial asset can be reversed or substantially alleviated, or substantially reduced, an accounting mismatch arising from the different measurement of financial assets and the effect of gain or loss in the financial statements.

In the first measurement of the financial assets other than the fair value changes that are reflected to the profit or loss (except for the trade receivables that are measured at the transaction cost and not having an important financing component at the time of the financial statements), the transaction costs directly attributable to the acquisition or issuance thereof are also added to the fair value.

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

All financial assets that are not measured by the above mentioned amortized cost or by reflecting the FV difference in other comprehensive income are measured by reflecting to FV difference profit or loss. These include all derivative financial assets.

Eliminate an accounting mismatch resulting from different measurement of financial assets and their gain or loss in different financial statements when the financial assets are recognized in the financial statements for the first time or, in the event of a significant reduction, a financial asset can be irrevocably measured at fair value through profit or loss.

Financial assets other than those whose fair value changes are reflected to the profit or loss (except for the trade receivables that are measured at the transaction cost and have no significant financing component during the first time they are included in the financial statements).In the first measurement, transaction costs directly attributable to the acquisition or issuance of these are also measured by adding to the fair value.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

ii. Impairment of financial assets

In accordance with TFRS 9 "Expected Credit Loss" model is applied. The new impairment model applies to financial assets and contractual assets measured at amortized cost but is not applied to investments in equity instruments. Financial assets measured at amortized cost consist of trade receivables, other receivables and cash and cash equivalents.

The loss provisions for trade receivables, other receivables, other assets and contractual assets are always measured at an amount equal to the expected credit losses for life time. When determining whether the credit risk in a financial asset has increased substantially since its adoption in the financial statements and the expected credit losses are estimated, reasonable and supportable information that can be obtained without incurring excessive costs or efforts is taken into consideration. These include qualitative and quantitative information and analysis based on the Group's past experience and informed credit assessments and forward-looking information.

Credit impaired financial assets

The Group assesses whether the financial assets measured at amortized cost are credit impairment in each reporting period. When one or more incidents occur that adversely affect the future cash flows of a financial asset, the financial asset is credit impaired.

Observable data on the following events are evidence that the financial asset has been credit impaired:

- That the issuer or debtor has significant financial distress;
- The occurrence of a breach of contract due to reasons such as default or significant expiration of maturity;
- For the economic or contractual reasons, due to the financial hardship of the debtor, the creditor gives the debtor a privilege which does not normally considered;
- It is likely that the borrower will enter into bankruptcy or another financial restructuring; or
- The elimination of the active market for this financial asset due to financial hardships.

Presentation of impairment in financial statements

The loss provisions of financial assets measured at amortized cost are deducted from the gross values of these assets.

Recall (Write-down)

If there is no reasonable expectation to recover a cash flow higher than the financial asset, the gross amount of the financial asset is deducted from the records. This is generally the case when the Group determines that the borrower does not have sufficient sources of income or assets that are capable of repaying the amounts subject to the reversal. However, the financial assets that are reversed can still be subject to sanctions applied by the Group for the recovery of past due receivables.

Financial assets are deducted from the records if there is no expectation of recovery (ie the debtor does not make any repayment plans with the Group). For trade receivables, other receivables, other assets and contractual assets issued from records, the Group continues to exercise sanctions to recover the receivable. The recovery amounts are recognized in profit or loss.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

2.09.10 Effects of Currency Fluctuations

All transactions, denominated in foreign currencies, are converted into TL by the exchange rate ruling at the transaction date. All foreign currency denominated monetary assets and liabilities stated at the statement of financial position are converted into TL by the exchange rate ruling at the statement of financial position date. Foreign exchange gains and/or losses as a result of the conversions are recorded in the statement of profit or loss.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies),
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

2.09.11 Profit per Share

Earnings per share in the income statement are calculated by dividing net income by the weighted average number of common shares outstanding for the period.

In Turkey, companies are allowed to increase their share capital by distributing "bonus shares" from retained earnings. These bonus shares are deemed as issued shares while calculating the net earnings per share.

Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.09.12 Subsequent Events

Subsequent events cover all events that occur between the statement of financial position date and the publication date of the financial statements. If there is a substantial evidence that the subsequent events existed or arose after the statement of financial position date, these events are disclosed and explained in the notes to the financial statements.

The Group adjusts its financial statements if the above-explained subsequent events require any adjustments.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

2.09.13 Provisions, Contingent Liabilities & Assets

A provision is set-forth in the consolidated financial statements, if a legal liability exists as a result of past events as if the cash out-flow is probable for the reversal of provision and the liability amount can be estimated reliably. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash out-flow is probable, provision is set forth in the financial statements of the year the probability of contingent liability accounts is changed. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

The Group discloses the contingent liabilities in notes to the financial statements if the contingent liability is possible but the outflow of resources is not predicted.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group discloses the contingent assets in notes to the financial statements if the inflow of economic benefits is probable.

When portion or full amount of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.09.14 Related Party Disclosures

The partners' of the Group, Group's management personnel, Group companies and its directors, close family members in the charge of the Group, and other companies directly or indirectly controlled by the Group are considered related parties. The transactions done with the related parties due to ordinary operations are occurred in accordance with the market conditions. (Note 37)

2.09.15 Government Grants and Assistance

The government grants and research and development incentives are accounted according to accrual basis with their fair values when the authorities approve the Group's submission for these incentives.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

2.09.16 Taxation and Deferred Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

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

Current Tax

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

Deferred Tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Current and Deferred Tax For The Period

Current and deferred tax are recognized as an expense or income to the statement of profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in the equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Taxes stated consolidated financial statements contain changes in current and deferred taxes for the period. The Group calculates current period tax and deferred tax over the period results.

Offsetting Tax Income and Liabilities

Corporate tax amounts are offset with prepaid corporate tax as they are related. Deferred tax assets and liabilities are also offset.

2.09.17 Retirement Pay

According to Turkish Labor Law, employee termination benefit is reflected in the financial statements, when the termination indemnities are deserved. Such payments are considered as being part of defined retirement benefit plan as per IAS No.19 "Employee Benefits".

Termination indemnity liability is reflected to the financial statements with the amount calculated for value at statement of financial position date of lump pension in the next years by discounting by adequate interest rate. Interest cost added to the lump pension expense is shown as termination indemnity expense in the results of operations.

2.09.18 Cash Flow Statement

Cash and cash equivalents are stated at their fair values in the statement of financial position. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments. On cash flow statement, the Group classifies period's cash flows as investment, financing activities and operational activities.

The cash flows from operational activities show the cash flows generated from the main operations of the Group. The cash flows from investing activities show the cash inflows and outflows generated from/used fixed assets and financial assets investments.

Cash flow concerned with financial activities represents sources used from financial activities and pay-back of these funds.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

2.09.19 Investment Property

Investment properties, which are held to earn rentals and/or for capital appreciation is carried at their cost less the accumulated depreciation and any impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Investment properties are taken out of the statement of financial position when either they are sold or no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal. No assets held under the operating lease have been classified as investment properties.

Investment properties are reviewed for any impairment and if the carrying amount of these investment properties exceeds the recoverable amount as a result of these reviews, the carrying amount is reduced to recoverable amount through making provision. The recoverable amount is the higher of the net cash flows derived from the current usage of the related investment property and net sales price .

Group's investment property is presented at their fair value in the financial statements. Therefore, investment property is not subject to depreciation. The fair values of the real estate's were determined according to the results of the appraisal reports signed by a licensed Real Estate Appraisal Company in line with the regulations of the CMB Communiqué Serial VIII No: 35 "Communiqué On Principles Regarding Appraisal Companies And Their Listings By The Board" (Note 17)

2.10 Capital and Dividends

The ordinary shares are classified as equity. The dividends paid to ordinary shares deducted from accumulated profits during the period they are declared.

2.11 Foreign Currency Transactions

Functional Currency

The functional currency is defined as the currency in which the Group carries out important part of the activities and financial statement items of every group company are measured at the functional currency of the mentioned company. The accompanying consolidated financial statements are presented with the functional currency of Sarkuysan A.Ş. which is TL.

Group Companies Abroad, Foreign Currency Transactions and Balances

The financial statements of subsidiaries operating in foreign countries are prepared in accordance with the laws and legislations that are valid for the countries where the transactions are operated. The financial statements are arranged by the reflections of necessary adjustments and classifications in order to provide the correct presentation in accordance with the Financial Reporting Standards of Capital Market Board. The financial results of group companies which prepare their financial statements with a currency other than TL are converted to TL using the average foreign exchange rates of the related period. The difference arising from the conversion of assets and liabilities using the statement of financial position date foreign exchange rates and the conversion of statement of profit or loss using the average rates are presented in the consolidated financial statements under equity and are made subject to total comprehensive income.

The financial statements of Group's subsidiaries operating in The United States of America, Bulgaria , Germany are converted from foreign currency into TL as of December 31, 2018 and December 31, 2017 the foreign currencies and TL equivalents are as follows:

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

As of December 31, 2018 and December 31, 2017 the foreign currencies (USD,EURO,LEV) are as follows:

Period-End

	USD	EURO	LEVA
December 31, 2018	5,2609	6,0280	3,0649
December 31, 2017	3,7719	4,5155	2,2958

As of December 31, 2018 and December 31, 2017 the foreign average currencies and TL equivalents are as follows:

Period-End

	USD	EURO	LEVA
01 January 2018-31 December 2018	4,8134	5,6780	2,8868
01 January 2017-31 December 2017	3,6482	4,1164	2,0909

2.12 Going Concern Concept

The consolidated financial statements of the Group are prepared with respect to going concern concept.

2.13 New and Revised International Financial Reporting Standards

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

IFRS 16 Leases

On 16 April 2018, POA issued the new leasing standard which will replace TAS 17 Leases, IFRS Interpretation 4 Determining Whether an Arrangement Contains a Lease, TAS Interpretation 15 Operating Leases – Incentives, and TAS Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to TAS 40 Investment Properties. IFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

IFRS Interpretation 23 –Uncertainty Over Income Tax Treatments

On 24 May 2018, POA issued IFRS Interpretation 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. TAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRS Interpretation 23 provides requirements that add to the requirements in TAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS Interpretation 23.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Amendments to TFRS 9 - Prepayment features with negative compensation

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

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TFRS 9.

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

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

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 28.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

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

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

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

IAS 12 Income Taxes

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

IAS 23 Borrowing Costs

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

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement -

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that application of these amendments to IAS 19 will have significant impact on its consolidated financial statements.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

The revised Conceptual Framework

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors.

The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

NOTE 3 BUSINESS COMBINATIONS

None.

NOTE 4 BUSINESS PARTNERSHIPS

None.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 5 SEGMENT REPORTING

The group's operating segments based on profit / loss summary as of December 31, 2018 and December 31, 2017 are as follows:

December 31, 2018

	Copper	Enameled Copper Wire	CTC Wire	Roller	Machine	Other	Total	Adjustment of Consolidation and Elimination	January 1, 2018 December 31, 2018
Revenue	6.775.223.597	359.536.773	58.300.169	8.641.027	9.663.251	34.791.888	7.246.156.705	(1.600.520.990)	5.645.635.715
Cost of Sales	(6.308.209.198)	(331.309.327)	(48.282.865)	(6.081.592)	(4.787.045)	(23.464.665)	(6.722.134.692)	1.340.332.943	(5.381.801.749)
Gross Profit/Loss	467.014.399	28.227.446	10.017.304	2.559.435	4.876.206	11.327.223	524.022.013	(260.188.047)	263.833.966

December 31, 2017

	Copper	Enameled Copper Wire	CTC Wire	Roller	Machine	Other	Total	Adjustment of Consolidation and Elimination	January 1, 2018 December 31, 2018
Revenue	5.328.574.462	254.245.466	40.840.250	5.070.927	10.022.121	10.630.661	5.649.383.887	(1.299.623.407)	4.349.760.480
Cost of Sales	(5.098.756.109)	(233.294.009)	(34.684.157)	(3.234.590)	(6.202.299)	(8.120.740)	(5.384.291.904)	1.254.280.179	(4.130.011.725)
Gross Profit/Loss	229.818.353	20.951.457	6.156.093	1.836.337	3.819.822	2.509.921	265.091.983	(45.343.228)	219.748.755

NOTE 6 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents for the periods ended are as follows:

Account Name	December 31, 2018	December 31, 2017
Cash	33.924	53.406
Bank	64.511.448	52.028.088
-Demand Deposits	34.586.326	32.353.827
-Time Deposits	29.925.122	19.674.261
Other	556	90
Total	64.545.928	52.081.584

There is no blocked deposit as of December 31, 2018.

Accrued interest income related to time deposits which are calculated effective interest method is 450.120 TL as of 31 December 2018. (December 31, 2017: 111.274 TL)

Cash and cash equivalents presented in the statement of cash flows as of December 31, 2018 and December 31, 2017 is as follows;

Account Name	December 31, 2018	December 31, 2017
Amount Stated in Statement of Financial Position	64.545.928	52.081.584
Accrued Interest Income	(450.120)	(111.274)
Blocked Amount	-	-
Total	64.095.808	51.970.310

Maturity analysis of bank deposits is as follows:

Account Name	December 31, 2018	December 31, 2017
Demand Deposits	34.586.326	32.353.827
1-30 days	29.925.122	15.669.281
30-90 days	-	4.004.980
Total	64.511.448	52.028.088

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

The effective interest rates of time deposits related to their currencies are as follows:

Currency	December 31, 2018		December 31, 2017	
	Amount	Interest rate	Amount	Interest rate
TL	19.225.102	11%-24,75%	17.234.251	10,50%-15,25%
USD	2.870.175	0,15%-1,13%	678.964	0,6%
EURO	6.252.863	0,08%-0,30%	1.761.046	0,01%
GBP	483.120	0,08%	-	-
BGN	1.093.862	1,04%-5,28%	-	-
Total	29.925.122		19.674.261	

NOTE 7 FINANCIAL INVESTMENTS

I) Short Term Financial Investments

None

II) Long Term Financial Investments

The Group's financial investments consist of investments classified as financial assets at fair value through profit or loss. The Group classifies its investments in common stocks as financial assets at fair value through profit or loss. As of 31 December 2018 and 31 December 2017, Financial Investments prepared according to the simplified application method under TFRS 9 standard are as follows;

Reclassified Financial Investments under TFRS 9

December 31, 2018

Company Name	Share Percentage	Provision for Decrease in Value	Net Value
Kamaş Kuyumcukent Alış Veriş Merkezi	-	-	531
Kiaş Kuyumcukent İşletme A.Ş.	-	-	8.479
Kuyuş Kuyumculuk Gayrimenkul Yatırım Ort.	-	(106.970)	86.572
Total	-	(106.970)	95.582

Reclassified Financial Investments under TFRS 9

December 31, 2017

Company Name	Share Percentage	Provision for Decrease in Value	Net Value
Kamaş Kuyumcukent Alış Veriş Merkezi	-	-	531
Kiaş Kuyumcukent İşletme A.Ş.	-	-	5.127
Kuyuş Kuyumculuk Gayrimenkul Yatırım Ort.	-	-	158.587
Total	-	-	164.245

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Profit / loss from financial instruments:

	Share Ratio	1 January 2018 31 December 2018	1 January 2017 December 2017
Non-Current Assets			
<i>Non-Traded Publicly:</i>			
Kamaş Kuyumcukent Alış Veriş Merkezi (*)	< 1	531	531
Kiaş Kuyumcukent İşletme A.Ş.	< 1	8.479	5.127
<i>Publicly Traded:</i>			
Kuyaş Kuyumculuk Gayrimenkul Yatırım Ort.	< 1	86.572	158.587
Total		95.582	164.245

(*) Since the fair value of Kamaş Kuyumcukent Shopping Center cannot be measured, it is included in the financial statements with the cost value that was previously reported.

Movement of Long-Term Securities is as follows:

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Long-Term Securities		
Opening Balance	164.245	24.558
Additions (Under scope of TFRS 9)	3.352	139.687
Additions (% 100 Paid Capital Increase)	38.306	-
Disposals (-) (Under scope of TFRS 9)	(110.321)	-
Closing Balance	95.582	164.245

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 8 FINANCIAL LIABILITIES

Short-Term financial liabilities for the periods ended are as follows:

Account Name	December 31, 2018	December 31, 2017
Bank Loans	706.274.945	704.319.253
Short-Term Proportion of Long Term Bank Loans	141.093.723	40.811.988
Lease Obligations	2.421.191	1.427.005
Deferred Leasing Costs (-)	(53.091)	(29.389)
Other	24.481	9.444
Total	849.761.249	746.538.301

Bank loans are reflected in accompanying financial statements with their amortized cost amounts

Long-Term financial liabilities for the years ended are as follows:

Account Name	December 31, 2018	December 31, 2017
Bank Loans	178.172.373	115.429.585
Lease Obligations	6.548.778	4.977.521
Deferred Leasing Costs (-)	(674.631)	(587.761)
Total	184.046.520	119.819.345

a) The maturities of bank loans are as follows:

Loans	December 31, 2018	December 31, 2017
0-3 months	289.493.212	237.358.354
4-12 months	557.875.456	507.772.887
13-36 months	150.810.694	111.866.353
37-60 months	27.361.679	3.563.232
Total	1.025.541.041	860.560.826

Finance Lease Payables	December 31, 2018	December 31, 2017
0-3 months	609.676	354.364
4-12 months	1.758.424	1.043.252
13-36 months	4.217.897	2.521.890
37-60 months	1.656.250	1.867.870
Total	8.242.247	5.787.376

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

b) Effective interest rates of financial liabilities are as follows:

December 31, 2018

Loans

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	225.171.098	225.171.098	%14,56 -%27,56
USD Loans	62.451.668	328.551.982	%3,06 - %7,19
EURO Loans	15.987.426	96.372.204	%1,33 - %4,8
GBP Loans	8.444.514	56.179.660	%1,61 -%1,73
Total (Short-Term)		706.274.944	

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	6.713.927	6.713.927	%14,56 -%27,56
USD Loans	6.300.319	33.145.348	%2,55-%7,19
EURO Loans	16.794.036	101.234.448	%1,33 - %4,8
Total (Short-term Payment of Long-term Credits)		141.093.723	

Type	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	65.379.422	65.379.422	%14,56 -%27,56
USD Loans	5.433.151	28.583.264	%2,55-%7,19
EURO Loans	13.969.756	84.209.687	%1,33 - %4,8
Total		178.172.373	

Finance Lease Payables

Short-Term (1-12 months)	Foreign Currency Amount	TL Tutarı
Leasing Payables USD	460.224	2.421.191
Total of Leasing Payables	460.224	2.421.191
Interest Payables of Deferred Leasing Costs (-) USD	(10.092)	(53.091)
Total of Interest Payables of Deferred Leasing Costs	(10.092)	(53.091)
Total(Short-Term)		2.368.100
Long-Term (1-5 years)	Foreign Currency Amount	TL Tutarı
Leasing Payables USD	1.244.802	6.548.778
Total of Leasing Payables	1.244.802	6.548.778
Interest Payables of Deferred Leasing Costs (-) USD	(128.235)	(674.631)
Total of Interest Payables of Deferred Leasing Costs	(128.235)	(674.631)
Total(Long-Term)		5.874.147
Total		8.242.247

December 31, 2017

Türü	Foreign Currency Amount	Amount in TL	Interest Rate (%)
TL Loans	-	327.547.885	%13,71-%16,53
USD Loans	68.397.472	257.988.423	%1,99 - %5,96
EURO Loans	15.718.542	70.977.078	%0,77 - %1,58
GBP Loans	9.410.048	47.805.867	%1,21-%3,30
Total (Short-Term)		704.319.253	

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Type	Foreign Currency Amount	Amount in TL	Effective Interest Rate (%)
TL Loans	-	-	-
USD Loans	5.101.088	19.240.793	%1,99 - %5,96
EURO Loans	4.777.144	21.571.195	%0,77 - %1,58
Total(Short Term Proportion of Long Term Loans)		40.811.988	

Type	Foreign Currency Amount	Amount in TL	Effective Interest Rate (%)
TL Loans	-	-	-
USD Loans	9.757.770	36.805.332	%1,99 - %5,96
EURO Loans	17.412.081	78.624.253	%0,77 - %1,58
Total (Long- Term)		115.429.585	

Finance Lease Payables

	Foreign Currency Amount	Amount in TL
Short-Term (1-12 months)		
Leasing Payables USD	378.325	1.427.005
Total of Leasing Payables	378.325	1.427.005
Interest Payables of Deferred Leasing Costs (-) USD	(7.792)	(29.389)
Total of Interest Payables of Deferred Leasing Costs	(7.792)	(29.389)
Total(Short-Term)		1.397.616
Long Term (1-5 years)		
Leasing Payables USD	1.319.632	4.977.521
Total of Leasing Payables	1.319.632	4.977.521
Interest Payables of Deferred Leasing Costs (-) USD	(155.826)	(587.761)
Total of Interest Payables of Deferred Leasing Costs	(155.826)	(587.761)
Total (Long-Term)		4.389.760
Total		5.787.376

The reconciliation of financial borrowing is as follows:

Account Name	December 31, 2018	December 31, 2017
Opening Balance	866.357.646	573.475.735
Loan usage within the current period	1.873.074.218	2.018.439.134
Principal payment the current perriod	(1.681.071.424)	(1.724.993.235)
Interest Payments	(67.247.260)	(49.799.132)
Accrual of interest end of the current perriod	(13.605.047)	7.229.588
Foreign Exchange	56.299.636	42.005.556
Closing Balance	1.033.807.769	866.357.646

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 9 OTHER FINANCIAL LIABILITIES

None.

NOTE 10 TRADE RECEIVABLES AND PAYABLES

Of the Short-Term Trade Receivables are as follows:

Account Name	December 31, 2018	December 31, 2017
Trade Receivables	732.549.262	568.101.510
- Trade Receivables from Related Parties(Note:37)	1.364.750	1.280.931
- Other	731.184.512	566.820.579
Notes Receivable	34.206.076	44.620.069
Discount on Notes Receivable (-)	(2.290.681)	(2.030.850)
Provision for Doubtful Receivables (-)	(57.202.294)	(36.793.207)
Total	707.262.363	573.897.522

The weighted term of receivables are 37 days (December 31, 2017: 43 days). Domestic sales and abroad is guaranteed by Exim Bank. There are guarantee letters, guarantee notes and guarantee checks which are related to domestic sales are disclosed in Note 22 and the level of risks on trade receivables are disclosed in Note 38.

The Group provides a provision for all receivables that are an objective finding that there is no possibility of collecting. In addition, TFRS 9 provides a provision for trade receivables that do not include a significant financing component. As of 31 December 2018, the provision for doubtful receivables is TL 57.202.294. (Note 31) (31 December 2017: TL 36.793.207)

Doubtful Receivables are as follows:

Account Name	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Opening Balance	(36.793.207)	(31.483.666)
Provisions no Longer Required	4.274.573	1.486.666
Exchange Difference(**)	(11.955.959)	-
TFRS 9 Adjustment (Note:2.06) (Previous Period)	(704.776)	-
Period Expense(*)	(12.022.925)	(6.796.207)
Closing Balance	(57.202.294)	(36.793.207)

The group has no Long-term Trade Receivables.

(*) Provision for Doubtful Receivables amounting to TL 1.580.479 is included in period expense in the current period.

(**) Foreign currency difference expense amounting to TL 11.955.959 is netted with foreign exchange gain from doubtful receivables and has no effect on period profit.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Short-Term Trade payables for the period ended are as follows:

Account Name	December 31, 2018	December 31, 2017
Trade Payables	124.357.230	115.531.177
Notes Payables	192.594	157.612
Rediscount on Notes Payable (-)	(239.330)	(509.294)
Expense Accruals	-	42.377
Total	124.310.494	115.221.872

Average maturity of purchasing of the Group from its suppliers is 8 days. (December 31, 2017: 10 days)

The Group has no Long-term Trade Payables.

NOTE 11 OTHER RECEIVABLES AND PAYABLES

Other Short-term Receivables for the period ended are as follows

Account Name	December 31, 2018	December 31, 2017
Deposits and Guarantees Given	339.108	134.763
Receivables from Tax Administration (*)	34.615.988	61.548.196
Other Doubtful Receivables	3.600	3.600
Provision for Other Doubtful Receivables	(3.600)	(3.600)
Receivables from Personnel	490.193	364.205
Other	-	31.698
Total	35.445.289	62.078.862

(*) Most of the balance consists of VAT refund receivables The Group is fully refunded VAT refund receivable through YMM reports. TL 2.914.091 amount of the receivables was collected as of the report date. The offsetting and refund process for the remaining amount is in progress.

Other Long-Term Receivables for the period ended are as follows:

Account Name	December 31, 2018	December 31, 2017
Deposits and Guarantees Given	47.074	401.930
Total	47.074	401.930

Other Short-term Payables for the periods ended are as follows:

Account Name	December 31, 2018	December 31, 2017
Other Payables	6.123.631	4.504.516
Deposits and Guarantees Taken	20.834	17.856
Taxes and Funds Payable	494.535	137.233
Social Security Institution Payable	35.648	87.670
Total	6.674.648	4.747.275

The Group has no other Long-term Payables.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 12 PAYABLES RELATED TO EMPLOYEE BENEFITS

Payables Related to Employee Benefits for the periods ended are as follows:

Account Name	December 31, 2018	December 31, 2017
Due to Personnel	288.280	351.158
Taxes and Funds Payable	1.798.612	1.542.514
Social Security Institution Payable	2.133.737	1.740.552
Total	4.220.629	3.634.224

NOTE 13 INVENTORIES

Inventory balances for periods ended are as follows:

Account Name	December 31, 2018	December 31, 2017
Raw Materials	120.536.965	79.039.824
Semi-finished Goods	116.030.009	119.072.515
Finished Goods	229.020.569	185.752.831
Other Inventories	2.658.807	1.391.193
Total	468.246.350	385.256.363

The raw materials acquired by the Group consist of assets which are used in operating cycle of production and sold afterwards. The insurance coverage of assets is disclosed in the Note: 22. There are no inventories which are pledged as collateral. In the current or previous periods there is not any financial expenses over inventories cost.

A significant portion of the Group's inventories are copper etc. inventories with metal content and prices are formed in international markets such as the London Metal Exchange (LME). The Group Management has made an assessment based on the sales prices of the inventories at the London Metal Exchange (LME) and concluded that there is no provision for impairment of inventories.

NOTE 14 DERIVATIVE INSTRUMENTS

December 31, 2018

As of December 31, 2018 the Group has forward foreign exchange contracts for purchasing USD 573.257 in consideration of selling TL 3.484.860. Its liability arising from these contracts is TL (463.344).

Furthermore, there were promises to purchase USD 10.132.409 and Euro 7.520.032 and to sell USD 9.932.236 and Euro 7.544.681 under the hedging transactions performed to provide protection against fluctuations in sale and purchase prices on an order basis, and since these promises were actually delivered as of the date of the Financial Statement, the group has an liability of TL (904.502).

December 31, 2017

As of December 31, 2017 the Group has forward foreign exchange contracts for purchasing USD 8.052.415 in consideration of selling Euro 6.750.000, and for purchasing USD 2.119.510 in consideration of selling GBP 1.600.000 , Its liability arising from these contracts is TL (241.893).

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Furthermore, there were promises to purchase USD 10.409.165 and Euro 11.790.625 and to sell USD 10.759.393 and Euro 12.251.683 under the hedging transactions performed to provide protection against fluctuations in sale and purchase prices on an order basis, and since these promises were actually delivered as of the date of the Financial Statement, the group has an asset of TL 2.723.991.

	December 31, 2018		December 31, 2017	
	Asset	Liability	Asset	Liability
Forward Contracts	-	(463.344)	-	(241.893)
Commodity Swaps as Hedge Instruments	148.585	(1.053.087)	2.723.991	-
Total	148.585	(1.516.431)	2.723.991	(241.893)

NOTE 15 CONSTRUCTION CONTRACTS IN PROGRESS

None.

NOTE 16 INVESTMENTS EVALUATED BY EQUITY METHOD

December 31, 2018

Corporation Name	Participation Ratio	Provision for Impairment	December 31, 2018	
			Net Value in Statement of Financial Position	
Demisaş	44,44	-	49.118.548	
Total		-	49.118.548	

December 31, 2017

Corporation Name	Participation Ratio	Provision for Impairment	December 31, 2017	
			Net Value in Statement of Financial Position	
Demisaş	44,44	-	27.135.743	
Total		-	27.135.743	

Fair Value Movement Schedule of investments evaluated by Equity Method is as follow:

	January 1, 2018		January 1, 2017	
	December 31, 2018		December 31, 2017	
Opening Balance – January 1	27.135.743		25.066.364	
Share from Current Period Profit	15.818.752		2.372.197	
Dividend Payments (-)	7.777.000		-	
Share from Other Comprehensive Income	(1.612.947)		(302.818)	
Closing Balance –as of December 31	49.118.548		27.135.743	

The summaries of financial information's about investments which are recognized with "Equity Method" are as follows;

	December 31, 2018	December 31, 2017
Total Assets	310.381.321	229.408.593
Shareholders' Equity	120.117.247	61.061.532
Net Sales	368.232.557	272.190.990

The subsidiary of the Group, Demisaş Döküm Emaye Mam. accounted for using the equity method in its special event statement dated 9 May 2018, the issued capital of TL 35.000.000 was increased by 50% to TL 80.000.000 within the registered capital ceiling of TL 17.500.000 become TL 52.500.000 through cash capital increase. It was decided to increase to TL. The Company has participated in this capital issued by the Group management and was paid in cash on the date of 12.09.2018, which is the whole of the capital commitment of 7.777.000 TL.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 17 INVESTMENT PROPERTIES

Group classified the assets which are held for rent income or capital appreciation or both, instead of being used in production of goods or rendering of services or administrative purposes or sold in the ordinary course of business, as investment properties.

The Group measures the investment properties at fair value in the financial statements. There are no borrowing costs allocated to investment properties in scope of TAS 23. Investment property is presented at fair values as of December 31, 2018 and December 31, 2017 is as follows.

December 31, 2018

Asset Value	Opening Balance January 1, 2018	Fair Value Difference	Transfer (PPE)	Additions	Disposals (-)	Closing Balance December 31, 2018
Land and Properties	13.785.000	790.000	140.000	-	-	13.785.000
Lands	13.785.000	790.000	140.000	-	-	14.715.000
Buildings	49.527.129	143.371	28.674.500	-	-	78.345.000
Gebze Warehouse	15.832.129	88.371	-	-	-	15.920.500
Gebze Bina ve Depo	-	-	26.399.500	-	-	26.399.500
Kuyumcukent Atölye ve Dükkan	-	-	2.275.000	-	-	2.275.000
Pendik Plants	31.135.000	-	-	-	-	31.135.000
Perpa Trade Center Office	2.560.000	55.000	-	-	-	2.615.000
TOTAL	63.312.129	933.371	28.814.500	-	-	93.060.000

31 Aralık 2017

Asset Value	Opening Balance January 1, 2017	Fair Value Difference	Transfer (PPE)	Additions	Disposals (-)	Closing Balance December 31, 2017
Land and Properties	32.835.000	3.505.000	(22.555.000)	-	-	13.785.000
Lands	32.835.000	3.505.000	(22.555.000)	-	-	13.785.000
Buildings	25.792.755	23.734.374	-	-	-	49.527.129
Gebze Warehouse	9.920.000	5.912.129	-	-	-	15.832.129
Pendik Plants	13.515.000	17.620.000	-	-	-	31.135.000
Perpa Trade Center Office	2.357.755	202.245	-	-	-	2.560.000
TOTAL	58.627.755	27.239.374	(22.555.000)	-	-	63.312.129

Fair value difference amounting to TL 933.371 which was reflected to statement of profit or loss. (December 31,2017 :TL 27.239.374)

In the current period, the fair value difference reflected through the other comprehensive income is TL 26.445.204 and deferred tax expense is TL 2.644.520.

As of 31.12.2018, the Group has classified property in its tangible fixed assets amounting to TL 2.369.269 transferred to investment properties and valued at fair value as a result of the change in use. The increase in the fair value of Investment Property amounting to TL 26.445.204 is reflected in Other Comprehensive Income/Expenses.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

Expertise reports dated February 2019 of TSKB Gayrimenkul Değerleme A.Ş based on the appraisal amounts of 31.12.2018 are taken into consideration in the determination of the fair value of the land and buildings followed by the Group in investment properties.

The Investment Property of Group as of December 31, 2018 and December 31, 2017 are listed as follow:

December 31, 2018

City	Providence	Village	Deed (m2)	Receiving Date
Kocaeli (a)	Gebze	İstasyon	8.198	30.06.2000
Kocaeli (a)	Gebze	İstasyon	15.001	30.09.1991
İstanbul (b)	Pendik	Ortamahalle	5.833	10.06.1990
Kocaeli (©)	Darica	Darica 2	4.248	06.08.2004
Kocaeli (©)	Darica	Darica 2	1.515	31.08.2009
Kocaeli (d)	Dilovası	Tepecik Mahallesi	7.135	28.07.1998
Kocaeli (d)	Dilovası	Tepecik Mahallesi	14.707	28.07.1998
Kocaeli (e)	Gebze	Duraklı Köyü	23.901	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	7.348	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	8.510	09.07.1997
İstanbul (f)	Şişli	Kaptanpaşa	493	26.11.1997 ve 25.08.2000
İstanbul (g)	Bahçelievler	Yenibosna	179	24.06.2009
Sakarya (h)	Erenler	Ekinli Mahallesi	5.600	15.05.2000

Land

- Property rights and town planning information for 5739 block 14 parcel and 5741 block 16 parcels located in city of Kocaeli, Gebze district and İstasyon neighborhood, which are classified under the Investment Properties of the Group, are as follows; There are easement rights in favor of TEDAŞ on 1,980 square meters of land on the factory building and land of 8,198,54 m² in parcel no. 5741 Island 16 parcel consists of 5.000 m² gross closed area on the land of 15.001 m² and 726 m² part has easement rights in favor of TEK. While the parcels where the real estate's subject to the appraisal were located were within the scope of the / Gebze District Implementation Development Plan dated 14.07.2015 and dated 1 / 1.000, the Kocaeli 2nd Administrative Court canceled the execution decision dated 01.12.2017 with numbered 2016/1190. While the Immovable are in the "Trade and Road Area" legend within the scope of 1 / 5.000 scale district of E-5 2nd Region Master Plan" dated 12.10.2017, 1 / 1.000 scale "E-5 2nd Region Implementation Plan approved on 11.05.2018 and decided that partly in the "Road Area" and partly in the "Trade Area". The appraisal has been made in accordance with TSKB Gayrimenkul Değerleme A.Ş.'s report dated 14 February 2019 and numbered 2019REV19 and the value of the immovable is TL 42.320.000 according to the precedent comparison method.
- As of the report date, there is no mortgage, levy or annotation on the facilities placed in Ortamahalle District, Kavsak Street, No:8, Pendik - İstanbul. (10282 block, 3 parcels). The area of the Facilities is 5.833,04 m² and the 811,50 m² of the facilities is owned by Pendik Municipality. During the investigation of the Pendik directorate of land registry information, there is not any change in property right for parcel of land at least 3 years. The evaluation has made numbered report 2019REV21 and dated February 14, 2019 TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 31.135.000
- The Group has been classified as Investment Properties the land in city of Kocaeli, Darica Ş. district with the parcel no. 1333 with a surface area of 1.515 m² and parcel no. 1333 with a surface area of 4.248 m² have been converted into parcel no. 1333 with parcel no. 759 on 10 July 2012 by the Council of Darica Municipality. There are no mortgages, foreclosures and restrictive annotations on the parcel as of the reporting date. As a result of the examinations carried out at the Directorate of Zoning of Darica Municipality on 11.02.2019, it was found that the parcel subject to the report was in the 1/1000 scale "D-100 Edge Renewal

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Areas Implementation Plan" dated 13.09.2018 and the location was correct. The immovables subject to the appraisal are empty as of the report date. The appraisal has been made in accordance with TSKB Gayrimenkul Değerleme A.Ş.'s report dated 14 February 2019 and numbered 2019REV18 and the value of the property is TL 9.795.000 according to the precedent comparison method.

- d. The Group received Block no. 108, parcel no. 11 and 12 instead of parcel no. 17 and 18 the city of Kocaeli, Dilovası district and Tepecik village which is classified under Investment Property. Before the parcel study, parcel no 17 was 7.050 m2, after it becomes Immovable Property, block no.108 parcel no. 11 becomes 7.135 m2 and parcel no 18 was 14.800 m2, after it becomes Immovable Property, block no.108 parcel no. 12 becomes 14.707 m2. As of the report date, block no.108 parcel no 11 and 12 are located within the forest limitation (enclosurement) 533,211 m2 and 117,61 m2 respectively. In addition, there is no mortgage, annotation and foreclosure existed on Immovable Property. The immovable subject to appraisal are empty as of the report date. In the researches carried out by Dilovası Municipality Directorate of Town Zoning, it was stated that Immovable Properties were located in "Other Agricultural Areas" on the 1/25.000 scale revision master planning plan approved by Parliamentary decision 669 dated 16 December 2008 and their location were correct. The appraisal has been made in accordance with TSKB Gayrimenkul Değerleme A.Ş.'s report dated 14 February 2019 and numbered 2019REV22 and the value of the property is TL 2.765.000 according to the precedent comparison method.
- e. The Group has 7 parcels numbered 1128 with a surface area of 23.888 m² and 7 parcels numbered 1135 with a surface area of 7.360 m² 8 parcels numbered 1155 with a surface area of 8.620 m2 while Group received 189 block parcel no.34, 198 block parcel no.2 and 199 block parcel no. 46 numbers were received and it is classified under Investment Properties in Kocaeli province, Gebze district, Duraklı Domdömpinari village. Before parcel no.1135 was 7.360 m2 while 189 parcel no. 34 after become Immovable, it becomes 7.348 m2 parcel no. 1155 was 8.620 m2 before parcel no.198 number 2 after become Immovable, it becomes 8.510 m2, before parcel no.1128 was 23.888 m2 199 number parcel no. 46 after become Immovable, it becomes 23.901 m2. As of the report date, parcel no. 46 and its part of 3.585 m2 belongs to Sarkuysan Elektolitik Bakır Sanayi ve Ticaret A.Ş. In addition, there is no mortgage, foreclosure and annotation existed on Immovable Property. The immovable subject to appraisal are empty as of the report date. In the researches carried out by Gebze Municipality Directorate of Town Zoning, it was stated that Immovable Properties were located in "Other Agricultural Areas" on the 1/25.000 scale revision master planning plan approved by Parliamentary decision 669 dated 16 December 2008 and their location were correct. The appraisal has been made in accordance with TSKB Gayrimenkul Değerleme A.Ş.'s report dated 14 February 2019 and numbered 2019REV23 and the value of the property is TL 2.015.000 according to the precedent comparison method.
- f. Group's investment property is consist of independent section in Istanbul city, Şişli province, Halil Rifat Paşa Street, Perpa Trade Center A Block 111 with B Block 978 and no.980. In accordance with deed investigation, in İstanbul Büyükşehir Belediyesi's favour first degree mortgage TL 10.000 (December 03, 1986 and with entry no.392) and in T.E.K.'s favour rent restriction (dated September 25, 1987 with entry no 3035. During the investigation of the Şişli Municipality's Development directorate information, the immovable's are showed as "Wholesale Trade Area" in 1/1.000 scale Dolapdere/Piyalepaşa avenue and its environment regulatory revised plan is confirmed the place. It has been determined that there has not been any change in the ownership status of the immovables within the last 3 years. The evaluation has made numbered report 2019REV20 and dated February 14, 2019 by TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 2.615.000
- g. The Group is comprised of independent units classified as Investment Block No: 1412 and M Block 209 in the Kuyumcukent Business Center in the Yenibosna neighborhood of the city of Bahçelievler. In the title deed registry, there is a rent annotation in favor of TEDAŞ on the real estates subject to the appraisal, and this annotation is the routine application of the related institution and has no effect on the legal status of the immovable properties. In the zoning situation review, it was found that the parcels numbered 1542 Island 13, which contains the real estates subject to the appraisal, were in the 1 / 1.000 scale inde Bahçelievler Revision Implementation Plan ". The appraisal is based on TSKB Gayrimenkul Değerleme A.Ş report dated 14 February 2019 and

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numbered 2019A29 and the value of the real estate is TL 2,275,000 according to the peer comparison method.

h. The Group is the 5.600 m2 agricultural land in the Ekinli neighborhood of Sakarya province, Erenler district, which is classified as Investment Property. In the land registry review, the land subject to the appraisal is included in the large plain protection area declared by the Decree of the Council of Ministers in accordance with Article 14 of the Law no. 5403. In the zoning situation review, it was understood that the immovable subject to the appraisal as a result of the investigations carried out in Erenler Municipality Directorate of Reconstruction on 05.02.2019 remained within the Central Planning Sub-Region Development Plan with a scale of 1 / 25.000. The real estate subject to the appraisal does not have a construction condition. The appraisal is based on TSKB Gayrimenkul Değerleme A.Ş. Appraisal Report dated 14 February 2019 and numbered 2019A26 and the value of the real estate is 140.000 TL according to the peer comparison method.

December 31, 2017

City	Providence	Village	Deed (m2)	Receiving Date
Kocaeli (a)	Gebze	Sırasöğütler	8.198	30.06.2000
İstanbul (b)	Pendik	Ortamahalle	5.833	10.06.1990
Kocaeli (c)	Darica	Darica 2	4.248	06.08.2004
Kocaeli (c)	Darica	Darica 2	1.515	31.08.2009
Kocaeli (d)	Darica	Tepecik Köyü	7.050	28.07.1998
Kocaeli (d)	Darica	Tepecik Köyü	14.800	28.07.1998
Kocaeli (e)	Gebze	Duraklı Köyü	23.888	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	7.360	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	8.620	09.07.1997
İstanbul (f)	Şişli	Halil Rifat Paşa Mahallesi	492	26.11.1997 ve 25.08.2000

Land

- a. The Group has a right of easement in favor of TEDAŞ in the 1.980 square meters area on the 8.198.54 square meter factory building and its land, which is located on the 14 parcels of Kocaeli/ Gebze District Station District 5739 which is classified under Investment Properties. While the inspection being conducted in Gebze Municipality Zoning Directorate, it has been determined that the parcel where the facility is located is within the "Trade Zone " of 1/1000 scaled application development plan dated March 17, 2016 and numbered 157. During the investigation of the Gebze Municipality's Development directorate information on immovable's archive file, building license numbered 165 dated June 5, 1995 (construction area 793 m2), building license numbered 197 dated June 24, 1996 (construction area 1.511 m2), building license numbered 149 dated August 13, 2001 (construction area 1,47 m2) and building license numbered 128 dated September 29, 2006 (construction area 1.047 m2) are acquired for facility and its area 3.711 m2 according to building licence and attachments. The valuation has been made numbered report 2017A1055 and dated December 29, 2017 by TSKB Gayrimenkul Değerleme A.Ş.'nin. in accordance with peer assessment method value of immovable is TL 15.832.129
- b. As of the report date, there is no mortgage, levy or annotation on the facilities placed in Ortamahalle District, Kavsak Street, No:1, Pendik - İstanbul. (10282 block, 3 parcels). The area of the Facilities is 5.833,04 m² and the 811,50 m² of the facilities is owned by Pendik Municipality. During the investigation of the Pendik directorate of land registry information, there is not any change in property right for parcel of land at least 3 years. The evaluation has made numbered report 2017A1053 and dated December 29, 2017 TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 31.135.000
- c. Group has two plots of land classified among Immovable Property Held for Investment Purposes that are located in Darica Ş. neighborhood, Darica district, Kocaeli province; one with lot no 1333, plot no. 2 with an area of 1515 sqm, and the other with lot

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

no 1333, plot no 3 with an area of 4284 sqm, and these two plots of land were merged into one plot with lot no 1333 and plot no 5, with the decision of the Municipal Council dated July 10, 2012 and numbered 759. As of the date of the report, there are no mortgages, attachments or restrictions on this plot. Review of the records of the Darıca Municipality Zoning Department revealed that the lot that constitutes the subject matter of the report, is included in the "Commercial Area" in the Master Zoning Plan with a scale of 1/5000, issued on September 17, 2015 with no 517, and that its location is correct. The Application Zoning Plan with a scale of 1/1000 is still being prepared. Immovable properties that were valued, were idle as of the date of the report. Valuation was made based on the report of TSKB Gayrimenkul Değerleme A.Ş. dated December 29, 2017 and numbered 2017A1056, and the value of the immovable property is TL 9.220.200 when compared to equivalent properties.

- d. As of the report date, there is an enclosure within the borders of forest for the part 117,616 m² and 533,211 m² of the total 14.800 m² of the land which is placed parcel of land numbered 18, A.13.A plot and 7.050 m² of the land which is placed parcel of land numbered 17, A.13.A plot in Tepecik Village, Dilova Province – Kocaeli City. The part with areas of 14.682,38 m² and 6.516,78 m² are based on for the determination of fair value. There is no mortgage, levy or annotation on the land apart from the above mentioned situation. The immovable subject to valuation are empty lots as of the report date. During the investigation of the Dilovası's Development directorate information, the immovable's are showed as "part of forest and other agricultural areas" in 1/25.000 scale Darıca Municipality's regulatory revised plan which is approved by Committee decision issued at December 16, 2008 with the decree no of 669. Moreover, immovable's are located in "İSKİ Long Distance Protected Area". The evaluation has made numbered report 2017/816 and dated December 29,2017 by TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 2.580.000.
- e. As of the report date, the Group owns the land which are placed parcel of land numbered 1128, 7 plot with the 23.888 m², placed parcel of land numbered 1135, 7 plot with the 7.360 m², placed parcel of land numbered 1155, 8 plot with the 8.620 m², in Duraklı Village, Gebze Province – Kocaeli City. As of the report date, 3.583,20 m² of the land belongs to Sarıkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. There is no mortgage, levy or annotation on the land apart. The immovable subject to valuation are empty lots as of the report date. During the investigation of the Gebze Municipality's Development directorate information, the immovable's are showed as "other agricultural areas" in 1/25.000 scale Darıca Municipality's regulatory revised plan which is approved by Committee decision issued at July 18, 2008 with the decree no of 403. Moreover, immovable's are located in "İSKİ Long Distance Protected Area". The evaluation has made numbered report 2017/317 and dated December 29, 2017 by TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 1.985.000.
- f. Group's investment property is consist of independent section in İstanbul city, Şişli province, Halil Rifat Paşa Street, Perpa Trade Center A Block 111 and no.1452 with B Block 978 and no.980. In accordance with deed investigation, in İstanbul Büyükşehir Belediyesi's favour first degree mortgage TL 10.000 (December 03, 1986 and with entry no.392) and in T.E.K.'s favour rent restriction (dated September 25, 1987 with entry no 3035. During the investigation of the Şişli Municipality's Development directorate information, the immovable's are showed as "Wholesale Trade Area" in 1/1.000 scale Dolapdere/Piyalepaşa avenue and its environment regulatory revised plan is confirmed the place. It has been determined that there has not been any change in the ownership status of the immovables within the last 3 years. The evaluation has made numbered report 2017/318 and dated December 29, 2017 by TSKB Gayrimenkul Değerleme A.Ş. in accordance with peer assessment method value of immovable is TL 2.560.000.

The amount of pledges, securities and limitations on Investment Properties is disclosed in Note. 22

Insurance amount of Investment Properties are disclosed in Note. 22

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 18 TANGIBLE ASSETS

Tangible assets for the periods ended are as follows:

December 31, 2018

Cost	January 1, 2018 Opening Balance	Foreign Currency Translation Differences	Transfers	Additions	Disposal (-)	December 31, 2018 Closing Balance
Land	48.419.508	1.898.737	(506.817)	1.261.360	-	51.072.788
Land Improvements	3.349.006	-	(184.070)	-	(53.487)	3.111.449
Buildings	84.155.098	6.115.578	(2.067.996)	364.315	-	88.566.995
Machinery, Plants and Equipment	416.943.928	33.488.781	(1.148.081)	14.712.781	(4.162.861)	459.834.548
Vehicles	5.656.901	241.428	(18.461)	1.536.255	(434.618)	6.981.505
Furniture and Fixtures	9.652.315	162.680	46.418	456.043	(917.122)	9.400.334
Other Fixed Assets	10.936.117	-	3.488	107.690	(2.529.848)	8.517.447
Constructions in Progress	9.385.165	2.449.467	(459.971)	36.430.675	(52.469)	47.752.867
Special Costs	2.714.194	579.058	-	7.613	-	3.300.865
Assets Acquired by Financial Leasing Method	23.958.307	-	-	-	-	23.958.307
Provisions For (-)	(550.536)	-	-	-	-	(550.536)
Provisions for Impairment of Buildings (-)	(432.564)	-	-	-	-	(432.564)
Total	614.187.439	44.935.729	(4.335.490)	54.876.732	(8.150.405)	701.514.005

Accumulated Depreciation	January 1, 2018 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Depreciation	Disposal (-)	December 31, 2018 Closing Balance
Land Improvements	(1.651.242)	-	150.631	(96.044)	25.995	(1.570.660)
Buildings	(22.135.225)	(770.694)	766.037	(2.298.033)	-	(24.437.915)
Machinery, Plants and Equipment	(308.414.920)	(14.099.093)	2.942.529	(21.969.381)	3.419.084	(338.121.781)
Vehicles	(4.363.338)	(140.510)	45.856	(401.398)	418.452	(4.440.938)
Furniture and Fixtures	(6.730.451)	(82.793)	8.356	(855.827)	727.204	(6.933.511)
Other Fixed Assets	(10.573.243)	-	-	(197.332)	2.530.227	(8.240.348)
Special Cost	(1.516.115)	(138.925)	-	(84.171)	-	(1.739.211)
Assets Acquired by Financial Leasing Method	(9.799.194)	-	-	(556.734)	-	(10.355.928)
Total	(365.183.728)	(15.232.015)	3.913.409	(26.458.920)	7.120.962	(395.840.292)

Tangible Assets, Net	249.003.711					305.673.713
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Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

December 31 2017

Cost	January 1, 2017 Opening Balance	Foreign Currency Translation Differences	Transfers	Additions	Disposal (-)	December 31, 2017 Closing Balance
Land	22.116.118	151.803	22.555.000	3.596.587	-	48.419.508
Land Improvements	3.185.462	-	123.756	39.788	-	3.349.006
Buildings	65.718.246	870.389	15.346.904	2.219.559	-	84.155.098
Machinery, Plants and Equipment	398.364.994	5.115.276	656.187	15.554.774	(2.747.303)	416.943.928
Vehicles	5.266.969	37.701	-	594.574	(242.343)	5.656.901
Furniture and Fixtures	8.727.826	25.722	387.121	719.342	(207.696)	9.652.315
Other Fixed Assets	10.996.747	-	-	54.249	(114.879)	10.936.117
Constructions in Progress	21.512.212	-	(24.114.131)	12.354.586	(367.502)	9.385.165
Assets Acquired Under Financial Legses	2.439.905	97.844	-	176.445	-	2.714.194
Impairment of Land (-)	23.958.307	-	-	-	-	23.958.307
Assets Acquired by Financial Leasing Method	(550.536)	-	-	-	-	(550.536)
Provisions for Impairment of Buildings(-)	(432.564)	-	-	-	-	(432.564)
Total	561.303.686	6.298.735	14.954.837	35.309.904	(3.679.723)	614.187.439

Accumulated Depreciation	January 1, 2017 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Depreciation	Disposals (-)	December 31, 2017 Closing Balance
Land Improvements	(1.542.242)	-	-	(109.000)	-	(1.651.242)
Buildings	(20.079.934)	(145.239)	-	(1.910.052)	-	(22.135.225)
Machinery, Plants and Equipment	(290.190.393)	(1.864.079)	-	(18.461.367)	1.545.355	(308.970.484)
Vehicles	(4.319.988)	(20.600)	-	(262.886)	240.136	(4.363.338)
Furniture and Fixtures	(6.109.412)	(12.024)	-	(816.299)	207.284	(6.730.451)
Other Fixed Assets	(10.488.029)	-	-	(197.803)	112.589	(10.573.243)
Assets Acquired by Financial Leasing Method	(1.423.052)	(20.693)	-	(72.370)	-	(1.516.115)
Special Cost	(9.243.630)	-	-	-	-	(9.243.630)
Total	(343.396.680)	(2.062.635)	-	(21.829.777)	2.105.364	(365.183.728)

Tangible Assets, Net	217.907.006	249.003.711
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(*) Group has transferred its investment property amounting to TL 22.555.000 included in Investment Properties to Tangible Fixed Assets due to the change in purpose of use. In addition, assets amounting to TL 7.600.163 in the nature of the Investment in Progress in the Tangible Fixed Assets are classified as Intangible Fixed Assets as of December 31, 2017

All of the assets acquired through financial leasing method consist of plant, machinery and equipment.

The amounts of liens and other restrictions on Tangible assets are disclosed in Note: 22.

Insurance amount of Tangible assets are disclosed in Note: 22.

Due to fact that Tangibles Assets do not fall under the scope of qualifying assets as described in IAS 23 "Borrowing Costs" the financial expenses related to tangible assets are reflected to the statement of profit or loss and are not capitalized. The Group does not have any tangible assets which are temporarily inoperative.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 19 INTANGIBLE ASSETS

Intangible assets at the end of the period are as follows:

December 31, 2018

Accumulated Depreciation	January 1, 2018 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Disposals Amortization	(-)	December 31, 2018 Closing Balance
Rights	23.003.916	3.012	651.678	212.448	(2.157)	23.868.897
Development Cost	3.293.659	-	-	-	-	3.293.659
Other Intangible Assets	177.495	-	-	-	-	177.495
Total	26.475.070	3.012	651.678	212.448	(2.157)	27.340.051

Accumulated Depreciation	January 1, 2018 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Disposals Amortization	(-)	December 31, 2018 Closing Balance
Rights	(14.769.820)	(3.946)	-	(1.177.923)	2.158	(15.949.531)
Development Cost	(1.945.925)	-	-	(497.751)	-	(2.443.676)
Other Intangible Assets	(175.486)	-	-	(2.007)	-	(177.493)
Total	(16.891.231)	(3.946)	-	(1.677.681)	2.158	(18.570.700)

Intangible Assets, Net	9.583.839	8.769.351
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December 31, 2017

Accumulated Depreciation	January 1, 2017 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Disposals Amortization	(-)	December 31, 2017 Closing Balance
Rights	15.428.756	6.010	7.600.164	-	(31.014)	23.003.916
Development Cost	3.522.742	-	-	-	(229.083)	3.293.659
Other Intangible Assets	177.495	-	-	-	-	177.495
Total	19.128.993	6.010	7.600.164	-	(260.097)	26.475.070

Accumulated Depreciation	January 1, 2017 Opening Balance	Foreign Currency Translation Differences	Transfers	Period Disposals Amortization	(-)	December 31, 2017 Closing Balance
Rights	(13.353.020)	(26)	-	(1.447.787)	31.013	(14.769.820)
Development Cost	(1.241.414)	-	-	(704.511)	-	(1.945.925)
Other Intangible Assets	(170.457)	-	-	(5.029)	-	(175.486)
Total	(14.764.891)	(26)	-	(2.157.327)	31.013	(16.891.231)

Intangible Assets, Net	4.364.102	9.583.839
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NOTE 20 GOODWILL

None.

NOTE 21 GOVERNMENT GRANT AND ASSISTANCE

The Group benefits from incentives in scope of Research and Development Law. (100 % Corporate Tax Exemption).

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

22.1 Provisions

Account Name	December 31, 2018	December 31, 2017
Provisions for Employee Benefits	10.025.334	12.088.982
Provision for Premium	6.265.988	5.415.675
Provision for Unused Vacation	3.157.899	2.306.815
Provision for Labor Agreement Salary Increase Differences(*)	-	3.986.812
For Termination İndemnities	601.447	379.680
Other Short-Term Provisions	2.243.250	1.438.605
Provision for Lawsuits	726.133	602.350
Other Provision	1.517.117	836.255
Total	12.268.584	13.527.587

31 December 2018

	Provision for Lawsuit	Provision for Premium	Provision for Unused Vacation	For Termination İndemnities	Provision for Labor Agreement Salary Increase Differences	Other	Total
January 1, 2018	602.350	5.415.675	2.306.815	379.680	3.986.812	836.255	13.527.587
Additional provisions	266.952	6.265.988	3.157.900	601.447	-	1.517.117	11.809.404
Payments	(143.170)	(5.415.675)	(2.306.815)	(379.680)	(3.986.812)	(836.255)	(13.068.407)
December 31, 2018	726.132	6.265.988	3.157.900	601.447	-	1.517.117	12.268.584

31 December 2017

	Provision for Lawsuit	Provision for Premium	Provision for Unused Vacation	For Termination İndemnities	Provision for Labor Agreement Salary Increase Differences	Other	Total
January 1, 2017	502.606	3.746.035	1.706.499	521.765	-	481.461	6.958.546
Additional provisions	99.744	5.415.675	2.306.815	379.680	3.986.812	836.075	13.024.801
Payments	-	(3.746.035)	(1.706.499)	(521.765)	-	(481.461)	(6.455.760)
December 31, 2017	602.350	5.415.675	2.306.815	379.680	3.986.812	836.075	13.527.587

Provisions of long-term payables of the Group as of the period-end, are composed of indemnity pays and are detailed in Note 24.

22.2 Contingent Assets and Liabilities

Contingent Events:

December 31, 2018

The Group make provisions for doubtful receivables for the receivables which have not been collected even they were past due as of December 31, 2018, the Group made provision for receivables amount of 57.235.307TL .The group also made provisions for lawsuits total amount of 726.133 TL for the lawsuits against in consolidated financial statements.

December 31, 2017

The Group make provisions for doubtful receivables for the receivables which have not been collected even they were past due as of December 31, 2017, the Group made provision for receivables amount of 36.826.220 TL .The group also made provisions for lawsuits total amount of 602.350 TL for the lawsuits against in consolidated financial statements.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

22.3 Commitments Not Presented in the Liabilities of the Statement of financial position;

Description	Type of Currency	December 31, 2018	December 31, 2018	December 31, 2017	December 31, 2017
		Currency Amount	TL Amount	Currency Amount	TL Amount
Sarkuysan Letters of Guarantees Given	TL	-	24.936.418	-	25.041.125
Sarkuysan Letters of Guarantees Given	USD	7.942.293	41.783.609	9.162.600	34.560.411
Sarkuysan Letters of Guarantees Given	EURO	15.052.379	90.735.741	11.650.200	52.606.478
Sarmakina Letters of Guarantees Given	TL	-	319.080	-	353.080
Sarmakina Letters of Guarantees Given	USD	117.495	618.129	103.895	391.882
Sarmakina Letters of Guarantees Given	EURO	-	-	-	-
Sarda Letters of Guarantees Given	TL	-	12.780.000	-	18.920.000
Ege Ser.Bölge Letters of Guarantees Given	USD	-	-	1.838	6.933
Ege Ser.Bölge Letters of Guarantees Given	TL	-	11.010	-	-
TOTAL			171.183.987		131.879.909
Sarkuysan Sureties Given	TL	-	18.376.342	-	18.376.342
Sarkuysan Sureties Given	EURO	500.000	3.014.000	500.000	2.257.750
Sarkuysan Sureties Given	USD	27.679.000	145.616.451	25.179.000	94.972.670
TOTAL			167.006.793		115.606.762
Sarda Letters of Guarantees Taken	TL	-	10.190.000	-	7.610.000
Sarkuysan Letters of Guarantees Taken	TL	-	25.140.000	-	15.070.000
Sarkuysan Letters of Guarantees Taken	USD	5.552.750	29.212.462	6.459.350	24.364.022
Sarkuysan Letters of Guarantees Taken	EURO	2.458.117	14.817.528	1.016.086	4.588.138
TOTAL			79.359.990		51.632.160
Sarkuysan Cheques of Guarantees Received	TL	-	67.700	-	97.560
Sarkuysan Cheques of Guarantees Received	USD	-	-	5.200	19.614
Sarkuysan Cheques of Guarantees Received	EURO	-	-	2.000	9.031
TOTAL			67.700		126.205
Sarkuysan Notes of Guarantees Received	TL	-	28.829.386	-	29.015.869
Sarkuysan Notes of Guarantees Received	USD	20.150.000	106.007.135	20.150.000	76.003.785
Sarkuysan Notes of Guarantees Received	EURO	60.325	363.639	60.325	272.398
Sarda Notes of Guarantees Received	TL	-	150.000	-	150.000
TOTAL			135.350.160		105.442.052
Sarkuysan Mortgages Received	TL	-	33.600.000	-	33.600.000
TOTAL			33.600.000		33.600.000
Sarkuysan Notes of Guarantees Given	USD	35.282.500	185.617.704	76.951.361	290.252.839
Sarkuysan Notes of Guarantees Given	EURO	16.720.000	100.788.160	15.792.500	71.311.034
Sarkuysan Notes of Guarantees Given	GBP	8.860.000	58.943.808	7.763.250	39.439.639
TOTAL			345.349.672		401.003.512
Sarkuysan Guarantees of Factoring(Rec. Guarantees.)	USD	1.404.145	7.387.068	-	-
Sarkuysan Guarantees of Factoring(Rec. Guarantees.)	EURO	24.874.802	149.945.305	-	-
Sarkuysan Guarantees of Factoring(Rec. Guarantees.)	GBP	4.357.002	28.986.265	-	-
Sarkuysan DBS Guarantees (Received Guarantees)	USD	600.000	3.156.540	-	-
Sarkuysan DBS Guarantees (Received Guarantees)	TL	-	21.570.600	-	16.260.600
Sarkuysan Exim Guarantees (Received Guarantees)	EUR	41.850.000	252.271.800	47.650.000	215.163.575
Sarkuysan Exim Guarantees (Received Guarantees)	GBP	7.275.000	48.399.120	7.275.000	36.959.183
Sarkuysan Exim Guarantees (Received Guarantees)	TL	-	100.000	-	100.000
Sarkuysan Exim Guarantees (Received Guarantees)	USD	164.000.000	862.787.600	150.545.000	567.840.686
Sarda Exim Guarantees (Received Guarantees)	TL	-	64.005.000	-	51.660.000
Sarda Exim Guarantees (Received Guarantees)	EUR	7.100.000	42.798.800	6.075.000	27.431.663
Sarda Exim Guarantees (Received Guarantees)	USD	4.475.000	23.542.528	4.500.000	16.973.550
Sarda Exim Guarantees (Received Guarantees)	GBP	1.200.000	7.983.360	1.700.000	8.636.510
Sark Usa Atradius Teminatı (Alınan Tem.)	USD	40.650.000	213.855.585	9.200.000	34.701.480
Sark Usa Euler Hermes Teminatı (Alınan Tem.)	USD	-	-	35.800.000	135.034.020
Sarda Guarantee Contract (Received Guarantees)	USD	5.000.000	26.304.500	5.000.000	18.859.500
TOTAL			1.753.094.071		1.129.620.767

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

December 31, 2018

All of the guarantee checks received were made by the institutions that procured service.

Letter of guarantees with the amount of TL 79.349.990 are received from the customers and TL 10.000 from service vendors.

Notes of Guarantees Received were taken from the customers and suppliers with the amounts of TL 131.228.661 and TL 4.121.499 respectively.

Letter of guarantees given with the amount of TL 592.826 to Large Taxpayers Office, TL , 5.000.000 to Prime Ministry Undersecretariat Of Customs, TL 4.591.123 was given to Customs Office, TL 7.498.853 to İstanbul 34th Directorate of Execution, TL 132.472.000 to Eximbank and TL 3.000.000 to Gazport A.Ş , TL 1.376.091 to Sakarya Elektrik Perakende Satış A.Ş, TL 12.680.000 to Vatan İhtisas ,TL 1.075.520 to the Energy Market Regulatory Board and TL 2.897.574 to other public institutions.

The entire amount of security bonds and bills that were provided, are composed of guarantees given to Eximbank.

Sureties were given for Bektaş TL 6.342, Sarmakina TL 3.014.000 (EURO 500.000), Sarda TL 18.370.000, Sark Wire Corp. TL 145.616.451 (USD 27.679.000) which were consolidated according to full consolidation method.

December 31, 2017

TL 58.504 of the cheques of guarantees received by the company belongs to its customers and TL 67.700 belongs to service vendors.

Letter of guarantees with the amount of TL 51.002.160 are received from the customers and TL 630.000 from service vendors.

Notes of Guarantees Received were taken from the customers and suppliers with the amounts of TL 101.075.311 and TL 4.216.739 respectively.

Letter of guarantees given with the amount of TL 20.478.677 to Large Taxpayers Office, TL , 5.000.000 to Prime Ministry Undersecretariat Of Customs, TL 7.498.853 to İstanbul 34th Directorate of Execution, TL 87.132.942 to Eximbank and TL 11.769.438 to other public institutions.

The entire amount of security bonds and bills that were provided, are composed of guarantees given to Eximbank.

Sureties were given for Bektaş TL 6.342, Sarmakina TL 2.257.750 (EURO 500.000), Sarda TL 18.370.000 TL, Sark Wire Corp. TL 94.972.670 (USD 25.179.000) which were consolidated according to full consolidation method.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

22.4 Total Amount of Insurances on Assets;

31 December 2018

Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency Amount
Fire + Earthquake	Group Company	Ak Sigorta A.Ş.	31 Aralık 2018 - 31 Aralık 2019	USD		287.488.198
Vehicles	Group Company	Ak Sigorta A.Ş.	31 Aralık 2018 - 31 Aralık 2019	TL	3.745.896	
Machine – Fixture	Group Company	Ak Sigorta A.Ş.	31 Aralık 2018 - 31 Aralık 2019	USD		138.025.250
Burglary	Group Company	Ak Sigorta A.Ş.	31 Aralık 2018 - 31 Aralık 2019	USD		6.816.855
Total USD						432.330.303
Total TL						3.745.896

31 Aralık 2017

Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency Amount
Fire + Earthquake	Grup Şirketler	Ak Sigorta A.Ş.	31 Aralık 2017 - 31 Aralık 2018	USD		342.302.050
Vehicles	Grup Şirketler	Ak Sigorta A.Ş.	31 Aralık 2017 - 31 Aralık 2018	TL	2.046.650	
Machine – Fixture	Grup Şirketler	Ak Sigorta A.Ş.	31 Aralık 2017 - 31 Aralık 2018	USD		220.449.732
Burglary	Grup Şirketler	Ak Sigorta A.Ş.	31 Aralık 2017 - 31 Aralık 2018	USD		14.111.738
Total USD						576.863.520
Total TL						2.046.650

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

22.5 Distribution Of Given Mortgages & Guarantees And Portion In Owners' Equity

Group's guarantee / pledge / mortgage statements position for period in December 31, 2018 and December 31,2017 are as follows.

	December 31, 2018		December 31, 2017	
	Foreign Currency Amount	TL Amount	Foreign Currency Amount	TL Amount
Mortgages & Guarantees Given by the Group				
A. Total amount of M&G Given on behalf of the Group	-	516.533.660	-	532.883.420
Guarantee Letters (TL)	-	38.046.508	-	44.314.205
Guarantee Letters (EURO)	15.052.379	90.735.741	11.650.200	52.606.478
Guarantee Letters (USD)	8.059.788	42.401.739	9.268.333	34.959.225
Mortgages (TL)	-	-	-	-
Mortgages (EURO)	-	-	-	-
Guarantee Cheques (TL)	-	-	-	-
Guarantee Cheques (USD)	-	-	-	-
Guarantee Notes (TL)	-	-	-	-
Guarantee Notes (USD)	35.282.500	185.617.704	76.951.361	290.252.839
Guarantee Notes (EURO)	16.720.000	100.788.160	15.792.500	71.311.034
Guarantee Notes (GBP)	8.860.000	58.943.808	7.763.250	39.439.639
Pledge of Assets (TL)	-	-	-	-
B. Total amount of M&G Given on behalf of the Subsidiaries and Affiliated Companies subject to full consolidation	-	167.006.793	-	115.606.762
Surety (TL)	-	18.376.342	-	18.376.342
Surety (EURO)	500.000	3.014.000	500.000	2.257.750
Surety (USD)	27.679.000	145.616.451	25.179.000	94.972.670
Mortgages (EURO)	-	-	-	-
C. Total Amount of M&G Given on behalf of the third person liability in order to sustain usual business activities.	-	-	-	-
D. Total Amount of other M&G Given	-	-	-	-
Total		683.540.453		648.490.182

As of December 31, 2018, the ratio of other M&Gs given by the Group to the Group's own funds is 0% (31 December 2017: 0%).

NOTE 23 COMMITMENTS

None.

NOTE 24 EMPLOYEE TERMINATION BENEFITS

Hesap Adı	December 31, 2018	December 31, 2017
Provisions for Termination Indemnity	39.921.451	33.012.968
- Short Term Provisions for Termination Indemnity(Note 22)	601.447	379.680
- Long Term Provisions for Termination Indemnity	39.320.004	32.633.288
Premium Provision	6.265.988	5.415.675
Unused Allowance Provisions	3.157.899	2.306.815
Salary Expense Provision-Collective Contract Wage Increase Difference	-	3.986.812
Total	49.345.338	77.735.238

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

In context of current Labor Law, liability of payment of legal benefit for termination indemnity arises when terminated employment contract is qualified for termination indemnity. In addition, according to currently operated Social Insurance Law making payment to employee, who has the right of severance with termination indemnity, is a legal liability As of December 31, 2018, termination indemnity upper limit is monthly TL 6.017,60 (December 31, 2017: TL 5.001,76). Termination indemnity payable is not subject to any legal funding.

Termination indemnity payable, is calculated by forecasting the present value of currently working employee's possible future liabilities IAS 19 ("Employee Termination Benefits"), predicts to build up Group's liabilities with using actuarial valuation techniques in context of defined benefit plans. According to these predictions, actuarial assumptions used in calculation of total liabilities are as follows:

Base assumption is the inflation parallel increase of maximum liability of each year Applied discount rate must represent expected real discount rate after the adjustment of future inflation As of December 31, 2018 , provisions in financial statement are calculated by forecasting the present value of currently working employee's possible future liabilities. The provisions at the statement of financial position dates have been calculated assuming an annual inflation rate of 20,30 % and a discount rate of 26 %. The real discount rate of % 4,74 (December 31, 2017: %3,70) was used in the computation. Employee termination benefits related to severance for December 31, 2018 probability estimate was calculated as 99,99 %. (December 31, 2017: %99,99). The Group Management revised the expectations of discount assumptions in 2018.

Movements of Provisions for Termination Indemnity are as follows;

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Provision as of January 1 2018	33.012.968	27.271.846
Current Period Service Cost	2.939.884	3.694.627
Interest Cost	3.491.637	2.917.220
Actuarial Income/Loss	2.003.435	92.513
Loss Composed on Payment	327.183	1.913.196
Payments	(1.853.656)	(2.876.434)
Closing Balance	39.921.451	33.012.968

Provision expense of indemnity pay in the current period is TL 6.758.704.(December 31, 2017: TL 8.235.353)

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Manufacturing Cost	5.450.480	5.488.286
Marketing, Selling and Distribution Expenses	422.412	415.606
General Administration Expenses	1.038.469	2.493.301
Research and Development Expenses	36.393	127.851
Provisions No Longer Required	(189.050)	(289.691)
The amount accounted in Profit / Loss	6.758.704	8.235.353
Actuarial Loss accounted in Other Comprehensive Income	(2.003.435)	(92.513)
Total Expense	4.755.269	8.142.840

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Actuarial Loss accounted in Other Comprehensive Income	2.003.435	92.513
Tax Effect	(399.510)	(36.408)
Net Amount	1.603.925	56.105

NOTE 25 RETIREMENT BENEFIT PLANS

None.

NOTE 26 OTHER ASSETS AND LIABILITIES

Account Name	December 31, 2018	December 31, 2017
Prepaid Expenses for Following Months	3.833.708	2.393.761
Advances Given For Purchases	39.204.781	67.941.171
Work Advances	98.735	38.428
Total Prepaid Expenses (Current Assets)	43.137.224	70.373.360
Advances Given For Purchases	2.884.707	4.900.742
Total Prepaid Expenses (Non-Current Assets)	2.884.707	4.900.742

Other current assets for the periods ended, are as follows:

Account Name	December 31, 2018	December 31, 2017
Deferred V.A.T.	-	1.885.642
Employee Advances	-	31.353
Other	1.199.496	149.399
Total	1.199.496	2.066.394

The group does not have any Other Long-Term Assets as of December 31,2018.

Group's Deferred Incomes for the periods ended, are as follows :

Account Name	December 31, 2018	December 31, 2017
Deferred Income from Non-Related Parties	16.298.862	12.419.263
- <i>Advances Received</i>	16.298.862	12.419.263
Total	16.298.862	12.419.263

Group's Other Short-Term Liabilities for the periods ended, is as follows :

Hesap Adı	December 31, 2018	December 31, 2017
Taxes and Funds Payable	333.656	446.671
Other	19.013	-
Toplam	352.669	446.671

The Group does not have any Other Long-Term Liabilities for the periods ended.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 27 CAPITAL, RESERVES and OTHER SHAREHOLDER'S EQUITY ITEMS

27.1 Non-Controlling Interests

	December 31, 2018	December 31, 2017
Non-Controlling Interests	511.242	527.543
Total	511.242	527.543

Non-Controlling Interests movement table for the periods ended, are as follows :

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Opening Balance, January 1	527.543	228.170
Share from Current Period Profit	118.299	313.040
Profit Distribution	(133.618)	(13.402)
Foreign Currency Translation Adjustments	678	244
Employee Termination Benefits Actuarial Gain/Loss	(1.603)	(509)
Adjustments under scope of TFRS 9	(57)	-
Closing Balance	511.242	527.543

27.2 Capital / Adjustments regarding Share Capital of Participations

The share capital consist of 20.000.000.000 per-shares which each of 1 nominal value. The share capital consists of A and B Group shares which are divided into two groups and their privileges as follows;

31.12.2018

	Par Value	Number of Shares
A Type Shares	10	1000
B Type Shares	199.999.990	19.999.999.000
Total	200.000.000	20.000.000.000

31.12.2017

	Par Value	Number of Shares
A Type Shares	10	1000
B Type Shares	199.999.990	19.999.999.000
Total	200.000.000	20.000.000.000

The capital is divided into group A and B. Group A shares is registered shares. Board of directors has 11 members. 5 of members of the board of directors are nominated by candidates that selected Group A Shareholder's while 4 of members of the board of directors are nominated by candidates that selected Group B. 2 of 11 members are selected comply with the corporate governance principles issued by Capital Market Board.

Type B shares are publicly traded and there is no shareholder who is holding voting rights more than %10 in TL 200.000.000 nominal price equity.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Increase in Capital:

None

27.3 Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss

Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss for the periods ended, are as follows:

Account Name	December 31, 2018	December 31, 2017
Actuarial Gain/Loss (Note:24)	(8.242.890)	(6.239.988)
Tax Effect (-)(Note:24, Note:35)	1.648.578	1.247.997
Actuarial Gain/Loss (Net)	(6.594.312)	(4.991.991)
Investment Property Revaluation Surplus	23.800.684	-
Tangible Assets Revaluation Surplus	-	-
Revaluation and Gain/Loss Arising from Measurement	17.206.372	(4.991.991)
Portion of Profit / (Loss) of Investments Evaluated by Equity Method (Note:16)	(1.866.209)	(253.262)
Other gain/loss	(1.866.209)	(253.262)
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss	15.340.163	(5.245.253)

Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss movement table for the periods ended, is as follows:

December 31, 2018

	Actuarial Gain / Loss (***)	Investment Property Revaluation Surplus (*)	Other Gain / Loss (**)	Total
Opening Balance, January 1	(4.991.991)	-	(253.262)	(5.245.253)
Addition	-	23.800.684	(1.612.947)	22.187.737
Employee Termination Benefits Actuarial Gain/Loss	(2.003.435)	-	-	(2.003.435)
Deferred Tax Offset (-)	399.510	-	-	399.510
Effect of Non-Controlling Shares	1.603	-	-	1.603
Closing Balance	(6.594.312)	23.800.684	(1.866.209)	15.340.163

(*)The group's investment property is recognized at fair value. Investment property took into consideration for the intended purpose of first classification related to capital appreciation which was recognized under shareholder's equity. Capital Appreciation related to evaluated investment property which was recognized understatement of profit or loss in next year's. Evaluation differences (Capital Appreciation) is recognized under shareholder's equity. The deferred tax asset related to capital appreciation is offsetted from evaluation differences fund.CMB determines that series: VIII, No:35" Communiqué on principles regarding appraisal companies and their listing by the board" with this communiqué the evaluation made by real estate appraisal companies which listed by the Board, when determine the fair value of investment property.

As of 31.12.2018, the Group has classified property in its tangible fixed assets amounting to TL 2.369.269 transferred to investment properties and valued at fair value as a result of the change in use. The increase in the fair value of Investment Property amounting to TL 26.445.204 is reflected in Other Comprehensive Income Expenses. (Note 17)

(**)Explanations on Actuarial Gain / Loss are disclosed in Note. 24.

(***)Group's participations are recognized as investments evaluated by equity method under portion of other comprehensive income.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

December 31, 2017

	Actuarial Gain / Loss (***)	Investment Property Revaluation Surplus (*)	Other Gain / Loss (**)	Total
Opening Balance, January 1	(4.936.394)	(19.827.490)	49.556	14.940.652
Addition	-	-	(302.818)	(302.818)
Transfer to Previous Year Profit / Losses	-	(19.827.490)	-	(19.827.490)
Employee Termination Benefits Actuarial Gain/Loss	(92.513)	-	-	(92.513)
Deferred Tax Offset (-)	36.408	-	-	36.408
Effect of Non-Controlling Shares	508	-	-	508
Closing Balance	(4.991.991)	-	(253.262)	(5.245.253)

(**) Explanations on Actuarial Gain / Loss are disclosed in Note. 24.

27.4 Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss

Other Comprehensive Income / Expense to be Reclassified to Profit or Loss for the periods ended, are as follows:

Account Name	December 31, 2018	December 31, 2017
Foreign Currency Translation Adjustments	51.022.125	26.485.559
Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	51.022.125	26.485.559

27.5 Restricted Reserves from Profit

Pursuant to Article 519 of the Turkish Commercial Code 6102, 5% of the annual profit is set aside as general legal reserves until reaching 20% of the paid-in capital of the Company. After reaching this limit, 5% dividend is paid to the shareholders and 10% of the total amount to be distributed to those sharing the profit, is added to general legal reserves. According to the Turkish Commercial Code, unless it exceeds half of the capital or paid-in capital, general legal reserves can only be used to cover losses, to continue operations when the business is not good, or to prevent vacancy and mitigate consequences.

27.6 Previous Years' Profits / (Losses)

Profits of previous years consist of extraordinary reserves, and profits of other previous years. In accordance with CMB regulations, Previous year's profits /(Losses) as of December 31, 2018 and December 31, 2017 are as follows:

Account Name	December 31, 2018	December 31, 2017
Extraordinary Reserves	25.978.202	46.332.373
Other Previous Years' Profits /(Losses)	77.234.938	65.166.138
Total	103.213.140	111.498.511

Publicly held companies have to distribute dividends according to Article 19 of the Capital Market Law 6362 and Dividend Communiqué I19.1 of the Capital Markets Board which came into force on February 1, 2014. According to this Communiqué, enterprises whose shares are traded on the stock exchange are not required to distribute profit, and companies may distribute their profits according to profit distribution policies to be determined by their general meeting of shareholders, and with the decision of the general meeting of shareholders under applicable legislation.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

27.7 Other

Account Name	December 31, 2018	December 31, 2017
Capital	200.000.000	200.000.000
Capital Adjustments Differences	1.020.551	1.020.551
Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss	15.340.163	(5.245.253)
<i>Defined Benefit Plans Revaluation measurement Gains and Losses</i>	<i>(6.594.312)</i>	<i>(4.991.991)</i>
<i>Investment Property Revaluation Surplus(yatırım)</i>	<i>23.800.684</i>	-
<i>Other Gain/Loss</i>	<i>(1.866.209)</i>	<i>(253.262)</i>
Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss	51.022.125	26.485.559
<i>Currency Translation Adjustments</i>	<i>51.022.125</i>	<i>26.485.559</i>
Restricted Reserves	88.862.693	30.843.011
Previous Years' Profit	103.213.140	111.498.511
Net Period Profit	91.098.734	87.888.922
Parent Company Shareholders' Equity	550.557.406	452.491.301
Non-Controlling Interests	511.242	527.543
Total Shareholders' Equity	551.068.648	453.018.844

NOTE 28 REVENUE AND COST OF SALES

Revenue and cost of sales for the periods ended are as follows:

Account Name	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Domestic Sales	2.378.567.629	2.085.808.920
Foreign Sales	3.339.953.375	2.317.651.262
Other Sales	1.748.992	1.173.283
Sales returns (-)	(34.963.200)	(25.647.769)
Discounts (-)	(39.671.081)	(29.225.216)
Revenue	5.645.635.715	4.349.760.480
Cost of Sales (-)	(5.381.801.749)	(4.130.011.725)
Gross Profit	263.833.966	219.748.755

(*) As a result of the hedging transactions carried out in order to provide protection against sales and purchasing price movements on an individual order basis in sales, the Group generated revenues of TL 11.148.172 in 2018 and TL 42.692.560 in 2017, which are classified as sales.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Details of Cost of Sales are as follows:

Account Name	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Cost of Products Sold (-)	(4.554.380.290)	(3.968.671.998)
Cost of Commercial Goods Sold (-)	(777.512.868)	(120.691.569)
Cost of Services Sold (-)	(27.621.747)	(24.445.334)
Depreciation (-)	(22.286.844)	(16.053.858)
Cost of Other Sales (-)	-	(148.966)
Cost of Sales (-)	(5.381.801.749)	(4.130.011.725)

Production Quantities	Amount	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Copper Wire	Tone	165.407	174.286
Copper Pipe, Bars, Bronze, etc.	Tone	17.164	17.406
Copper Bar, Plate	Tone	262	330
Steel, Reel Dimensions	Units	6.109	4.911
Machine Manufacturing	Units	61	40
CTC Wire	Tone	2.036	2.193
Enamel copper wire	Tone	8.875	9.114

Satış Miktarları	Amount	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Copper Wire	Tone	166.710	177.419
Copper Pipe, Bars, Bronze, etc.	Tone	17.156	17.214
Copper Bar, Plate	Tone	262	330
Steel, Reel Dimensions	Units	6.109	4.911
Machine Manufacturing	Units	61	40
CTC Wire	Tone	2.071	2.131
Enamel copper wire	Tone	8.610	8.725

NOTE 29 RESEARCH AND DEVELOPMENT, MARKETING, SALES & DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATION EXPENSES

The Operation Expenses of the Group for the periods ended are as follows:

Account Name	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Marketing, Sales & Distribution Expenses (-)	(22.868.646)	(18.400.494)
General Administration Expenses (-)	(55.574.012)	(48.986.004)
Research and Development Expenses (-)	(2.161.892)	(1.940.285)
Total Operation Expenses	(80.604.550)	(69.326.783)

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 30 EXPENSES RELATED TO THEIR NATURE

Group's Expenses Related to Their Nature for the periods ended are as follows :

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Marketing, Sales & Distribution Expenses		
Personnel Expenses	(8.021.687)	(6.391.528)
Termination Indemnity Expense	(422.412)	(415.606)
Communication Expenses	(185.644)	(148.478)
Transportation Expenses	(9.313.591)	(5.813.010)
Advertisement Expenses	(1.151.784)	(709.919)
Insurance Expenses	(622.739)	(504.369)
Taxes, Duties and Charges Expenses	(59.577)	(76.721)
Depreciation Expenses	(58.787)	(43.123)
Vehicle Expenses	(220.728)	(106.833)
Representation Expenses	(29.468)	(20.270)
Rent Expenses	(150.553)	(157.053)
Other	(2.631.676)	(4.013.584)
Total	(22.868.646)	(18.400.494)

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
General Administration Expenses		
Personnel Expenses	(30.505.283)	(22.972.394)
Communication Expenses	(460.045)	(490.498)
Representation Expenses	(172.044)	(193.852)
Insurance Expenses	(4.566.021)	(3.453.322)
Consultancy Expenses	(1.365.225)	(733.683)
Building Maintenance and Repair Expenses	(1.144.712)	(760.991)
Termination Indemnity Expenses	(1.038.469)	(2.493.301)
Taxes, Duties and Charges Expenses	(1.933.427)	(2.258.867)
Depreciation Expenses	(5.738.422)	(7.792.230)
Travel Expenses	(106.844)	(87.884)
Vehicle Expenses	(323.085)	(168.791)
Rent Expenses	(580.868)	(441.902)
Other	(7.639.567)	(7.138.289)
Total	(55.574.012)	(48.986.004)

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Research & Development Expenses		
Personnel Expenses	(1.814.794)	(1.506.958)
Depreciation Expenses	(8.260)	(3.239)
Outsourced Benefits and Services	(45.859)	(31.463)
Termination Indemnity Expenses	(36.393)	(127.851)
Other	(256.586)	(270.774)
Total	(2.161.892)	(1.940.285)

There are no R&D expenses in the current period (January 1, 2017 – December 31, 2017: None)

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

The distribution of depreciation expenses that are stated in the statement of profit or loss are as follows;

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Satış Maliyeti Giderleri	(22.286.844)	(16.053.858)
Pazarlama, Satış ve Dağıtım Giderleri	(58.787)	(43.123)
Genel Yönetim Giderleri	(5.738.422)	(7.792.230)
Araştırma ve Geliştirme Giderleri	(8.260)	(3.239)
Stoklar Üzerinde Kalan Amortisman	(44.288)	(94.654)
Toplam	(28.136.601)	(23.987.104)

NOTE 31 OTHER OPERATING INCOME / EXPENSE

Group's Other Operating Income / Expense for the periods ended are as follows:

Account Name	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Other Income	446.160.170	123.710.149
Provisions for Doubtful Receivables Released	4.274.573	1.483.067
Rent Income	1.115.730	741.589
Income from Law Suit Released	143.171	166.986
Severance Indemnity Income Released	189.050	289.691
Interest and Rediscount Expense	21.401.111	13.863.961
Foreign Exchange Loss	412.153.800	105.965.879
Other	6.882.735	1.198.976
Other Expenses (-)	(382.767.216)	(152.874.320)
Provisions for Doubtful Receivables Expenses	(12.022.925)	(6.796.207)
Provision for Law Suits	(266.954)	(266.730)
Idle Capacity Expenses	(540.088)	(696.317)
Interest and Rediscount Expense	(11.892.384)	(20.026.329)
Foreign Exchange Loss	(357.675.972)	(124.621.064)
Other	(368.893)	(467.673)
Other Income / Expense (Net)	63.392.954	(29.164.171)

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 32 INCOMES / EXPENSE FROM INVESTMENT ACITIVITIES

Group's Income / Expense from Investment Activities for the periods ended are as follow:

Account Name	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Income from Investment Activities	1.152.105	28.194.347
- Gain on Sale of Fixed Assets	218.734	954.973
- Investment Property Value Increase (Not, 17)	933.371	27.239.374
Expense from Investment Activities (-)	(106.970)	-
- <i>Impairment Loss in Financial Investments</i>	(106.970)	-
Portion of Profit / (Loss) of Investments Evaluated According to Equity Method (Note: 16)	15.818.752	2.372.197
Income / Expense from Investment Activities (Net)	16.863.887	30.566.544

NOTE 33 FINANCIAL INCOMES / EXPENSE

Group's Financial Income for the periods ended are as follows :

Financial Income	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Interest Income	7.557.216	5.084.621
Foreign Exchange Gain	181.588.415	279.716.634
Total	189.145.631	284.801.255

Group's Financial Expenses for the periods ended are as follows :

Financial Expense	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Interest Expenses	(80.852.307)	(49.799.132)
Foreign Exchange Expenses	(237.888.051)	(264.852.929)
Factoring, Bank and Guarantee Letter Commision Expense	(12.866.670)	(7.616.022)
Toplam	(331.607.028)	(322.268.083)

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 34 FIXED ASSETS HELD FOR SALE PURPOSES AND DISCONTINUED OPERATIONS

None.

NOTE 35 TAX ASSETS AND LIABILITIES

The Group's tax income / (expense) are composed of current period's corporate tax expense and deferred tax income / (expense).

Account Name	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Current Corporate Tax Provision (-)	(35.125.109)	(22.354.160)
Deferred Tax Income / (Expense)	5.317.282	(3.801.395)
Total Tax Income / (Expense)	(29.807.827)	(26.155.555)

35.1 Provision for Current Period Tax

The Group and subsidiaries are subject to Corporate Tax in Turkey. The necessary tax liability provisions have been made for the estimated Group's operation results for the current period.

Account Name	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Provision for Taxes	35.125.109	22.354.160
Prepaid Taxes (*)	(34.346.775)	(18.707.208)
Total Current Tax Liability	778.334	3.646.952

(*)Returnable prepaid tax amounting to TL 4.292.471 which disclosed as Current Assets under Current Income Tax Assets for period ended.(December 31, 2017: TL 521.598)

Advance tax in Turkey is calculated and accrued on a quarterly basis. Accordingly, during the taxation of the Company's earnings for the year 2018, the advance tax rate of 22% is calculated over corporate income.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset previous years' profits.

According to Corporate Tax Law's Article: 20, the corporate tax is imposed by the taxpayer's tax returns. There is no procedure for a final and definitive agreement on tax assessments. Annual corporate tax returns are submitted until the 25th of April following the closing of the accounting year. Moreover, the tax authorities have the right to examine the tax returns and the related accounting records within five years.

Effective Corporate Tax Rate:

The Corporate Tax rate in Turkey is 20%. However, pursuant to Article 91 of Law 7061 Amending Certain Tax Laws and Other Laws, which came into force when published in the Official Journal dated December 5, 2017 and numbered 30261 and Provisional Article 10 added to Corporate Tax Law 5520, the corporate tax rate will be 22% in 2018, 2019, and 2020 taxation periods for corporate earnings (enterprises that have a special financial period, shall be responsible for the same rate in their respective financial periods starting in the relevant years). This change shall apply to taxation of periods starting on January 1, 2018.

Losses can be carried forward for maximum 5 years in order to be deducted from taxable income in the coming years. However, incurred losses cannot be retrospectively deducted from previous year income.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Income Withholding Tax:

In addition to corporate tax, companies should also calculate income withholding tax on any dividends and income distributed, except for resident companies in Turkey receiving dividends from resident companies in Turkey and Turkish branches of foreign companies. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

35.2 Deferred Tax :

The deferred tax asset and tax liability is based on the temporary differences, which arise between the financial statements prepared according to POA's accounting standards and statutory tax financial statements. These differences usually due to the recognition of revenue and expenses in different reporting periods for the POA's standards and tax purposes are as follows.

Temporary differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Temporary differences are calculated off of the tangible fixed assets (except land and buildings), intangible fixed assets, stocks, the revaluation of prepaid expenses, discount of receivables, provision for termination indemnities, and previous years' loss. Every accounting year, the Group reviews the deferred tax asset and in circumstances, where the deferred tax assets cannot be used against the future taxable income, the Group writes-off the recorded deferred tax asset. Corporate tax rate is used in the calculation of deferred taxes.

Account Name	December 31, 2018 Accumulated Permanent Differences	December 31, 2017 Accumulated Permanent Differences	December 31, 2018 Deferred Tax Receivable / (Payable)	December 31, 2017 Deferred Tax Receivable / (Payable)
Fixed Assets	29.286.854	30.451.374	(3.777.852)	(3.778.728)
Investment Property Valuation Differences (Statement of profit or loss)	93.058.468	63.310.597	(9.305.847)	(6.331.060)
Foreign Subsidiary Tax Assets	19.149.424	6.507.750	6.702.299	2.246.305
Wage provision	-	8.643.628	-	1.901.598
Rediscount Expense	2.049.713	1.786.493	450.936	393.029
Provision for Termination Indemnity	39.695.995	32.833.406	7.939.199	6.566.857
Provision for Doubtful Receivables	11.955.959	3.885.810	2.630.311	854.878
Provision for Law Suits	726.133	602.350	159.749	132.517
Provision for Effective Interest Expense	2.870.971	460.367	631.614	101.281
Net Expenses/Income from Derivative Transactions	1.516.431	241.893	333.615	53.216
Provision for Unused Authorization	3.104.379	2.276.377	682.964	500.803
Other	862.351	551.793	109.432	(107.507)
TFRS 9 Effect	-	-	133.971	-
Deferred Tax Assets / Liabilities(*)			6.690.391	2.533.189

(*) Net effect of the deferred tax assets and liabilities in the balance sheets of the Group are shown.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Balance at the beginning of the period	2.533.189	6.298.175
TFRS 9	133.971	-
Deferred Tax at the Beginning of the Period after TFRS 9	2.667.160	-
Equity Offsetting of Employee Termination Benefits Actuarial Gain/Loss	399.510	36.408
Foreign Currency Conversion Differences	950.959	-
IP Difference to Shareholders' Equity	(2.644.520)	-
Deferred Tax Income / (Expense)	5.317.282	(3.801.394)
Balance at the end of the period	6.690.391	2.533.189

Deferred Tax Movement Table	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Deferred Tax Asset	8.082.207	3.297.140
Deferred Tax Liability	(1.391.816)	(763.950)
Deferred Tax Net Effect End of The Period	(6.690.391)	2.533.189

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. The companies' deferred tax assets and liabilities were not netted off and disclosed separately as reflected in the consolidated financial statements. Deferred assets and liabilities which are indicated above are calculated basis on gross value that indicated position of net deferred tax.

Reconciliation of Tax Provision	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Profits obtained from continuing operations	121.024.860	114.357.517
Income tax rate %22	(29.353.145)	(22.871.503)
Tax effect:		
- Non-taxable Income	7.378.834	8.196.405
- Real Estate Exemption Ratio Change	2.737.858	(3.041.290)
- Non-Deductible Expenses	(10.571.374)	(8.439.167)
Deferred Tax Income / (Expense)	(29.807.827)	(26.155.555)

NOTE 36 EARNINGS PER SHARE

Earnings per share in the statement of profit or loss are calculated by dividing net income by the weighted average number of common shares outstanding for the period:

Account Name	January 1, 2018 December 31, 2018	January 1, 2017 December 31, 2017
Net Profit for The Period / (Loss)	91.098.734	87.888.922
Weighted Number of Shares	20.000.000.000	20.000.000.000
Earnings per Share	0,00455	0,00439

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 37 EXPLANATIONS OF RELATED PARTIES

37.1 Balances of Related Parties :

December 31, 2018	Receivables		Liabilities	
	Commercial	Non-Commercial	Commercial	Non-Commercial
Demisaş	1.364.750	-	-	-
Total	1.364.750	-	-	-

December 31, 2017	Receivables		Liabilities	
	Commercial	Non-Commercial	Commercial	Non-Commercial
Demisaş	1.280.931	-	-	-
Total	1.280.931	-	-	-

There is not any guarantee taken from Group companies.

37.2 Details of the Purchases and Sales of Related Parties :

December 31, 2018

Related Parties	Good and Service Sales	Rent Income	F/X Interest Income	Other Sales	Toplam
Demisaş	10.577.831	110.545	624.223	177.000	11.489.599
Total	10.577.831	110.545	624.223	177.000	11.489.599

Related Parties	Purchase of Goods and Services	Rent Expense	F/X Interest Expense	Other Purchases	Toplam
Demisaş	-	-	289.813	4.047	293.860
Total	-	-	289.813	4.047	293.860

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Related Parties	Good and Service Sales	Rent Income	F/X Interest Income	Other Sales	Toplam
Demisaş	8.263.359	153.660	1.252.758	106.430	9.776.207
Total	8.263.359	153.660	1.252.758	106.430	9.776.207

Related Parties	Purchase of Goods and Services	Rent Expense	F/X Interest Expense	Other Purchases	Toplam
Demisaş	-	-	860.677	14.442	875.119
Total	-	-	860.677	14.442	875.119

Benefits and services provided for senior executives as of December 31, 2018 are TL 12.030.735 (December 31, 2017: TL 8.958.656)

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 38 THE CHARACTERISTICS AND LEVEL OF RISKS EXISTING FROM FINANCIAL INSTRUMENTS

38.1 Capital Risk Management

The Group is planning to secure the business continuity and on the other hand planning to increase the profitability by using the balance of liabilities and share capital efficiently.

The Group's capital structure is consist of payables including the credits remarked in Note 8, cash and cash equivalents in Note 6, shareholders' equity including issued capital, capital reserves, profit reserves and previous years' profit remarked in Note 27.

The risks related to cost of capital and all categories of capital are evaluated by senior executives. By these evaluations of senior executives, structure of capital is planning to be balanced by dividend payments and issuing new shares as much as new credits or time extension of existent credits.

The group is monitoring capital by liabilities / share capital rate.This rate is calculated by dividing net liabilities to share capital. Net liabilities is calculated by subtracting cash and cash equivalents from total liabilities (stated in balancesheet like credits, financial leasings and trade payables). Total share capital, as stated in balancesheet, is calculated by the sum of owners' equity and net liabilities.

The Group's general strategy which depends on borrowings was not changed according to previous periods.

The Group risk policy mainly focuses on unpredictability and volatility of financial markets and intends to minimize the probable negative effects through the policies applied.

Important Accounting Policies

The Group's important accounting policies relating to financial instruments are presented in the Note 2.

Risks Exposed

Market risks seen at the level of Group are measured according to the sensitivity analysis principle. Market risks faced by the Group in current period or the process of undertaking the faced risks or the process of the measure of faced risks was not changed according to previous year.

Foreign Currency Risk Management

Since the Group operates in a diverse geographical area, operations are performed using multiple currencies. Therefore, foreign exchange risk is one of the most significant financial risks that the Group is exposed to.Main principle of this risk management,minimization of currency fluctuation and currency assets and liabilities are balanced basis of exchange rate, in other words, protecting currency position as level of near zero. Methods in statement of financial position are generally preferred to currency risk management.By the way, hedging is made with using derivate financial instrument against parity difference risk.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Foreign Exchange Rate Sensitivity Analysis Table				
December 31, 2018				
	Profit/Loss		Equity	
	Appreciation of Foreign Exchange	Devaluation of Foreign Currency	Appreciation of Foreign Exchange	Devaluation of Foreign Currency
In the event of 10% value change of US Dollar against TL;				
1- US Dollar Net Asset / Liability	(4.824.117)	4.824.117	(4.824.117)	4.824.117
2- The part, hedged from US Dollar Risk (-)	-	-	-	-
3- US Dollar Net Effect (1+2)	(4.824.117)	4.824.117	(4.824.117)	4.824.117
In the event of 10% value change of Euro against TL				
4- Euro Net Asset / Liability	(537.335)	537.335	(537.335)	537.335
5- The part, hedged from Euro Risk (-)	-	-	-	-
6- Euro Net Effect (4+5)	(537.335)	537.335	(537.335)	537.335
In the event of 10% value change of GBP against TL;				
7- GBP Net Asset / Liability	(172.005)	172.005	(172.005)	172.005
8- The part, hedged from GBP Risk (-)	-	-	-	-
9- GBP Net Effect (7+8)	(172.005)	172.005	(172.005)	172.005
In the event of 10% value change of Other against TL;				
10- Other Net Asset / Liability	-	-	-	-
11- The part, hedged from Other Risk (-)	-	-	-	-
12- Other Net Effect (10+11)	-	-	-	-
TOTAL	(5.533.457)	5.533.457	(5.533.457)	5.533.457

Foreign Exchange Rate Sensitivity Analysis Table				
December 31, 2017				
	Profit/Loss		Equity	
	Appreciation of Foreign Exchange	Devaluation of Foreign Currency	Appreciation of Foreign Exchange	Devaluation of Foreign Currency
In the event of 10% value change of US Dollar against TL;				
1- US Dollar Net Asset / Liability	(5.921.318)	5.921.318	(5.921.318)	5.921.318
2- The part, hedged from US Dollar Risk (-)	-	-	-	-
3- US Dollar Net Effect (1+2)	(5.921.318)	5.921.318	(5.921.318)	5.921.318
In the event of 10% value change of Euro against TL				
4- Euro Net Asset / Liability	8.662.216	(8.662.216)	8.662.216	(8.662.216)
5- The part, hedged from Euro Risk (-)	-	-	-	-
6- Euro Net Effect (4+5)	8.662.216	(8.662.216)	8.662.216	(8.662.216)
In the event of 10% value change of GBP against TL;				
7- GBP Net Asset / Liability	97.268	(97.268)	97.268	(97.268)
8- The part, hedged from GBP Risk (-)	-	-	-	-
9- GBP Net Effect (7+8)	97.268	(97.268)	97.268	(97.268)
In the event of 10% value change of Other against TL;				
10- Other Net Asset / Liability	-	-	-	-
11- The part, hedged from Other Risk (-)	-	-	-	-
12- Other Net Effect (10+11)	-	-	-	-
TOTAL	2.838.166	(2.838.166)	2.838.166	(2.838.166)

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2018

(Amounts are stated in ("TL") unless otherwise stated)

Foreign Exchange Table

	December 31, 2018				
	TL Amount	USD	Avro	GBP	Other
1. Trade Receivables	535.380.437	45.502.726	40.110.688	8.148.136	-
2a. Monetary Financial Assets	22.983.230	2.431.520	1.594.140	87.448	-
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets Total (1+2+3)	558.363.667	47.934.246	41.704.828	8.235.584	-
5. Trade Receivables	18.084	-	3.000	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Fixed Assets Total (5+6+7)	18.084	-	3.000	-	-
9. Total Assets (4+8)	558.381.751	47.934.246	41.707.828	8.235.584	-
10. Trade Payables	73.099.451	12.014.094	1.597.126	40.138	-
11. Financial Liabilities	466.366.413	40.548.174	32.658.736	8.444.514	-
12a. Other Monetary Liabilities	542.711	4.129	86.428	-	-
12b. Other Non-Monetary Liabilities	3.571.546	449.485	189.747	9.477	-
13. Total Short Term Liabilities (10+11+12)	543.580.121	53.015.882	34.532.037	8.494.129	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	68.768.358	3.799.873	8.091.839	-	-
16a. Other Monetary Liabilities	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-
17. Total Long Term Liabilities (14+15+16)	68.768.358	3.799.873	8.091.839	-	-
18. Total Liabilities (13+17)	612.348.479	56.815.755	42.623.876	8.494.129	-
19. Net Asset/ (Liability) Position of Derivative Instruments off the Statement of financial position (19a-19b)	(1.367.846)	(288.246)	24.649	-	-
19a. Total Amount of Hedged Assets	100.706.334	10.497.633	7.544.681	-	-
19b. Total Amount of Hedged Liabilities	102.074.180	10.785.879	7.520.032	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(55.334.574)	(9.169.755)	(891.399)	(258.545)	-
21. Monetary Items- Net Foreign Currency Asset/ Liability position	(53.966.728)	(8.881.509)	(916.048)	(258.545)	-
21. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge	-	-	-	-	-
22. The Amount of Hedged part of Foreign Exchange Assets	-	-	-	-	-
23. The Amount of Hedged part of Foreign Exchange Liabilities	-	-	-	-	-
24. Export	3.352.853.441	317.234.110	281.864.994	41.783.434	-
25. Imports	4.414.139.797	919.973.321	16.342.524	18.280	6.947

December 31, 2017				
TL Amount	USD	Avro	GBP	Other
570.927.438	71.637.832	55.640.659	9.737.871	-
26.318.098	2.245.069	3.932.859	17.931	-
-	-	-	-	-
388.451	76.644	22.002	2	-
597.633.986	73.959.545	59.595.520	9.755.804	-
-	-	-	-	-
1.944	-	431	-	-
15.412.497	750.000	2.786.750	-	-
54.638	-	12.100	-	-
15.469.079	750.000	2.799.281	-	-
613.103.065	74.709.545	62.394.801	9.755.804	-
79.748.485	21.129.117	(196)	10.326	-
308.982.224	50.091.860	15.895.889	9.500.000	-
-	-	-	-	-
2.832.851	449.442	191.159	54.017	-
391.563.560	71.670.418	16.086.851	9.564.343	-
-	-	-	-	-
195.881.839	18.907.857	27.585.714	-	-
-	-	-	-	-
-	-	-	-	-
195.881.839	18.907.857	27.585.714	-	-
587.445.399	90.578.276	43.672.565	9.564.343	-
-	-	-	-	-
2.723.990	170.228	461.058	-	-
95.226.887	10.579.393	12.251.683	-	-
92.502.897	10.409.165	11.790.625	-	-
28.381.656	(15.698.503)	19.183.293	191.461	-
25.657.666	(15.868.731)	18.722.235	191.461	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2.324.896.133	270.112.239	256.612.676	60.875.679	-
3.523.222.401	953.178.370	11.161.558	13.197	-

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Interest Rate Risk

Changes in interest rates create significant risks over financial results with due to the impact on interest sensitive assets and liabilities. These exposures are managed with in terms of amount and maturity between interest rate sensitive assets and liabilities.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates is crucial.

Fixed Interest Financial Instruments	December 31, 2018	December 31, 2017
Financial Assets	29.925.122	19.674.261
Financial Liabilities	(299.657.028)	(333.344.705)
Variable Interest Financial Instruments		
Financial Assets	-	-
Financial Liabilities	(734.150.740)	(533.012.941)

All financial liabilities are less than 1 year term loans. Group's portion of bank deposits is made use of time deposits. Time deposits and loans are fixed interest financial instruments; otherwise, their short term structure is sensitive to interest differences. Probable interest rate increase affects to the Group's net interest income-expense. This affect is measured by Sensitivity Analysis. If there is a %1 increase on TL interest rate and other variables are fixed as of December 31, 2018 , loss before tax and non controlling interests will be less with the amount of TL 10.038.826.(December 31, 2017:TL 8.466.834)

If there is a %1 increase on TL interest rate and other variables are fixed as of December 31, 2018 , loss before tax will be less with the amount of TL 2.697.319. (December 31,2017: 3.136.704)

Credit Risk Management

Possessing financial instruments has the risk of other party's in execution of liabilities resulting from agreement. Group's payment collection risk mostly arises from trade receivables. Trade receivables must be assessed in accordance with corporate policies and procedures for making net value of trade receivables after provision of doubtful receivables are classified. (Note: 10)

Group's credit risk is detemined in the scope of determination of customer limits and is reported by limit determination committee which is composed of Group's senior management.In deteminated procedure respect,is confirmed by controlling and analyzing.

Related to Receivables risk, domestic and foreign receivable insurance policies are available to compensate the risk losses which is substantiate.

Additively Global policies, other guarentee methods (Mortgages,Letter of Guarantee,DBS etc.) are applied for minimizing the receivable risk.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

	Receivables			Notes	Bank Deposits	Notes
	Trade Receivables	Other Receivables	Other			
December 31, 2018	Related	Other Related	Other			
Maximum credit risk incurred as of the date of reporting (A+B+C+D)	1.364.750	705.897.613	- 35.492.363		64.511.448	
- The part of maximum risk secured by guarantee etc.	-	451.454.729	-	22	-	22
A. Net book value of financial assets which are undue or which did not decline in value	1.364.750	705.897.613	- 35.492.363	10-11	64.511.448	6
B. Net book value of assets, overdue but did not decline in value.						
- The part secured by guarantee etc.	-	-	-	10-11	-	6
C. Net book values of assets declined in value						
- Overdue (gross book value)	-	57.202.294	- 3.600	10-11	-	6
- Decline in value (-)	-	(57.202.294)	(3.600)	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	10-11	-	6
- Undue (gross book value)	-	-	-	10-11	-	6
- Decline in value (-)	-	-	-	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	10-11	-	6
D. Elements containing credit risk off the balance sheet	-	-	-	10-11	-	6

CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

	Receivables			Notes	Bank Deposits	Notes
	Trade Receivables	Other Receivables	Other			
December 31, 2017	Related	Other Related	Other			
Maximum credit risk incurred as of the date of reporting (A+B+C+D)	1.280.931	572.616.591	- 62.480.792		52.028.088	
- The part of maximum risk secured by guarantee etc.	-	320.382.313	-	22	-	22
A. Net book value of financial assets which are undue or which did not decline in value	1.280.931	572.616.591	- 62.480.792	10-11	52.028.088	6
B. Net book value of assets, overdue but did not decline in value.						
- The part secured by guarantee etc.	-	-	-	10-11	-	6
C. Net book values of assets declined in value						
- Overdue (gross book value)	-	36.793.207	- 3.600	10-11	-	6
- Decline in value (-)	-	(36.793.207)	(3.600)	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	10-11	-	6
- Undue (gross book value)	-	-	-	10-11	-	6
- Decline in value (-)	-	-	-	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	10-11	-	6
D. Elements containing credit risk off the balance sheet	-	-	-	10-11	-	6

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Liquidity Risk Management

Group manages liquidity risk by matching maturities of assets and liabilities with regular control of cash flows and providing permanence in adequate funds and reserves.

Liquidity Risk Statements

Liquidity risk management involves having adequate cash, and power of offsetting fund resources with adequate loan.

The risk of failure in settling financial liabilities is eliminated by managing the balance sheet and expected cash flows in harmony. In this context; the maturities of the financial liabilities are kept in line with the maturities of assets to eliminate any duration mismatch and in order to maintain short term liquidity, net working capital objectives are set and Group's balance sheet ratios (such as current ratio and acid test ratio) are aimed to be kept at particular levels.

Risk of funding current and future possible loan requirements should be managed by providing permanent access to adequate and quality loan providers.

Following statement indicates maturity allocation of Group's derivative and non-derivative financial liabilities.

December 31, 2018

Expected Terms	Book Value	Cash Outflows				
		Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities	1.185.287.921	1.234.407.366	481.477.845	540.045.520	212.884.003	-
Loans	1.025.541.041	1.073.693.431	329.120.882	538.237.325	206.335.224	-
Issued debt instrument	-	-	-	-	-	-
Financial Lease Liabilities	8.242.247	8.969.972	613.000	1.808.195	6.548.779	-
Trade Payables	124.310.494	124.549.824	124.549.824	-	-	-
Other Payables	27.194.139	27.194.139	27.194.139	-	-	-
Other	27.194.139	27.194.139	27.194.139	-	-	-

Derivative Financial Instruments	Book Value	Cash Outflows				
		Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Derivative Cash Flow	100.706.334	100.706.334	100.706.334	-	-	-
Derivative Cash Outflow	(102.074.180)	(102.074.180)	(102.074.180)	-	-	-
Net Derivative Financial Instruments	(1.367.847)	(1.367.847)	(1.367.847)	-	-	-

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

December 31, 2017

Expected Terms	Book Value	Cash Outflows				
		Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities	1.002.378.587	1.044.851.758	396.004.215	516.879.703	131.967.842	-
Loans	860.560.827	901.904.515	259.108.090	515.806.106	126.990.321	-
Issued debt instrument	-	-	-	-	-	-
Financial Lease Liabilities	5.787.374	6.407.563	356.445	1.073.597	4.977.521	-
Trade Payables	115.229.624	115.738.918	115.738.918	-	-	-
Other Payables	20.800.762	20.800.762	20.800.762	-	-	-
Other	20.800.762	20.800.762	20.800.762	-	-	-

Derivative Financial Instruments	Book Value	Cash Outflows				
		Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Derivative Cash Flow	133.279.644	133.279.644	113.614.791	19.664.853	-	-
Derivative Cash Outflow	(130.797.546)	(130.797.546)	(111.225.860)	(19.571.686)	-	-
Net Derivative Financial Instruments	2.482.098	2.482.098	2.388.931	93.167	-	-

Other Risks

Raw Materials Price Change Risk

A significant portion of Group's cost is copper price, its price is variable and determined by world's markets. Group's aim to balance to price and maturity models to harmony for the goods which are purchased and sold in order to hedging price change risks. Long term customers price fixing demands apart from these models are managed by hedging transactions.

Not only copper hedging transactions but also stannum, nickel and aluminium and other metals which are faced to price change risk in costs hedging transactions are made.

Stocks, etc. Related to Financial Instruments Risks

None.

Operational Risks

Operational risks are evaluated beginning of raw material procurement, production, selling and after sale as all inclusive. In order to Group's achieve the short and long term aims which is consist of strategic, operational, financial and other factors are evaluated from stage of board to every stage of organization.

In this context, Risk Management Committee is maintain its operations to determine, evaluate, manage and report strategic, financial, operational risks etc., which are affect the group taking into consideration the decision mechanism in order to advising and making suggestion to board.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 39 FINANCIAL INSTRUMENTS (DECLARATIONS WITHIN THE CONTEXT OF FAIR VALUE AND HEDGING)

December 31, 2018	Notes	Other Financial Assets Carried At Amortized Cost	Loans and Receivables	Financial Assets Ready for Sale
Financial Assets		64.694.513	707.262.363	-
Cash And Cash Equivalents	6	64.545.928	-	-
Trade Receivables	10	-	707.262.363	-
Financial Investments	7	-	-	-
Derivative Financial Instruments	14	148.585	-	-
Financial Liabilities		1.035.324.200	124.310.494	-
Financial Liabilities	8	1.033.807.769	-	-
Trade Payables	10	-	124.310.494	-
Other Financial Liabilities	9	-	-	-
Derivative Financial Instruments	14	1.516.431	-	-
December 31, 2017				
Financial Assets		54.805.575	573.897.522	-
Cash And Cash Equivalents	6	52.081.584	-	-
Trade Receivables	10	-	573.897.522	-
Financial Investments	7	-	-	-
Derivative Financial Instruments	14	2.723.991	-	-
Financial Liabilities		866.599.539	115.221.872	-
Financial Liabilities	8	866.357.646	-	-
Trade Payables	10	-	115.221.872	-
Other Financial Liabilities	9	-	-	-
Derivative Financial Instruments	14	241.893	-	-

Group claims that book values of financial instruments reflect fair values.

Financial Assets at Fair Value Difference Reflected to Profit or Loss Statement	Other Financial Liabilities Represented At Amortized Value	Book Value	Fair Value
95.582	-	772.052.458	772.052.458
-	-	64.545.928	64.545.928
-	-	707.262.363	707.262.363
95.582	-	95.582	95.582
-	-	148.585	148.585
-	-	1.159.634.694	1.159.634.694
-	-	1.033.807.769	1.033.807.769
-	-	124.310.494	124.310.494
-	-	-	-
-	-	1.516.431	1.516.431
24.558	-	628.727.655	628.727.655
-	-	52.081.584	52.081.584
-	-	573.897.522	573.897.522
24.558	-	24.558	24.558
-	-	2.723.991	2.723.991
-	-	981.821.411	981.821.411
-	-	866.357.646	866.357.646
-	-	115.221.872	115.221.872
-	-	-	-
-	-	241.893	241.893

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

Objectives of Financial Risk Management

Group's department of Finance is responsible for adequate access to financial market and managing financial risks arises from operational activities of Group. Financial risks of operation contain market risk (currency rate risk, fair value of interest risk and price risk), loan risk, liquidity risk and cash flow interest rate risk.

In order to decrease the effect of risk and avoiding financial risk, Group uses forward foreign currency transaction agreements as a financial instrument. The group has option transactions in order to reduce the foreign currency risk and to finalize these risks that can occur in market.

31.12.2018	Level 1	Level 2	Level 3	Total
Financial Assets	86.572	-	9.010	95.582
<i>Financial Assets at Fair Value Difference Reflected to Profit or Loss Statement</i>	<i>86.572</i>	-	<i>9.010</i>	<i>95.582</i>
<i>Financial Assets Ready For Sale</i>	-	-	-	-
Derivative Instruments	-	(1.367.846)	-	(1.367.846)
<i>Other financial Assets /Liabilities carried at amortized cost (Net)</i>	-	<i>(1.367.846)</i>	-	<i>(1.367.846)</i>

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

Level 1 : Financial assets and liabilities which are identical are valued at quoted market prices on the active market.

Level 2: Financial assets and liabilities are valued at the inputs used to find the price that can be observed directly or indirectly in the market other than the quoted price in the first category of the liability.

Level 3: Financial assets and liabilities are valued by using inputs that are not dependent upon observable inputs in the market for the fair value of the asset or liability.

Notes to the Consolidated Financial Statements for the Year Ended December 31,2018

(Amounts are stated in ("TL") unless otherwise stated)

NOTE 40 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

In the Board of Directors Meeting dated 21.02.2019 and numbered 1570 / 19.04, Sark-Wire, which operates in the United States of America (USA) with 60% of its capital, holds the shares of Sark-USA, with Sark-Wire mergers are decided to be merged in the general assemblies to be held in accordance with the decision taken by the boards of directors related companies.

In the Board of Directors meeting dated 22.02.2019 and numbered 1571 / 19.05, it has been decided to be a shareholder by taking 4 shares to the Defense Industry Company which is planned to be performed by Kocaeli Chamber of Industry with a price of 200.000 TL.

NOTE 41 OTHER ISSUES

None.

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