

**SOLAR PATLAYICI MADDELER SANAYİ  
ANONİM ŞİRKETİ**

**Financial Statements for The Period Ended  
01 April 2017-31 March 2018 Together With  
The Independent Auditor's Report**



Taksim Yeminli Mali Müşavirlik  
ve Bağımsız Denetim A.Ş.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Solar Patlayıcı Maddeler Sanayi A.Ş.

### A. Audit of the Financial Statements

#### 1) Opinion

We have audited the accompanying financial statements of **Solar Patlayıcı Maddeler Sanayi A.Ş.** ("The Company") which comprise the statement of financial positions as at 31 March 2018 and the statement of profit or loss and statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

#### 2) Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

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

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TASS, 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 Company'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 charged with governance are responsible for overseeing the Company's financial reporting process.







#### 4) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted 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 in 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.
- Assess the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.





Taksim Yeminli Mali Müşavirlik  
ve Bağımsız Denetim A.Ş.

#### B. Other Responsibilities Arising From Regulatory Requirements

1. Within the article 378 of the Turkish Commercial Code "TCC", The Company's shares are not listed on stock exchanges, therefore The Company is not obligated to set up the committee of early detection of risk.
2. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 April to 31 March 2018 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
3. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

May 7, 2018 İstanbul, Turkey

Taksim YMM ve Bağımsız Denetim A.Ş.

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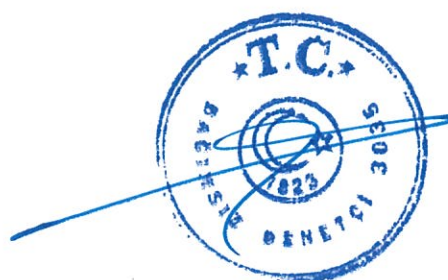


ALİ TUĞLU

Responsible Independent Auditor  
Sworn-in CPA



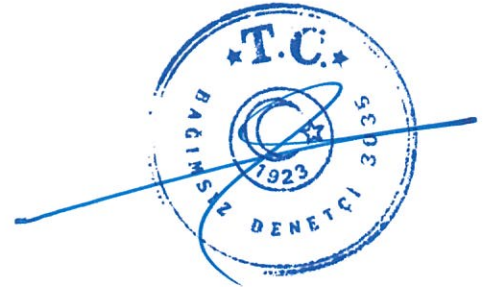
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SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

FINANCIAL POSITIONS (BALANCE SHEETS) FOR THE PERIOD ENDED 31 MARCH 2018  
(All amounts expressed in Turkish Lira (TL) unless otherwise stated. )

	Note	Audited 31 March 2018	Audited 31 March 2017	Opening 31 March 2016
<b>ASSETS</b>				
		<b>99.007.057</b>	<b>73.460.538</b>	<b>40.721.003</b>
Cash and cash equivalents	5	631.440	238.182	742.221
Financial assets	6	-	-	-
Trade Receivables				
-Reletad parties	26	34.632	-	-
-Third parties	8	81.215.211	58.374.418	33.325.981
Other receivables				
-Reletad parties	26	-	-	-
-Third parties	9	541.164	2.119.949	1.290.457
Inventories	10	15.790.167	9.401.113	4.855.792
Prepaid expenses	11	682.047	3.121.428	498.999
Current income tax assets	25	-	205.448	297
Other current assets	18	112.396	-	7.256
<b>Non Current Assets</b>		<b>21.282.643</b>	<b>16.325.660</b>	<b>14.866.782</b>
Financial assets	6	-	-	-
Trade Receivables				
-Reletad parties	26	-	-	-
-Third parties	8	2.757.105	-	-
Other receivables				
-Reletad parties	26	-	-	-
-Third parties	9	30.224	29.891	25.941
Investment properties	12	-	-	-
Tangible fixed assets	13	17.628.311	15.786.683	14.376.403
Intangible assets	14	38.345	27.242	26.076
Prepaid expenses	11	-	-	-
Deferred tax assets	25	828.658	481.844	438.362
Other non-current assets	18	-	-	-
<b>TOTAL ASSETS</b>		<b>120.289.700</b>	<b>89.786.198</b>	<b>55.587.785</b>

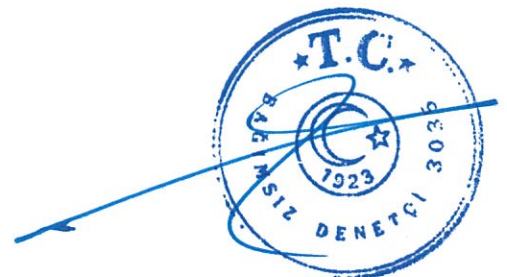


The accompanying notes form an integral part of these financial statements

SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

FINANCIAL POSITIONS (BALANCE SHEETS) FOR THE PERIOD ENDED 31 MARCH 2018  
(All amounts expressed in Turkish Lira (TL) unless otherwise stated. )

LIABILITIES	Note	Audited 31 March 2018	Audited 31 March 2017	Opening 31 March 2016
<b>Current Liabilities</b>		<b>57.069.796</b>	<b>46.175.082</b>	<b>37.523.430</b>
Short-term borrowings	7	22.820.452	9.126.476	12.088.444
Trade payables				
- Reletad parties	26	-	-	58.396
- Third parties	8	29.100.826	33.726.591	23.224.856
Other payables				
- Reletad parties	26	-	-	-
- Third parties	9	1.819.763	757.404	537.063
Employee benefit obligations	17	1.068.838	199.356	124.264
Deferred income	11	1.531.830	1.372.163	1.346.208
Taxation on income	25	-	205.448	-
Short-term provisions				
- Short-term provisions for employee benefits	17	544.074	429.321	-
- Other short-term provisions	16	84.556	154.848	91.080
Other current liabilities	18	99.457	203.475	53.119
<b>Non- Current Liabilities</b>		<b>20.349.270</b>	<b>18.754.873</b>	<b>667.741</b>
Long-term borrowings	7	1.813.248	18.122.525	17.226
Trade payables				
- Reletad parties	26	-	-	-
- Third parties	8	-	-	-
Other payables				
- Reletad parties	26	17.777.382	-	-
- Third parties	9	-	-	-
Deferred income	11	-	-	-
Long-term provisions				
- Long-term provisions for employee benefits	17	439.784	360.900	339.492
- Other long-term provisions	16	-	-	-
Deferred tax liability	25	318.856	271.448	294.474
Other current liabilities	18	-	-	16.549
<b>Equity</b>		<b>42.870.634</b>	<b>24.856.243</b>	<b>17.396.614</b>
Capital	19	12.000.000	8.050.000	8.050.000
Advances for capital	19	6.977.921	12.964.847	12.964.847
Share premium	19	-	-	-
Other comprehensive income/loss not to be reclassified to profit or loss	19	-	-	-
Actuarial gain/loss	19	125.010	-	-
Other comprehensive Income/Loss to be reclassified to Profit or Loss	19	-	-	-
Restricted reserves allocated from profits	19	105.943	7.765	7.765
Previous year profits / (loss)	19	3.735.453	(3.625.998)	(4.728.515)
Net income/(loss) for the period		19.926.307	7.459.629	1.102.517
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>120.289.700</b>	<b>89.786.198</b>	<b>55.587.785</b>



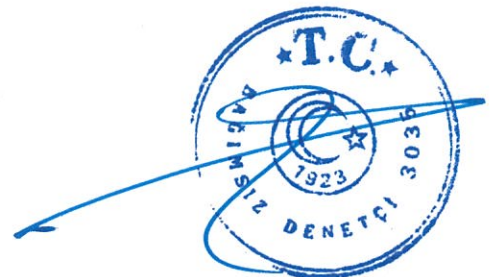
The accompanying notes form an integral part of these financial statements



**SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ**

**STATEMENT OF PROFIT OR LOSS and OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MART 2018  
(All amounts expressed in Turkish Lira (TL) unless otherwise stated. )**

PROFIT OR LOSS	Note	Audited	
		01.04.2017- 31.12.2018	01.04.2016- 31.12.2017
Sales revenues	20	179.027.845	100.842.713
Cost of sales(-)	20	(115.184.039)	(64.834.290)
<b>GROSS PROFIT / (LOSS)</b>		<b>63.843.806</b>	<b>36.008.423</b>
General administrative expenses (-)	21	(5.359.806)	(4.192.837)
Marketing, selling and distribution expenses (-)	21	(27.841.162)	(15.627.573)
Research and development expenses (-)	21	-	-
Other operating incomes	22	5.590.843	4.025.792
Other operating expenses (-)	22	(8.025.435)	(10.425.839)
<b>OPERATING PROFIT / (LOSS)</b>		<b>28.208.246</b>	<b>9.787.966</b>
Income from investment activities	23	34.935	68.995
Expense from investment activities	23	-	-
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)</b>		<b>28.243.181</b>	<b>9.856.961</b>
Financial incomes	24	-	-
Financial expenses (-)	24	(3.727.318)	(788.662)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUED OPERATIONS</b>		<b>24.515.863</b>	<b>9.068.299</b>
<b>Tax Income/Expense of Continued Operations</b>		<b>(4.589.556)</b>	<b>(1.608.670)</b>
- Current Income Tax Expense	25	(4.920.214)	(1.675.178)
- Deferred Tax Income/(Expense)	25	330.658	66.508
<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS</b>		<b>19.926.307</b>	<b>7.459.629</b>
Earnings per Share from Continued Operations		-	-
<b>NET PROFIT/ (LOSS) FOR THE YEAR</b>		<b>19.926.307</b>	<b>7.459.629</b>
Earnings per Share from Continued Operations	27	1.660,526	926,662
<b>NET PROFIT/ (LOSS) FOR THE YEAR</b>		<b>19.926.307</b>	<b>7.459.629</b>
<b>OTHER COMPREHENSIVE INCOME /(LOSS)</b>			
<b>Not to be reclassified to profit or loss</b>			
-Actuarial gain/loss arising from defined benefit plans	19	156.263	-
-Tax (expense)/income of other comprehensive income	19	(31.253)	-
<b>To be reclassified to profit or loss</b>			
Currency translation tdjustment		-	-
<b>OTHER COMPREHENSIVE INCOME /(LOSS)</b>		<b>125.010</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>20.051.317</b>	<b>7.459.629</b>



The accompanying notes form an integral part of these financial statements

SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2018

(All amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Capital	Advances for capital	Share premium	Other Comprehensive Income / Expense not to be reclassified to Profit or Loss		Other Comprehensive Income / Expense to be reclassified to Profit or Loss	Restricted Reserves	Retained Earnings		Total Equity
					Increases/ (decreases) on revaluation of fixed assets	Actuarial gain/loss			Previous Year Profit / (Loss)	Net Income / (Loss) for the Period	
<b>Balances at 01 April 2016</b>		<b>8.050.000</b>	<b>12.964.847</b>	-	-	-	-	<b>7.765</b>	<b>(4.728.515)</b>	<b>1.102.517</b>	<b>17.396.614</b>
Capital increases cash		-	-	-	-	-	-	-	1.102.517	(1.102.517)	-
Transfers		-	-	-	-	-	-	-	-	-	-
Divident paid		-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss)		-	-	-	-	-	-	-	-	-	-
Net income/(loss) for the period		-	-	-	-	-	-	-	-	7.459.629	7.459.629
Other Comprehensive Income/ (Loss)		-	-	-	-	-	-	-	-	-	-
<b>Balances at 31 March 2017</b>		<b>8.050.000</b>	<b>12.964.847</b>	-	-	-	-	<b>7.765</b>	<b>(3.625.998)</b>	<b>7.459.629</b>	<b>24.856.243</b>
Transfers		3.950.000	(3.950.000)	-	-	-	-	98.178	7.361.451	(7.459.629)	-
Divident paid		-	(2.036.926)	-	-	-	-	-	-	-	(2.036.926)
Total comprehensive income / (loss)		-	-	-	-	-	-	-	-	-	-
Net income/(loss) for the period		-	-	-	-	-	-	-	-	19.926.307	19.926.307
Other Comprehensive Income/ (Loss)		-	-	-	-	125.010	-	-	-	-	125.010
<b>Balances at 31 March 2018</b>		<b>12.000.000</b>	<b>6.977.921</b>	-	-	<b>125.010</b>	-	<b>105.943</b>	<b>3.735.453</b>	<b>19.926.307</b>	<b>42.870.634</b>



The accompanying notes form an integral part of these financial statements

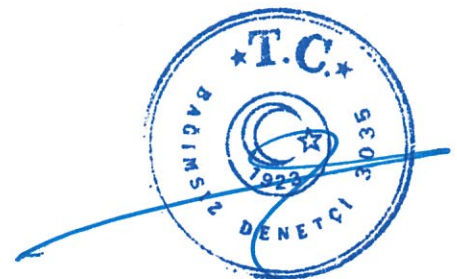
SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2018

(All amounts expressed in Turkish Lira (TL) unless otherwise stated. )

	Note	Audited	
		01.04.2017- 31.12.2018	01.04.2016- 31.12.2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit /(Loss)		19.926.307	7.459.629
<b>Adjustments to Reconcile Cash Flow Generated from Operating Activities:</b>			
Adjustments for depreciation and amortization	13-14	1.297.513	1.003.495
Adjustments for provision for employee benefits	17	174.558	147.698
Provisions for unused vacations		114.753	429.321
Deferred financial income / ( loss), net	8	275.149	-
Other adjustmnets	8	242.232	55.570
Tax Income / (Loss) from Operating Activities	25	4.589.556	1.608.670
<b>Operating Profit before Working Capital Changes</b>		<b>26.620.068</b>	<b>10.704.383</b>
Change in trade receivables	8	(28.196.950)	(27.519.797)
Change in other receivables	9	1.578.452	(833.442)
Change in inventories	10	(6.389.054)	(4.545.321)
Change in prepaid expenses	11	2.439.381	(2.622.429)
Current income tax assets		205.448	(205.151)
Change in other current and non-current assets	18	(112.396)	7.256
Change in trade payables	8	(2.336.494)	12.914.699
Change in other payables	9	18.839.741	220.341
Change in employee benefit obligations	17	869.482	75.092
Change in deferred incomes	11	159.667	25.955
Change in short-term and long-term liabilities	18	(104.018)	133.807
<b>Cash Flows Generated From Operating Activities</b>		<b>13.573.327</b>	<b>(11.644.607)</b>
Tax Payables	25	(5.125.662)	(1.469.730)
Dividend Paid		(2.036.926)	-
Payments of the employee benefits terminations	17	(251.936)	(118.092)
<b>Net Cash Generated From Operating Activities</b>		<b>6.158.803</b>	<b>(13.232.429)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Financial assets	6	-	-
Acquisition of Tangible Assets	13	(3.119.588)	(2.554.147)
Cash Provided from Sales of Tangible Assets	13	-	154.654
Acquisition of Intangible Assets	14	(30.656)	(15.448)
Cash Provided from Sales of Intangible Assets	14	-	-
<b>Net Cash Used In Investing Activities</b>		<b>(3.150.244)</b>	<b>(2.414.941)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital increases, cash	19	-	-
Change in advances for capital	19	-	-
Change in borrowings	7	(2.615.301)	15.143.331
<b>Net Cash Used in Financing Activities</b>		<b>(2.615.301)</b>	<b>15.143.331</b>
<b>Net Increase In Cash And Cash Equivalents</b>		<b>393.258</b>	<b>(504.039)</b>
<b>Cash And Cash Equivalents At The Beginning Of The Period</b>	5	<b>238.182</b>	<b>742.221</b>
<b>Cash And Cash Equivalents At The End Of The Period</b>	5	<b>631.440</b>	<b>238.182</b>



The accompanying notes form an integral part of these financial statements



## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

#### 1. ORGANIZATION AND NATURE OF OPERATIONS

**Solar Patlayıcı Maddeler Sanayi Anonim Şirketi** ("The Company" or "Solar Patlayıcı") was incorporated as "İlci Patlayıcı Maddeler Sanayi ve Ticaret Limited Şirketi" on 15.06.2007 in Çankaya District in Ankara in Turkey. The Company changed its trade title as **Solar Patlayıcı Maddeler Sanayi Anonim Şirketi** on 21.08.2014. The founding declaration was announced in the Turkish Trade Registry Gazette dated 20.06.2007 and numbered 6834.

The registered current head office address is located in "Eskişehir yolu 9. Km Mustafa Kemal Mah. Dumlupınar Bulvarı No:266 Tepe Prime B Blok 9. Kat Çankaya/ Anakra.

#### The main activities of the Company are as follows:

- Production and sale of all kind of explosives required by Construction and Mining sectors,
- Production and sale of non electric detonation systems,
- Explosive materials storage and transportation services,
- Complete drilling and blasting services,
- Supply of blasting accessories,
- Engineering services,
- Technical consultancy,
- Special blasting applications,
- Representative offices of foreign companies.

The number of personnel employed as of March 31, 2018 in the Company is 128 (31 March 2017: 116 employees).

#### The shareholders and their respective shareholdings in the Company are as follows:

Shareholders	31 March 2018		31 March 2017	
	Amount	Rate %	Amount	Rate %
Solar Overseas Netherlands B.V.	11.952.000	99,60%	5.950.000	73,91%
Manish NUWAL	24.000	0,20%	24.000	0,30%
Satyanarayan NUWAL	24.000	0,20%	24.000	0,30%
İlknur SIRMAN (KAPLAN)	-	-	1.650.000	20,50%
M.Sinan MURATHANOĞLU	-	-	402.000	4,99%
<b>Total paid-in capital</b>	<b>12.000.000</b>	<b>100,00%</b>	<b>8.050.000</b>	<b>100,00%</b>

The issued capital consists of 12.000 shares with TL 1.000 each (31 March 2017: 8.050 shares).

The Company has increased its capital from 8.050.000 TL to 12.000.000 TL in its extraordinary general meeting dated 30.10.2017. The increased capital amounting to 3.950.000 TL has been provided from advances for capital. This capital increase was declared in the Turkish Trade Registry Gazette numbered 9455 and dated 20 November 2017.

The Company does not have any subsidiaries within the consolidation scope as of 31 March 2018 (31 March 2017: None).



# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1. Basic Principles of Presentation

##### 2.1.1. Accounting Standards Implemented

The Company's legal books and legal financial statements of the Turkish Commercial Code ("TCC") and tax legislation to keep in accordance with the accounting principles and are prepared.

The Company keeps its accounting records in accordance with the Turkish Commercial Code and tax legislation. The accompanying financial statements have been prepared in accordance with the International Accounting Standards / International Financial Reporting Standards ("IAS/IFRS")

The accompanying financial statements have been prepared in terms of "Turkish Liras" in accordance with financial legislation, commercial legislation and Turkish Uniform Chart of Accounts issued by Finance Ministry

#### 2. Basis of Presentation of the Financial Statements

Preparation of financial statements in accordance with ("IAS/IFRS") requires certain assumptions and significant accounting estimates that will affect the explanatory notes on assets and liabilities and contingent assets and liabilities. These estimates can be based on the management's best estimates based on current events and actions, but actual results can differ from those predicted. Assumptions and estimates that require complex and further comment may have significant impact on financial statements.

There are no seasonal and periodical changes that will materially affect the Company's operations.

##### 2.1.2. Comparative Information

The financial statements of the Company are prepared for the last period.

##### 2.1.3. Currency Used In The Financial Statements

The financial statements of the Company are presented in the currency (functional currency) of the economic environment in which the Company operate. Financial position and results of operations of the Company are stated in Turkish Liras ("TL") which is the Company's ruling currency and presentation currency for financial statements

##### 2.1.5. Going Concern

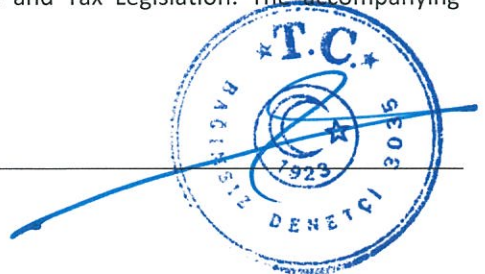
The financial statements have been prepared on the basis of the continuity of the business under the assumption that the Company will benefit from its assets and fulfill its obligations within the next year and its natural course of activities.

##### 2.1.6. Netting/Offsetting

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

##### 2.1.7. Statement of Compliance with ("IAS/IFRS")

The Company registered in Turkey maintain its books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation. The accompanying financial statements have been prepared in accordance with ("IAS/IFRS").





# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

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

#### 2.1.8. The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as of and for the year ended December 31, 2017 are applied consistently with the ("IAS/IFRS") and interpretations. The new and amended standards and interpretations effective as of January 1, 2017 have no impact on the financial statements of the Company.

#### 2.2. Changes in Accounting Policies

There have been no changes in the accounting policies that will affect the presentation of the Company's financial position, performance or cash flows on the transactions and events in a more appropriate and reliable manner. No change is envisaged in the accounting policies in place in the near future.

#### 2.3. Changes in Accounting Estimates and Mirrors

The effect of the change in an accounting estimate is only related to a change in the current period in which the change is made; The financial statements are reflected both in the future, taking into consideration the future profit or loss for the period.

The correction amount of a fault is considered retrospectively. An error is corrected by restatement of retained earnings for that period if comparative amounts for prior periods have arisen or if it occurs before the next reporting period. If the reorganization of information is caused by an excessive financial cost, the comparative information of previous periods is not restated and the cumulative profit of the following period is rearranged by the cumulative effect of the mistake before the beginning of the term.

#### 2.4. Summary of Significant Accounting Policies

Accounting policies under ("IAS/IFRS"); Certain principles, principles, traditions, rules and practices used by businesses in the preparation and presentation of financial statements.

#### Revenues

Revenues are measured according to fair value of collected or to be collected amounts and is implied as the amount of discounts of goods and services sales in the usual workflow and after tax.

**Sales of Goods:** Revenues from sales are entered in the accounts when all the conditions below are met:

- Transferring all the significant risks and gains relating to ownership to customer,
- When the Company has no effective control relating ownership on sold goods or administrative participation,
- Measuring accurately revenue amounts,
- Possible flow of economic benefits related to transaction, and
- Measuring accurately costs relating to transaction or take roots from transaction.

#### Service delivery:

Revenue from the service delivery agreement is accounted for at the completion stage of the contract. The completion phase of the contract is determined as follows:

- Installation fees are accounted for at the completion stage of the installation. The completion stage is determined as the ratio of the total duration estimated at the balance sheet date to the completion of the installation,
- Service charges included in the prices of the goods sold are accounted for according to the total cost of the service offered for the goods sold, taking into account the number of services provided in previous goods sales, and
- Revenue from operating contracts, operating hours and direct costs are recognized over contract costs.





## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

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

##### Interest Income:

Interest income from financial assets is recognized in the records as long as it is possible for the Company to obtain economic benefits and to measure income reliably. Interest income is accrued at the relevant period in proportion to the effective interest rate that discounts the estimated cash inflows from the related financial asset over the expected life of the remaining principal amount to the recorded value of the related asset.

##### Financial Assets

Financial assets other than those classified as financial assets at fair value through profit or loss and recognized at fair value are accounted for at the total amount of the fair market value and expenditures directly attributable to the acquisition. As a result of the purchase or sale of financial assets for which the investment instruments are subject to a contract with a delivery condition in accordance with the period specified by the relevant market, the related assets are either recorded at the transaction date or are removed from the records.

Financial assets are classified as "financial assets at fair value through profit or loss", "investments held-to-maturity", "available-for-sale financial assets" and "loans and receivables". The classification is determined at the time of initial recognition, depending on the purpose and nature of the acquisition of the financial asset. The Company does not have "financial assets at fair value through profit or loss" and "investments to be held until the maturity date".

##### Effective interest method

The effective interest method is the valuation of the financial asset at amortized cost and the method of redistributing the related interest income. Effective interest rate; Which reduces the estimated cash amount to be collected over the expected life of the financial instrument or, where appropriate, during a shorter period of time to the net present value of the relevant financial asset.

Income related to financial assets other than financial assets at fair value through profit or loss are calculated using the effective interest method.

##### Financial assets

Except financial assets which are entered in the accounts according to their fair value and fair value difference which affected profit or loss, financial investments are entered in the accounts with the remaining amount after deducting expenses relating fair value of purchase. Investments are entered or taken out from the records based on a contract which has a condition of payment on related market's suitable due date. Financial assets are classified according to "financial assets at fair value difference through profit or loss", "held to maturity investments", "available for sale financial assets" and "loan and receivables"

##### Loans and receivables

Commercial and other receivables and loans with fixed and determinable payments that are not traded on the market are classified in this category. Loans and receivables are measured at amortized cost using the effective interest method less impairment.

##### Impairment of financial assets

Financial assets or groups of financial assets other than financial assets at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date. An impairment loss arises when one or more of the following events occur after the initial recognition of the financial asset and when there is an objective evidence that the related financial asset or group of assets has suffered a negative impact on the future cash flows that can be reliably estimated. For financial assets carried at amortized cost, the amount of the impairment is the difference between the present value of the estimated future cash flows, discounted at the financial asset's effective interest rate, and the carrying amount.





## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

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

For all financial assets except for trade receivables where the carrying amount is reduced through the use of a provision, the impairment is directly deducted from the carrying amount of the related financial asset. If the commercial receivable cannot be collected, it is deducted from the corresponding amount provision account and deleted. Changes in the allowance account are recognized in the income statement.

Except for available for sale equity instruments, if the impairment loss decreases in the following period and the impairment loss can be related to an event occurring after the recognition of the impairment loss, the previously recognized impairment loss will not exceed the amortized cost amount if the impairment of the investment has not been accounted for at the date when the impairment is canceled. Is canceled in the income table.

The increase in the fair value of available-for-sale equity securities after impairment is accounted directly in equity.

#### Cash and Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

#### Financial liabilities

The Company's financial liabilities and equity instruments are classified according to the definition of a contractual arrangement, a financial liability and a tool based on equity. The contract representing the right of remaining assets after deducting all debts of the Company is a financial instrument based on equity. The accounting policies applied for certain financial liabilities and equity instruments are given below.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are recognized initially at fair value and are revalued at fair value at each balance sheet date. The change in fair value is recognized in the income statement. Net gains or losses recognized in the income statement also include the amount of interest paid for that particular financial liability.

#### Other financial liabilities

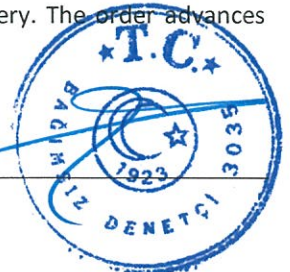
Other financial liabilities, including financial liabilities, are initially accounted for at fair value net of transaction costs.

Other financial liabilities are accounted for at amortized cost using the effective interest method in the following periods together with the interest expense calculated at effective interest rate.

The effective interest method is the calculation of the amortized cost of the financial liability and the way in which the relevant interest expense is related to the redistribution. Effective interest rate; Which reduces the estimated cash payments to be made in the future over the expected life of the financial instrument or, where appropriate, for a shorter period of time, to the net present value of the related financial liability.

#### Inventories

It is the item held for sale in the normal course of business, which is being produced for sale, or showing assets in the form of materials and materials to be used in the production process or service delivery. The order advances given are classified as other current assets until the related inventory is recognized.





## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

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

Inventories are valued at the lower of cost and net realizable value. Cost of inventories; All acquisition costs, conversion costs, and other costs incurred in bringing the inventories to their present state and position. Conversion costs of inventories; Such as direct labor costs, directly related to production. These costs also include amounts distributed systematically from fixed and variable overheads incurred in converting the raw materials and materials into finished goods.

Net realizable value is the estimated selling price in the ordinary course of business and the estimated cost of completion of the sale. Inventories cannot be displayed on the financial statements at a higher price than their expected use or end-of-sale. When inventories are less than their net realizable value, inventories are reduced to net realizable value and are reflected in the income statement as an expense in the year of value decrease. The provision for impairment loss is reversed if it is proven that the circumstances causing the reduction in the net realizable value of the inventories have become invalid or the net realizable value has increased due to the changing economic conditions. The amount that is canceled is limited to the amount of the previously depreciated value.

#### Investment Property

Investment properties are held for the purpose of generating rent and / or capital appreciation and are initially measured at cost and transaction costs.

Investment property is derecognized if it is determined that it will be sold or become unusable and that the sale will not result in any future economic benefits. Profit / loss arising from the completion or use of the investment property is included in the income statement in the period.

The Company does not have investment properties for the current period and prior periods.

#### Tangible Fixed Assets

Physical items held for use in the production or supply of goods and services, held to be used for rent to others (for fixed assets other than immovables) or for administrative purposes, and foreseen to be used over a period of time are stated at cost values within the cost model.

Cost value of tangible asset; Purchase prices, import taxes and non-recoverable taxes consist of the costs incurred to make the tangible asset ready for use. Expenditures such as repairs and maintenance that occur after the use of the tangible asset have started are reported in the income statement as expense in the period in which they are incurred. If expenditures provide an economic value increase in the future use of the related tangible asset, these expenditures are added to the cost of the asset.

Leasehold improvements include expenses incurred for the leased property and are depreciated over the useful life of the lease over the useful life if the useful life is longer than the lease term.

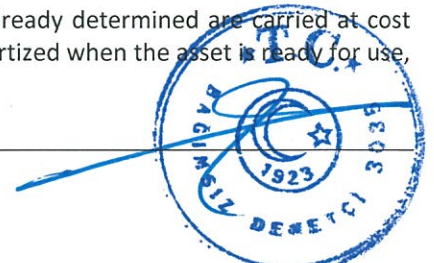
Amortization is allocated from the date on which the property, plant and equipment are ready for use. Amortization is also continued in the period when the related assets are idle.

The economic useful lives and amortization methods are regularly reviewed and accordingly, the method and the period of depreciation are considered to be in line with the economic benefits to be gained from the related asset and are adjusted if necessary.

#### Cost Method:

Property, plant and equipment are carried at cost less accumulated amortization and any accumulated impairment losses.

Assets held for rental or administrative purposes or for other purposes not already determined are carried at cost less any impairment loss. Mali legal fees are also included. Such assets are amortized when the asset is ready for use, as is the amortization method used for other fixed assets.





## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

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

Costs of property, plant and equipment, except for land and buildings under construction, are amortized using the straight-line method over their expected useful lives. Expected useful life, residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates.

The gain or loss arising from the disposal of tangible fixed assets or the removal of a tangible fixed asset from service is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the income statement.

Tangible Fixed Assets	Useful Life	Useful Life
	31 March 2018	31 March 2017
Machinery and equipment	2-20 year	2-20 year
Vehicles	4-8 year	4-8 year
Furniture and fixtures	2-20 year	2-20 year
Lease hold improvements	5-45 year	5-45 year

#### Intangible Fixed Assets

Intangible assets acquired

Purchased intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. These assets are amortized on a straight-line basis over their expected useful lives. Expected useful life and amortization method are reviewed annually and the changes in estimates are accounted for on a prospective basis to determine the possible effects of the changes in estimates.

Computer software:

Purchased computer software is activated at the costs incurred during the purchase and before the purchase is ready.

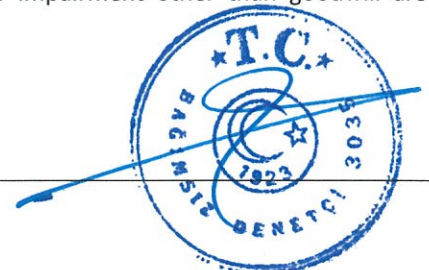
#### Leaving off-balance sheet intangible assets

An intangible asset is excluded from the statement of financial position (balance sheet) when it is derecognized or is not expected to arise from future economic benefits from its use or sale. The profit or loss arising from derecognition of an intangible asset is calculated as the difference between the net collections from the extinguishment of the assets and the carrying amount. This difference is recognized in profit or loss when the related asset is taken off the statement of financial position.

Intangible Fixed Assets	Useful Life	Useful Life
	31 March 2018	31 March 2017
Rights	3-4 year	3-4 year

#### Impairment of Assets

Assets with unlimited life such as goodwill are not subject to denial. An impairment test is applied annually for these assets. For assets subject to repayment, the impairment test is applied if it is not possible to recover the carrying amount. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the fair value obtained after deducting the sales costs or the greater of the value in use. For the purpose of assessing the depreciation, assets are grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). Non-financial assets that are subject to impairment other than goodwill are reviewed at each reporting date for possible reversal of impairment.



# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

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

#### Borrowing Costs and Receivable Loans

In the case of assets requiring significant time-consuming (qualifying assets) to be ready for use and sale, borrowing costs that are directly attributable to the acquisition, construction or production are included in the cost of the asset until the asset is ready for use or sale. All other borrowing costs are recorded in the income statement in the period in which they are incurred.

#### The Effects of Currency Exchange

The financial statements of the Company is presented in the currency of the primary economic environment in which the entities operate (its functional currency). The results and financial position of the Company is expressed in Turkish Lira, which is the functional and presentation currency of the Company.

The currency has been determined as the functional and the presentation currency of the Company in line with TAS 21 - The Effects of Changes in Foreign Exchange Rates. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies (i.e. any currency other than the functional currency) are initially recorded at the functional currency rate ruling at the date of the transaction.

Foreign exchange differences are recognized in profit or loss in the period in which they arise except for the following cases:

- Exchange differences related to the assets being constructed for future use and included in the cost of such assets, treated as a correction to interest costs on foreign currency denominated liabilities,
- Foreign exchange differences arising from transactions carried out in order to provide financial protection against risks arising from foreign currency (accounting policies related to providing financial protection against risks are explained below)
- Foreign exchange differences arising from monetary liabilities and receivables arising from foreign operations that are part of the net investment in foreign operations, are recognized in translation reserves and are attributable to profit or loss on sale of the net investment.

#### Per-share earnings - Earnings Per Share from Continuing Operations

Amount of gain / loss per share; The amount of gain / loss per share from continuing operations is calculated by dividing the period-weighted average share of the Company's shares by the period profit / loss from continuing operations.

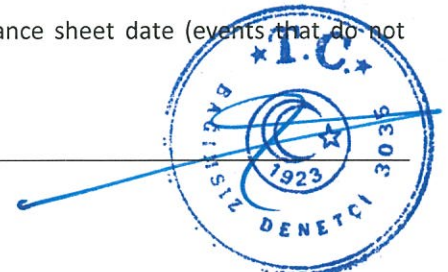
In Turkey, companies can increase their capital by means of "bonus shares" they distribute from their previous years' profits to their shareholders. Such "bonus shares" distributions are considered as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been found, taking into account the retrospective effects of such share distribution.

There is no potential interest in the calculation of earnings per share, which is the privileged share or dilutive effect required to be corrected.

#### Events After Balance Sheet Date

Events subsequent to the balance sheet date represent events that occur in favor or against the Company between the balance sheet date and the date the financial statements are approved for issue. There are two types of cases defined according to whether or not the correction is made:

- events requiring post-balance-sheet adjustments; When there are conditions indicating evidence that the related events exist as of the balance sheet date,
- developments that indicate that the related events occurred after the balance sheet date (events that do not require post-balance sheet adjustments).





# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

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

#### Provisions, Contingent Assets and Liabilities

##### Provisions

Provisions are made in the financial statements if there is an existing legal or constructive obligation arising from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are calculated based on the most realistic estimate of the expenditures incurred to fulfill the obligation as of the balance sheet date and are discounted to the present value if the effect is material.

##### Liabilities

This group of liabilities are considered as contingent liabilities and are not included in the financial statements if the occurrence of one or more non-contingent events that arise from past events that are not fully under the control of the entity and that can be confirmed in the future. Because, in order to fulfill the obligation, there is no possibility of leaving out economically beneficial resources, or the amount of liability cannot be measured as reliable enough. The entity presents its contingent liabilities in the footnotes of the financial statements, unless it is probable that the outflow of resources embodying economic benefits will occur.

##### Contingent Assets

Assets that arise from past events in the Company and that will be confirmed by the occurrence or non-occurrence of one or more uncertain events that are not fully controlled by the entity are treated as contingent assets. Contingent assets are disclosed in the footnotes of the financial statements if it is not certain that the resources that have economic benefits are entered into the business.

#### Related Parties

Parties are considered related to the Group if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- The entity and the company are members of the same group.
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

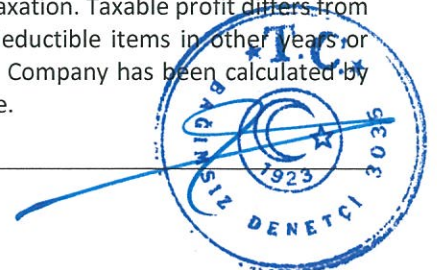
A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

#### Taxes on Income

Income tax consists of the sum of current tax, current tax and deferred tax expense.

#### Current Tax

Current year tax liability is calculated on the portion of the period profit subject to taxation. Taxable profit differs from the profit included in the income statement because it excludes taxable or tax deductible items in other years or items that are not tax deductible or tax deductible. The current tax liability of the Company has been calculated by using the tax rate legally enacted or substantively legalized at the balance sheet date.





# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

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

#### Deferred Tax

Deferred tax liabilities or assets are determined by measuring the temporary differences between the carrying amounts of assets and liabilities recognized in the financial statements and the amounts considered in the statutory tax bases by taking into account the tax rates of the tax effects according to the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are calculated on the condition that it is highly probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of the goodwill or other assets and liabilities in the financial statements (other than business combinations).

Deferred tax liabilities are recognized for all taxable temporary differences that are attributable to investments in joint ventures and associates and joint ventures, except where the Company is able to control the reversal of temporary differences and the probability of such reversal in the foreseeable future is low. Deferred tax assets resulting from taxable temporary differences associated with such investments and shares are calculated on the condition that it is highly probable that such differences will be realized in the near future by generating sufficient profits subject to taxation and it is probable that future related differences will be recovered.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of the deferred tax asset is reduced to the extent that it is unlikely that it will be possible to obtain a financial profit that would allow a portion or all of the benefit to be gained.

Deferred tax assets and liabilities are calculated over the tax rates (tax regulations) that are expected to be effective in the period in which the assets are realized or liabilities are realized and legalized or substantively legalized as of the balance sheet date. During the calculation of deferred tax assets and liabilities, the tax consequences of the Company's method of recovering its carrying amount or estimating its carrying value as of the balance sheet date are taken into account.

Deferred income tax assets and liabilities are recognized when there is a legitimate right to offset current tax assets or liabilities or when the related assets and liabilities are related to income tax collected by the same tax authority or when there is an intention to pay by offsetting the Company's current tax assets and liabilities are deducted.

#### Current tax and deferred tax

Current tax and deferred tax for the period are recognized as expense or income in the income statement, except for those items that are directly attributable to equity or are recognized as liabilities (in this case, deferred tax is recognized directly in equity) or from the initial recognition of the business combination. The tax effect is taken into consideration when calculating the goodwill or calculating the excess of the cost of the acquisition over the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities of the acquired subsidiary.

#### Employee Benefits Obligations and Provisions

According to the current laws and collective business contracts, the Termination Indemnities are paid in cases of retirement and lay offs. According to updated IAS 19 ("Employee Benefits") standard, such payments can be defined as pension benefit plans.

#### Cash Flow Reporting

The entity prepares cash flow statements to inform users of the ability of the entity to change the amount and timing of its changes in its net assets, financial structure and cash flows according to changing conditions. In the statement of cash flows, cash flows related to the turnover are classified and reported as operating, investing and financing activities.



# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

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

Cash flows from operating activities represent cash flows arising from the main activities of the Company. Cash flows related to investment activities represent the cash flows the Company uses in its investment activities (investments in fixed assets and financial investments). Cash flows related to financing activities, resources used in financing activities and the repayment of these resources. Cash and cash equivalents include cash and demand deposits with short-term, highly liquid and short-term investments with a maturity of 3 months or less which are readily convertible into cash.

#### Capital and Dividend

Ordinary shares are classified as equity. Dividends distributed over ordinary shares are recorded by being deducted from the accumulated profit during the period when the dividend decision is taken.

In the preparation of the financial statements, the Company management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, probable liabilities and commitments that occur as of the balance sheet date and the amounts of income and expenses in the reporting period. Although these estimates and assumptions are based on the Company management's best knowledge of current events and transactions, they may differ from actual results. Estimates are regularly reviewed; necessary corrections are made and they are reflected in the period income table.

#### Critical Accounting Judgments, Key Sources of Estimation Uncertainty and Assumptions

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of income and expense items in the fiscal period. Although these estimates and assumption are based on the management of Company's best knowledge of the exiting events and transactions, actual results may differ from those estimates. Assumptions have been regularly reviewed and required adjustments have been made.

Note 8– Trade receivables, trade payables

Not 13– Fixed assets

Not 14– Intangible fixed assets

Not 17 – Provisions for employee benefits

Not 25 – Deferred tax

### 3. BUSINESS COMBINATIONS

None (31 March 2017: None).

### 4. SEGMENTAL REPORTING

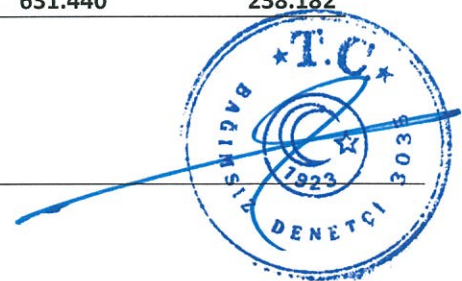
None (31 March 2017: None).

### 5. CASH AND CASH EQUIVALENTS

	31 March 2018	31 March 2017
Cash on hand	12.932	10.698
Cash in bank		
Demand deposits	607.406	227.484
Time deposits	-	-
Other	11.102	-
<b>Total</b>	<b>631.440</b>	<b>238.182</b>

### 6. FINANCIAL INVESTMENTS

None (31 March 2017: None).





# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

### 7. FINANCIAL LIABILITIES

#### Short Term Borrowings

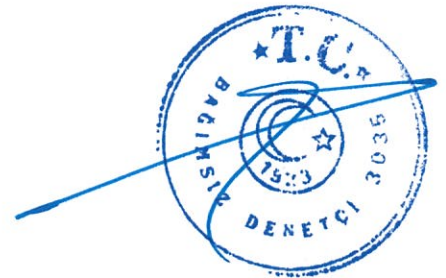
	31 March 2018	31 March 2017
Bank loans	22.223.635	8.570.711
Other borrowings (*)	596.817	555.765
<b>Total</b>	<b>22.820.452</b>	<b>9.126.476</b>

#### Long Term Borrowings

	31 March 2018	31 March 2017
Bank loans	-	18.122.525
Other borrowings (*)	1.813.248	-
<b>Total</b>	<b>1.813.248</b>	<b>18.122.525</b>

(\*) In responding to the credits, pledges and mortgages were given by the company, in favor of the bail have been granted by the partner of the company and associated organizations (Detail: Notes 16).

Other borrowings consist of loans taken from related company is Solar Overseas Mauritius Ltd.





# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

### 8. TRADE RECEIVABLES AND TRADE PAYABLES

#### Short- term trade receivables

	31 March 2018	31 March 2017
Trade receivables	43.270.012	27.354.293
Notes receivables	39.382.104	32.639.119
Rediscount on Receivables (-)	(1.436.905)	(1.618.994)
Doubtful receivables	1.281.556	820.000
Provision for Doubtful receivables (-)	(1.281.556)	(820.000)
<b>Total</b>	<b>81.215.211</b>	<b>58.374.418</b>

The movements of provision for doubtful receivables for the years ended December 31, are as follows:

	31 March 2018	31 March 2017
<b>As of January 1</b>	820.000	-
Current year additions	547.540	837.778
Less; Current year collections	(85.984)	(17.778)
<b>As of December 31</b>	<b>1.281.556</b>	<b>820.000</b>

#### Long Term Trade Receivables

	31 March 2018	31 March 2017
Notes receivables	2.757.105	-
<b>Total</b>	<b>2.757.105</b>	<b>-</b>

#### Short Term Trade Payables

	31 March 2018	31 March 2017
Trade Payables	26.871.627	31.029.410
Notes payables	3.174.625	3.549.547
Discount on payables (-)	(945.426)	(852.366)
<b>Total</b>	<b>29.100.826</b>	<b>33.726.591</b>

#### Long Term Trade Payables

None (31 March 2017: None).

### 9. OTHER RECEIVABLES AND PAYABLES

#### Short- term other receivables are as follows

	31 March 2018	31 March 2017
Deposits and guarantees given	164.506	212.800
Other	376.658	1.907.149
<b>Total</b>	<b>541.164</b>	<b>2.119.949</b>

#### Long- term other receivables are as follows

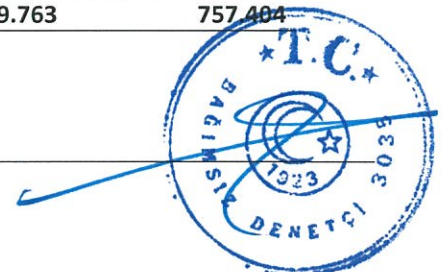
	31 March 2018	31 March 2017
Deposits and guarantees given	30.224	29.891
<b>Total</b>	<b>30.224</b>	<b>29.891</b>

#### Short-term other payables are as follows:

	31 March 2018	31 March 2017
Taxes and funds payables	1.749.807	757.404
Other	69.956	-
<b>Total</b>	<b>1.819.763</b>	<b>757.404</b>

#### Long-term other payables are as follows:

None.



# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

### 10. INVENTORIES

	31 March 2018	31 March 2017
Work in progress	10.746.800	5.556.533
Finished goods	1.813.730	1.942.701
Trade goods	2.981.969	1.701.883
Other inventories	247.668	199.996
Provisions for inventories	-	-
<b>Total</b>	<b>15.790.167</b>	<b>9.401.113</b>

### 11. PRE-PAID EXPENCES AND DEFERRED REVENUES

#### Short Term Prepaid Expenses

	31 March 2018	31 March 2017
Prepaid expenses - short term	254.056	250.553
Order advances given	427.991	2.827.818
Advances given for business purposes	-	43.057
Advances given to personnel	-	-
<b>Total</b>	<b>682.047</b>	<b>3.121.428</b>

#### Long Term Prepaid Expenses

	31 March 2018	31 March 2017
Order advances given	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Short Term Deferred Income

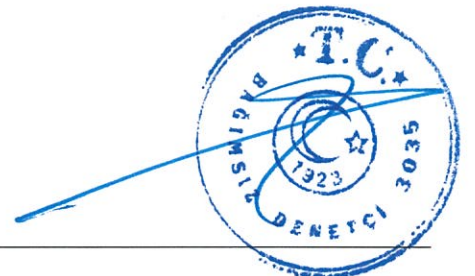
	31 March 2018	31 March 2017
Order advances received	1.531.830	1.372.163
<b>Total</b>	<b>1.531.830</b>	<b>1.372.163</b>

#### Long Term Deferred Income

None (31 March 2017: None).

### 12. INVESTMENT PROPERTIES

None (31 March 2017: None).



**SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ**

**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018**

(Amounts are expressed in US Dollars unless otherwise indicated.)

**13. TANGIBLE ASSETS ( PROPERTY, PLANT AND EQUIPMENT)**

Cost	01.01.2016			31.03.2017			31.03.2018
	Balances	Additional	Disposal	Balances	Additional	Disposal	Balances
Machinery and equipment	5.827.467	465.864	-	6.293.331	685.070	-	6.978.401
Vehicles	200.070	542.656	-	742.726	630.818	-	1.373.544
Furniture and Fixtures	616.504	311.377	-	927.881	468.043	-	1.395.924
Lease hold improvements	9.105.388	1.234.250	-	10.339.638	1.300.127	-	11.639.765
Construction in progress	352.734	-	(154.654)	198.080	35.530	-	233.610
<b>Total</b>	<b>16.102.163</b>	<b>2.554.147</b>	<b>(154.654)</b>	<b>18.501.656</b>	<b>3.119.588</b>	<b>-</b>	<b>21.621.244</b>
<b>Depreciations</b>							
Machinery and equipment	(1.018.520)	(532.362)	-	(1.550.882)	(569.342)	-	(2.120.224)
Vehicles	(58.097)	(78.370)	-	(136.467)	(240.319)	-	(376.786)
Furniture and Fixtures	(234.239)	(159.071)	-	(393.310)	(207.245)	-	(600.555)
Lease hold improvements	(414.904)	(219.410)	-	(634.314)	(261.054)	-	(895.368)
<b>Total</b>	<b>(1.725.760)</b>	<b>(989.213)</b>	<b>-</b>	<b>(2.714.973)</b>	<b>(1.277.960)</b>	<b>-</b>	<b>(3.992.933)</b>
<b>Fixed Assets, Net</b>	<b>14.376.403</b>			<b>15.786.683</b>			<b>17.628.311</b>

**14. INTANGIBLE ASSETS**

Cost	01.01.2016			31.03.2017			31.03.2018
	Balances	Additional	Disposal	Balances	Additional	Disposal	Balances
Rights	66.113	15.448	-	81.561	30.656	-	112.217
Other Intangible Assets	-	-	-	-	-	-	-
<b>Total</b>	<b>66.113</b>	<b>15.448</b>	<b>-</b>	<b>81.561</b>	<b>30.656</b>	<b>-</b>	<b>112.217</b>
<b>Accumulated amortization</b>							
Rights	(40.037)	(14.282)	-	(54.319)	(19.553)	-	(73.872)
Other Intangible Assets	-	-	-	-	-	-	-
<b>Total</b>	<b>(40.037)</b>	<b>(14.282)</b>	<b>-</b>	<b>(54.319)</b>	<b>(19.553)</b>	<b>-</b>	<b>(73.872)</b>
<b>Intangible Fixed Assets, Net</b>	<b>26.076</b>			<b>27.242</b>			<b>38.345</b>

**15. IMPAIRMENT IN ASSETS**

None.

**16. PROVISIONS/ COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

**Short Term Other Provisions**

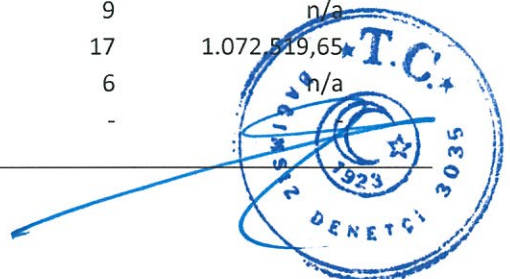
	31 March 2018	31 March 2017
Provisions	84.556	154.848
<b>Toplam</b>	<b>84.556</b>	<b>154.848</b>

**Long Term Other Provisions**

None.

The summary information related to the litigation and enforcement for the Company is as follows:

	Qty	Amount TL
Ongoing lawsuits filed by the Company	9	n/a
The execution proceedings conducted by the Company	17	1.072.519,65
Ongoing cases against the Company	6	n/a
The execution proceedings against the Company	-	-





## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

#### 16. PROVISIONS/ COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

The company's management did not make any provision in financial statements about pending adjudication with the probability of losing is not highly probable and the amount can not be calculated.

##### Contingent Asset

	31 March 2018	31 March 2017
Collaterals obtained	5.937.000	5.937.000
<b>Total</b>	<b>5.937.000</b>	<b>5.937.000</b>

##### Contingent Liabilities

	31 March 2018	31 March 2017
Collaterals given	12.464.094	12.464.094
Vouched on behalf of the Company (*)	18.250.000	-
<b>Total</b>	<b>30.714.094</b>	<b>12.464.094</b>

(\*) The Company's shareholders and related companies have vouched on behalf of the Company against the received loans.

Collaterals/ pledges/ mortgages ("CPM") position of the as of December 31, 2017 and March 31, 2017 are as follows:

CPM's given by the Company	31 March 2018	31 March 2017
A. CPM's given on behalf of own corporate entities	30.714.094	12.464.094
B. CPM's given on behalf of fully consolidated subsidiaries	-	-
C. CPM's given for continuation of its economic activities on behalf of third parties.	-	-
D. Total amount of other CPM's	-	-
i) Total amount of CPM's given on behalf of the parent company	-	-
ii) Total amount of CPM's given to on behalf of other Group Companies which are not in scope of B and C	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
<b>Total</b>	<b>30.714.094</b>	<b>12.464.094</b>

#### 17. EMPLOYEE BENEFIT OBLIGATIONS

##### Payables for employee benefits

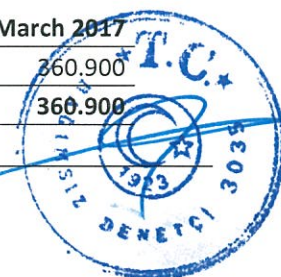
	31 March 2018	31 March 2017
Payables to personnel	633.217	29.042
Social security payables	435.621	170.314
<b>Total</b>	<b>1.068.838</b>	<b>199.356</b>

##### Short Term Provisions for Employee Benefits

	31 March 2018	31 March 2017
Provisions for unused vacations	544.074	429.321
<b>Total</b>	<b>544.074</b>	<b>429.321</b>

##### Long-Term Provisions for Employee Benefits

	31 March 2018	31 March 2017
Provision for employment termination benefits	439.784	360.900
<b>Total</b>	<b>439.784</b>	<b>360.900</b>



# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

### 17. EMPLOYEE BENEFIT OBLIGATIONS (cont'd)

#### Retirement Pay Provisions

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each eligible employee who has completed one year of service with the Company, and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The amount of indemnity is the equivalent of one month's salary for each year of service subject to a ceiling.

In the accompanying financial statements, the Company reflected a liability for termination benefits based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted to present value at the balance sheet date by using average market yield, expected inflation rates and an appropriate discount rate.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees.

TAS 19 ("Employee Benefits") stipulates the development of Company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

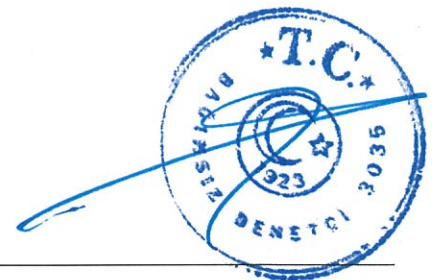
	31 March 2018	31 March 2017
Net discount rate (%)	1,19 %	1,19 %
Turnover rate related the probability of retirement (%)	100,00%	100,00%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation, Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation, As the maximum liability is revised semi-annually, the maximum amount of full TRY 5.001,76 (January 1, 2017: full TRY 4.426,16 ) which is effective from January 1, 2018 has been taken into consideration in calculating the reserve for employment termination benefits of the Company

Movements in the provisions for employment termination benefits for the years ended December 31, are as follows:

	31 March 2018	31 March 2017
Opening balance	360.900	339.492
Current service cost	169.332	139.153
Interest cost	5.226	8.545
Actuarial profit /(loss)	156.262	(8.198)
Payment in the period	(251.936)	(118.092)
<b>Closing balance</b>	<b>439.784</b>	<b>360.900</b>

The amount payable consists of one month's salary limited to a maximum of full TL 5.001,76 (March 31, 2017: full TL 4.426,16 ) for each period of service at March 31, 2018.





# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

### 18. OTHER ASSETS AND LIABILITIES

#### Other Current Assets

	31 March 2018	31 March 2017
Deferred VAT	-	-
Other	112.396	-
<b>Total</b>	<b>112.396</b>	<b>-</b>

#### Other Non-Current Assets

	31 March 2018	31 March 2017
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Short-term other liabilities

	31 March 2018	31 March 2017
Other	99.457	203.475
<b>Total</b>	<b>99.457</b>	<b>203.475</b>

#### Long-term other liabilities

	31 March 2018	31 March 2017
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 19. SHAREHOLDERS' EQUITY

The shareholding structure of the Company as of December 31, 2017 is as follows:

Shareholders	31 March 2018		31 March 2017	
	Amount	Rate %	Amount	Rate %
Solar Overseas Netherlands B.V.	11.952.000	99,60%	5.950.000	73,91%
Manish NUWAL	24.000	0,20%	24.000	0,30%
Satyanarayan NUWAL	24.000	0,20%	24.000	0,30%
İlknur SIRMAN (KAPLAN)	-	-	1.650.000	20,50%
M.Sinan MURATHANOĞLU	-	-	402.000	4,99%
<b>Total paid-in capital</b>	<b>12.000.000</b>	<b>100,00%</b>	<b>8.050.000</b>	<b>100,00%</b>

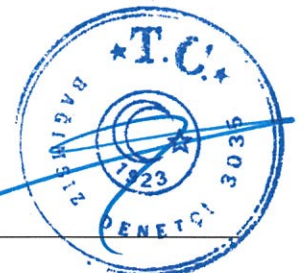
The issued capital consists of 12.000 shares with TL 1.000 each (31 March 2017: 8.050 shares).

#### Advances for Capital

	31 March 2018	31 March 2017
Advance for capital	6.977.921	12.964.847
<b>Total</b>	<b>6.977.921</b>	<b>12.964.847</b>

#### Share Premium

None (31 March 2017: None).



# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

### 19. SHAREHOLDERS' EQUITY (cont'd)

#### Other comprehensive income/loss not to be reclassified to profit or loss

	31 March 2018	31 March 2017
Actuarial profit /(loss)	125.010	-
<b>Total</b>	<b>125.010</b>	-

#### The movements of the actuarial profit /(loss) are as follows:

	31 March 2018	31 March 2017
Opening Balance	-	-
Calculated in the current period	125.010	-
<b>Closing Balance</b>	<b>125.010</b>	-

#### Other Comprehensive Income / (Loss) to be Reclassified to Profit or Loss

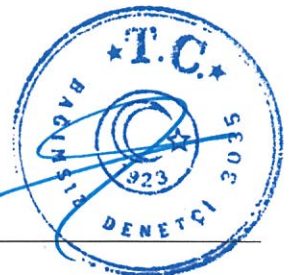
None (31 March 2017: None).

#### Restricted Reserves Appropriated From Profit

The Turkish Commercial Code ("TCC") stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

	31 March 2018	31 March 2017
Legal reserves	105.943	7.765
<b>Total</b>	<b>105.943</b>	<b>7.765</b>

	31 March 2018	31 March 2017
Beginning of the period	(3.625.998)	(4.728.515)
Profit /(loss) of previous year	7.459.629	1.102.517
Transfer to capital	-	-
Transfer to capital restricted reserves	(98.178)	-
Dividends paid	-	-
<b>Previous year profits / (loss)</b>	<b>3.735.453</b>	<b>(3.625.998)</b>





## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

#### 20. SALES AND COST OF SALES

Revenue details are as follows:

	01.04.2017- 31.03.2018	01.04.2016- 31.03.2017
Domestic Sales	162.964.162	95.909.428
Exports	16.323.120	4.947.669
Other income	574.182	477.162
<b>Total Sales</b>	<b>179.861.464</b>	<b>101.334.259</b>
Return from sale and discounts (-)	(833.619)	(491.546)
<b>Net Sales</b>	<b>179.027.845</b>	<b>100.842.713</b>
	01.04.2017- 31.03.2018	01.04.2016- 31.03.2017
Cost of goods sales	(90.030.242)	(50.331.774)
Cost of merchandises sold	(8.032.108)	(4.151.028)
Cost of services rendered	(17.121.689)	(10.351.488)
<b>Cost of Sales (-)</b>	<b>(115.184.039)</b>	<b>(64.834.290)</b>
<b>Gros Profit / (Loss)</b>	<b>63.843.806</b>	<b>36.008.423</b>

#### 21. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

The details of the Company's operating expenses consist of the following expense items.

	01.04.2017- 31.03.2018	01.04.2016- 31.03.2017
General administrative expenses	5.359.806	4.192.837
Marketing, sales and distribution expenses	27.841.162	15.627.573
Research and development expenses	-	-
<b>Total</b>	<b>33.200.968</b>	<b>19.820.410</b>

#### 22. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities:

	01.04.2017- 31.03.2018	01.04.2016- 31.03.2017
Deferred financing expenses	2.564.420	2.471.360
Foreign exchange incomes	2.872.930	1.518.581
Reversal of unnecessary provision	85.984	-
Other	67.509	35.851
<b>Total</b>	<b>5.590.843</b>	<b>4.025.792</b>

Other expenses from operating activities:

	01.04.2017- 31.03.2018	01.04.2016- 31.03.2017
Deferred financing incomes	2.289.271	2.471.360
Foreign exchange losses	5.025.087	7.343.527
Provisions for trade receivables	461.555	548.554
Other	249.522	62.398
<b>Total</b>	<b>8.025.435</b>	<b>10.425.839</b>



## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

#### 23. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

##### Income from investment activities (-):

	01.04.2017- 31.03.2018	01.04.2016- 31.03.2017
Interest income	34.935	68.995
<b>Total</b>	<b>34.935</b>	<b>68.995</b>

##### Expenses from investment activities:

None.

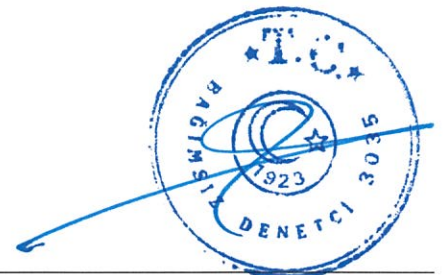
#### 24. FINANCIAL INCOMES AND EXPENSES

##### Financial Incomes

None.

##### Financial Losses (-)

	01.04.2017- 31.03.2018	01.04.2016- 31.03.2017
Interest and commission expenses	3.727.318	788.662
<b>Total</b>	<b>3.727.318</b>	<b>788.662</b>





## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

#### 25. TAX ASSETS AND LIABILITIES

##### Corporate tax

	<u>31 March 2018</u>	<u>31 March 2017</u>
Corporate tax payables - current	4.920.214	1.675.178
Prepaid tax and other legal payables (-)	(4.920.214)	(1.469.730)
<b>Total</b>	-	205.448

The company is subject to the valid corporate tax. On the attached financial statements, necessary provisions concerning the estimated tax obligations of the company's current period activity outcomes are shown.

In Turkey, the corporation tax rate on the profits for the calendar year 2017 is 20%. Taxable profits are calculated by modifying accounting income for certain exclusions and allowances for tax purposes from the profit disclosed in the statutory income.

In Turkey no taxes are withheld from undistributed profits, profits added to share capital (bonus shares) and dividends paid to other resident companies. Other than those, profits distributed in dividend to individuals and non-resident companies are subject to withholding at the rate of 15%

Corporations are required to declare advance tax returns of 20% on their quarterly financial income. The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated over the tax declaration of the institutions to be given in the following year. Provisional tax may also be deducted from any other financial liabilities to the government.

According to Turkish tax legislation, financial losses shown on the tax return can be deducted from the period corporate income for not more than 5 years. However, financial losses cannot be deducted from retained earnings. There is no procedure to reconcile with the tax authority on the taxes payable in Turkey. The corporation tax returns are given to the tax attached until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. However, the tax authorities may review the

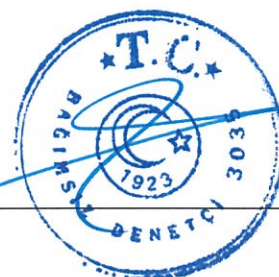
##### Tax Provisions in Income Statements

	<u>31 March 2018</u>	<u>31 March 2017</u>
Tax for the period	(4.920.214)	(1.675.178)
Deferred tax income / (charge)	330.658	66.508
<b>Total tax expenses /(incomes)</b>	<b>(4.589.556)</b>	<b>(1.608.670)</b>

##### Deferred Tax

The Company is entering the deferred tax assets and liabilities into account for the temporary timing differences which are generated from the differences between statutory financial statements and financial statements that are prepared according to the International Accounting Standards ("IAS"). These differences generally arise, because some of the income and expense items' amounts that are subject to taxation are placed in different periods in statutory financial statements and in financial statements prepared according to the TAS and it is specified below.

	<u>31 March 2018</u>	<u>31 March 2017</u>
Deferred tax assets	828.658	481.844
Deferred tax liabilities (-)	(318.856)	(271.448)
<b>Deferred tax assets / (liabilities) net</b>	<b>509.802</b>	<b>210.396</b>



## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

#### 25. TAX ASSETS AND LIABILITIES (cont'd)

	Cumulative Temporary Differences		Deferred Tax	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Deferred Tax Assets</b>				
Deferred financial expenses	3.041.089	1.618.994	608.219	323.800
Provisions for trade receivables	118.334	-	23.667	-
Provisions for unused vacations	544.074	429.321	108.815	85.864
Provisions for employee benefits	439.784	360.900	87.957	72.180
Deferred Tax Assets	4.143.281	2.409.215	828.658	481.844
<b>Deferred Tax Liabilities</b>				
Deferred financial incomes	(895.409)	(852.366)	(179.083)	(170.473)
Depreciation adjustments	(612.974)	(493.807)	(122.595)	(98.761)
Amortization adjustment	(85.890)	(11.071)	(17.178)	(2.214)
Deferred Tax Liabilities	(1.594.273)	(1.357.244)	(318.856)	(271.448)
<b>Deferred Tax Assets / (Liabilities), net</b>	<b>2.549.008</b>	<b>1.051.971</b>	<b>509.802</b>	<b>210.396</b>

#### 26. RELATED PARTY DISCLOSURES

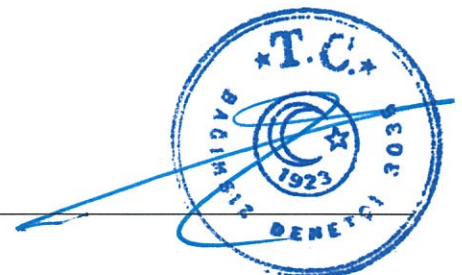
For the purpose of these financial statements, shareholders, senior management, members of the Board of Directors, their families and companies controlled by or affiliated with them and affiliates are considered as related parties.

##### Receivables from related parties

	31 March 2018		31 March 2017	
	Trade	Other	Trade	Other
Solar Overseas Netharlands B.V	-	-	-	-
Economic Explosive Ltd	-	-	-	-
Solar Industries India Ltd.	-	-	-	-
Solar Mining Service Pty Ltd.	34.632	-	-	-
Solar Overseas Mauritius Ltd.	-	-	-	-
<b>Toplam</b>	<b>34.632</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### Payables to related parties

	31 March 2018		31 March 2017	
	Trade	Other	Trade	Other
Solar Overseas Netharlands B.V	-	-	-	-
Economic Explosive Ltd	-	1.974.039	-	-
Solar Industries India Ltd.	-	15.803.343	-	-
Solar Mining Service Pty Ltd.	-	-	-	-
Solar Overseas Mauritius Ltd.	-	-	-	-
<b>Toplam</b>	<b>-</b>	<b>17.777.382</b>	<b>-</b>	<b>-</b>





# SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

### 27. EARNINGS PER SHARE

	01.04.2017- 31.03.2018	01.04.2016- 31.03.2017
<b>Earnings per share from continuing operations</b>		
Net profit / (loss) for the period	19.926.307	7.459.629
Weighted average of issued shares	12.000	8.050
<b>Earnings per share</b>	<b>1.660,53</b>	<b>926,66</b>
	<b>31.03.2018</b>	<b>31.03.2017</b>
Number of shares at 1 January	8.050	8.050
Issued share in the period	3.950	-
<b>Number of shares at 31 December</b>	<b>12.000</b>	<b>8.050</b>



## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

#### 28. FOREIGN CURRENCY POSITION

##### Foreign exchange risk

The company, consider the relevant exchange rates at the date of transactions while translating foreign currencies into TL. Monetary assets and liabilities in the balance sheet in foreign currencies were translated into TL using the exchange rates at the balance sheet date. Exchange gains or losses arising from the translation of foreign currencies into TL or expression of foreign currency monetary items are reflected in the income statement in the related period. Non-monetary assets and liabilities denominated in foreign currencies, which are denominated in their fair values, are converted into TL at the rate of the day that the fair value was determined. The foreign currency used by the Company at significant levels is the US Dollar and Euro.

#### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's most important risks arising from its financial instruments are interest rate risk, liquidity risk and credit risk.

##### Capital management

As in the previous period, the company monitors capital adequacy by using debt / equity ratio. This ratio is found by dividing net debt by total equity. Net debt is calculated by deducting cash and cash equivalents from total debt (including credits shown in the balance sheet, trade and other debts).

	<u>31 March 2018</u>	<u>31 March 2017</u>
Total Liabilities	77.419.066	64.929.955
Cash and Cash Equivalents	(631.440)	(238.182)
Net Liabilities	76.787.626	64.691.773
Total Equity	42.870.634	24.856.243
Total Paid Capital	12.000.000	8.050.000
<b>Net Debt /Total Equity Rate</b>	<b>1,79</b>	<b>2,60</b>

	<u>31 March 2018</u>	<u>31 March 2017</u>
Current assets	99.007.057	73.460.538
Short term liabilities	57.069.796	46.175.082
<b>Current ratio (Current assets / Short term liabilities)</b>	<b>1,73</b>	<b>1,59</b>





## SOLAR PATLAYICI MADDELER SANAYİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

(Amounts are expressed in US Dollars unless otherwise indicated.)

#### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

##### Financial Risk Factors

###### Credit risk

The possession of financial instruments also carries the risk of not meeting the requirements of the agreement. The Company management meets these risks by restricting the average risk to each party in agreement. The company's risk of collection is mainly due to its trade receivables. The Company manages by limiting the credit periods for this risk that may arise from customers. The use of credit limits is continuously monitored by the Company and the customer's credit quality is continuously assessed, taking into account the customer's financial position and other factors. The Company does not have derivative financial instruments.

###### Liquidity risk

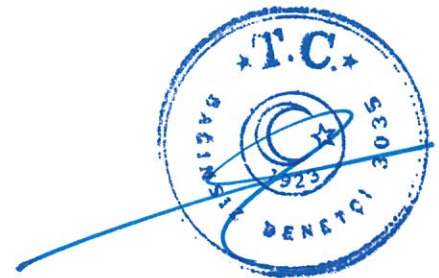
Liquidity risk is the risk that an operator will be obliged to fulfill obligations arising from his / her debts in cash or in the form of another financial instrument. Company management, as in the previous period, keeps its liquidity risk to a minimum by financing its assets with equity. The Company performs liquidity management in accordance with the delinquencies determined in accordance with the contract, not the expected delinquencies. The Company does not have derivative financial liabilities.

###### Market Risk

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

###### Interest Rate Risk

Interest rate risk arises from the likelihood of changes in interest rates affecting the financial statements. The Company is exposed to interest rate risk due to the timing differences of the assets and liabilities that will be poured in a certain period. Currently there is no defined risk management model or active application throughout the Company. In addition to not having a defined risk management model, the company manages the risks with the decisions and practices it takes.



### 30. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

The fair values of financial assets and financial liabilities are determined and grouped as follows:

**Level 1:** the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices:

**Level 2:** the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

**Level 3:** the fair value of financial assets and liabilities are determined by the input that does not reflect an actual data observed in the market while finding the fair value of an asset or liability.

The Company has determined the estimated fair values of the financial instruments by using existing market information and appropriate valuation methods.

There is no application for hedge accounting.

### 31. POST BALANCE SHEET DATE

None (31 March 2017: None).

### 32. OTHER CONSIDERATIONS WHICH EFFECT FINANCIAL STATEMENTS DRAMATICALLY OR WHICH ARE NECESSARY FOR THE SAKE OF FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND APPREHENSIBLE

None (31 March 2017: None).

