







Report No: SBD/45-1-1

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITORS' REPORT ON THE ANNUAL REPORT

To the General Assembly of

AE Arma Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş.

Opinion

We have audited the annual report of AE Arma Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş. ("the Company") and its subsidiaries (together referred as "the Group") for the year ended 31 December 2017.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey ("CMB") and Independent Auditing Standards (ISAs) which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) promulgated by POA and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated 12 March 2018 on the full set consolidated financial statements of the Group for the year ended 31 December 2017.

The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting in Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.

b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

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- c) The annual report also includes the matters below:
- · Subsequent events occurred after the end of the fiscal year which have significance,
- · The research and development activities of the Group,

 Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the "TTC" and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with ISAs and the standards on auditing as issued by CMB. These standards require compliance with ethical provisions and the independent audit to be planned and performed ta obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the responsible auditor who supervised and concluded this audit is Servet Eyüpgiller.

HLB SAYGIN BAĞIMSIZ DENETİM A.Ş. (A member of HLB International)

Servet EYÜPGİLLER- CPA Responsible Auditor

Istanbul, 12 March 2018

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AE ARMA-ELEKTROPANÇ ANNUAL REPORT 2017

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COMPANY PROFILE

We are a leading technical contractor which has carried out electromechanical works for numerous prestigious projects in 8 different countries across 3 different continents, with our management having over 40 years of experience in engineering.

One of the strongest and leading companies of the Turkish engineering and contracting sector, ARMA ENGINEERING founded in 1986 and ELEKTROPANÇ ELECTRICAL INDUSTRY founded in 1991 joined their forces and resources in October 2001 to establish **AE ARMA-ELEKTROPANÇ**.

With the ample experiences of both groups and the state of the art technologies, this alliance enables **AE Arma-Elektropanç** to optimize services and perform a leadership role in Turkey and the continually growing international markets by applying innovative, skilled engineered and cost effective solutions.

With years of experience and innovative solutions, as an international technical service provider, **AE** has successfully completed numerous type of projects such as residential, commercial, retail, educational, healthcare, social and cultural, theme parks, sports arena, hospitality, data center, transportation & infrastructures and industrial.



MERGER OF **2** LEADING ENGINEERING COMPANIES



OVER 40 YEARS EXPERIENCE



OPERATIONS IN 8 DIFFERENT COUNTRIES ACROSS 3 CONTINENTS

STRATEGY

⁶⁶ It is our primary objective to render client-oriented services as a company which renews continuously and increases its value, while we deliver MEP works for high quality projects with the experience we have gained over the course of many years.

While expanding to new markets, we are aiming to be the MEP contractor of the important projects by maintaining our high-quailty and reputation and establishing partnerships with global players in the sector and to be carrying out the sustainability with risk and cost control. Board of Directors and senior management are constantly monitoring activities according to our strategy.

During the periodical and frequent management meetings, performance of the company is kept under control and new targets and strategies are being developed.

Our 2018 targets are;

- Expand our operations to new markets like South and Southeast Asia,
- Become one of the key player in Sub-Saharan Africa market,
- Involve in infrastructure, oil/gas and railway projects,
- Strengthen our strong capital structure,
- Grow at least 15% while maximizing our profitability in the new projects,
- Establish new global partnership agreements.



EXPANDING TO SOUTH ASIA, SOUTHEAST ASIA and SUB-SAHARAN AFRICA MARKETS



15% TURNOVER GROWTH



INVOLVE IN INFRASTRUCTURE, OIL & GAS and RAILWAY PROJECTS

MISSION & VISION

We continue to carry out prestigious projects with our management open to continuous development, improvement and innovation in ever changing and developing world.

Mission

With the supreme breadth of knowledge, products and services, our mission is to resolve challenging technical design and engineering problems using successful project implementation, combining our expertise with our superior technology and working towards the highest delivery standards for cost effective solutions.

Vision

Our vision is becoming an international player not only in the electrical and mechanical sectors (MEP), but also in the tourism, health and renewable energy sectors with an aim to create partnerships, long term investments, turnkey solutions and ultimately maximizing customer satisfaction by ensuring to provide with an optimum and reliable solutions.







DEVELOPMENT



INNOVATION

VALUES

Reliability, loyalty, unity, experience, development, future oriented values such as innovation and sustainability are the core values of AE Arma-Elektropanç to reach its targets.

Reliability

We provide innovative, economic and distinguishing solutions in order to become a reliable and strong technical partner of our customers. We aim long-term cooperation and be the most reliable fellow of our business partners to reach their targets.

Loyalty

We represent our country in global arena in the best manner by integrating our passion to our work and the consciousness of being a family with loyalty to our company.

Unity

Our corporate culture is an important value behind our success. This culture, instead of individuality, enable our employees to work unified by sharing the knowledge, and this culture is reflected to each process of our works.

Experience

We provide excellent services with professionally designed, best quality and economic solutions thanks to our management team

who have more than 40 years of engineering and contracting experiences and specialists team.

Development

We follow all the developments both in our sector and in the world very closely, and we provide all the required services to contribute values to our stakeholders, customers and economy.

Innovation

We are the leading technical contractor with our more than 500 engineers, thousands of employees and innovative solutions in international market.

Sustainability

We conduct our business by following the most efficient policies that protect the natural resources and environment, respect to human and nature. We put sustainability that is focused on efficient risk analysis and cost management into the center of our business policies.



RELIABILITY



UNITY



SUSTAINABILITY

ACTIVITIES

We are the leading technical contractor which furnishes electromechanical services for infrastructures and superstructures with various functions and sizes.

AE Arma-Elektropanç covers the entire range of electrical engineering solutions of every size, such as low, medium and high tension, energy management and distribution, measuring and control technology, instrumentation, integrated security and building management.

AE covers the entire spectrum of air, climate and energy solutions, including HVAC cold and heat storage, cleanroom technology, piping, fire-extinguishing technology and mechanical process installations.

For the industrial sector, the focus of **AE** is on power plants, the automotive industry, chemicals and petrochemicals, pharmaceuticals, oil & gas, the animal feed, aircraft and food industry.

For traffic & infrastructure, **AE** provides the measurement, analysis and improvement of traffic flow, traffic management, infrastructure and safety, airport infrastructure, railway, tram and metro, tunnels, bridges and locks, transport and distribution networks, public lighting, waste and drinking water treatment and management.

AE manages technical facility services like operation & maintenance and repair of multivendor equipment's in intelligent residences, offices, industrial facilities, power plants, airports and aircraft maintenance centres. **AE** services protects the technical assets and reduce OPEX.

AE also provides services and solutions by applying the latest state of the art technologies, particularly in energy saving and green buildings.





AWARDS & ACHIEVEMENTS

AE Arma-Elektropanç which is one of the leading players in the regions where it operates, have proven its success with the lists it is ranked and the awards it received.

By being placed on the lists published by important publication organizations both in Turkey and around the World, **AE Arma-Elektropanç** proves its success, a success it aims to continuously increase.

AE ranked at 190th in the "Top International 250 Contractors 2017" list by rising 32 rows published by the most prestigious international newsletter within the construction industry Engineering News Record (ENR). **AE** has been listed at 245th, 229th and 222nd respectively at 2014, 2015 & 2016. **AE** ranked at top 5 in the list of the "Top 25 MEP Contactors of the Middle East" issued by a respected and prestigious publication in the construction sector in the Middle East called MEP Middle East magazine since last four years.

Also by entering both of the lists "Capital 500 Türkiye" and "Fortune 500 Türkiye" 2017, published by Turkey's most prestigious economic and business world publications Capital and Fortune, **AE** has once again confirmed that it is among one of the biggest and most valuable companies of Turkey.



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OPERATION MAP

We carry on our activities with our 5 companies and 4 branch offices, across 3 different continents, in order to provide our clients in diverse cultures and regions with the best and fastest service.

AE Arma-Elektropanç Subsidiaries	Share (%)
AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc Turkey	100
OOO AE Arma-Elektropanc Elektromekanik - Russian Federation	100
Arma Elektropanc Electromechanical Co. L.L.C Dubai / UAE	49
AE Arma-Elektropanc Electromechanical Contracting Lebanon S.A.R.L Lebanon	45
AE Arma-Elektropanc Building Services Limited - London / United Kingdom	25

AE Arma-Elektropanç Branch Offices

AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc. - Moscow / Russian Federation

AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc. - Abu Dhabi / UAE

AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc. - Baku / Azerbaijan

AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc. - Nicosia / TRNC



MILESTONES

1980

1986

Arma Engineering & Trade was estab-

lished.

1991

Elektropanç Electrical Industry & Trade Corporation was established. 2001

Arma Engineering & Elektropanç Electrical joined their forces to establish **AE Arma-Elektropanç**.

2003

OOO AE Arma-Elektropanc Elektromekanik was established in Russian Federation.

Established by their shareholders who have more engineering experiences then the companies they have set up, AE moves forward with the strength it gets from the past.

10

2005

2010

2005

TRNC branch office was established.

2006

Arma Elektropanc Electromechanical Co. L.L.C. was established in Dubai, UAE.

2009

Abu Dhabi branch office was established.

2010

Azerbaijan branch office was established.

The 4th and 9th completed tallest buildings of Europe, Capital City project was handed over.

2012

AE Arma-Elektropanc Electromechanical Contracting Lebanon S.A.R.L. which the Hariri family is the 50% partner was established.

80% shares of AE Arma-Elektropanç was acquired by Imtech N.V. in October.

2014

AE Arma-Elektropanç bought back 31% shares which 80% was sold to Imtech N.V.

2015

15+

Remaining 49% of the shares was bought back by AE Arma-Elektropanç from Imtech N.V. by April 2015 and the partnership has been ended.

Second tallest completed building of Europe, Mercury City project was handed over in October 2015.

AE Arma-Elektropanc Building Services Limited was established in London, UK.

2016

By Issuing the very first bonds and bills of its sector, AE Arma-Elektropanç redeemed 10 million TL worth of bonds with its own resources.

2017

AE Arma-Elektropanç redeemed 10 million TL worth of bonds with its own resources for second time.

All the MEP works of Dubai Hills Mall project which will be one of the largest shopping mall in the world has been awarded to AE.







FROM THE MANAGEMENT

CHAIRMAN'S MESSAGE

We are the leading engineering firm on a path to become a global player that currently provides our services to eight countries across three continents. Since the day we have established, including in our own country, we work to add value to the economies of the areas we carry out our activities and we have introduced the terminology of "technical contracting" to Turkey.

2017 has been relatively a positive year in all aspects when compared with 2016; however, there were still some concerns and risks due to global political and economic developments. Global policies of the US, terrorist actions experienced at several locations of the world and political tension in the Middle East prompted us to welcome 2018 cautiously. On the other hand, recovery in the global economy and international trade and economic growth of developing countries created a positive atmosphere in terms of future projection.

2017 has been a year that was under the reduced but continuing effects of the deceitful coup attempt we experienced in 2016. Positive reflections of adopting the new constitution and government system on political stability; our decisiveness supported with ground operations and air strikes carried out against terrorism in Syria and Iraq; steps taken towards normalization in affairs with Russia; the growth rate exceeding the economic expectations as high as 11.1% in Q3; recovery in exports and tourism; Credit Guarantee Fund that reduced the pressure on the companies ; incentive aimed for economic growth; new regulations in the insurance sector; steps taken towards manufacturing operations in the defence industry; and completed and on-going large investment projects have been the positive economic developments in our country in 2017. On the other hand, double-digit figures in inflation and unemployment, depreciation in the value of TL, increase in current deficit, dependency in energy, slow-down in the real estate sector and excessive increase in interest rates appeared as the risks that are carried over to 2018.

Considering the expectation of 5.5% growth in accordance with the Medium-Term Program's targets, we believe that economic developments in 2018 will follow a trend in parallel with those achieved in 2017 unless a decision is not made for early election in the internal political sphere, or any extraordinary political development such as a new war in the Middle East in the external political sphere. We think increased export volume and growth, new public offerings in the stock markets, diminished political tensions will increase the interests of the foreign investors and will have positive economic contributions. AE Arma- Elektropanc carried out its operations successfully without suffering from the negative atmosphere of 2017 thanks to both its business strategy in different geographical regions with reduced influence on each other and protection achieved against the economic fluctuations of the national market due to the fact that 85% of its projects are in foreign countries. Nurol Life, Garanti Bank Pendik Technology Base and Data Center and Manzara Adalar projects undertaken in Turkey have been brought to completion phase successfully, and the necessary preparations have been made to undertake major projects in 2018 as it has been shortlisted for large-scale and prestigious projects. In addition, it showed presence as a strong bidder in the new tenders in Russia thanks to the normalization experienced with this region. We added two new and prestigious projects of USD 210 million- WOW Hotel and Residence with 80 floors and Dubai Hills Mall that will be one of the biggest shopping malls in Dubai and a unique shopping mall in the World- in our portfolio in UAE that is a locomotive country for AE. Maintaining its strong financial position, our company fulfilled the redemption process of previously issued bonds and successfully issued new bonds of TRY 80 million for which EBRD is the principal investor.

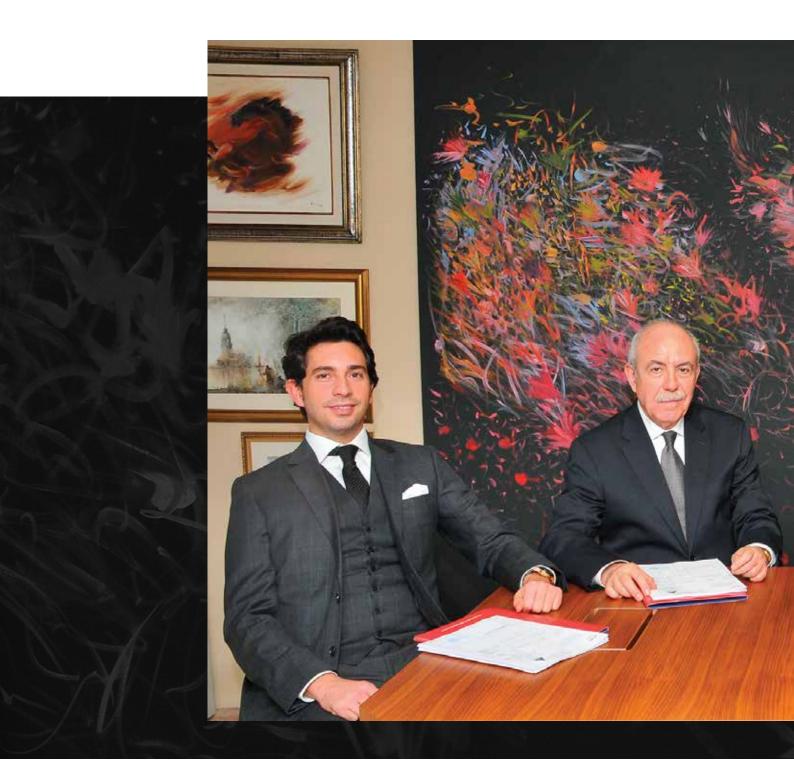
In 2017, a new period started for the governance structure of our company. Burak Ç. Kızılhan, one of the most influential businessmen of the construction sector in the Middle East who is recognized as one of the top "40 Under 40" executives in Turkey, took over the flag in June 2017 and he has been appointed as the new CEO of our company.

In 2018, our company is planning to continue undertaking MEP contracts with high-quality investments particularly including data centres, airports, powerplant projects, industrial projects and prestigious hotel projects. In addition to our plans to grow in the regions we already show presence, Sub-Sahara African regions are also included in our targets. Our goal for the new year is to increase our annual turnover and profitability and achieve higher ranks in "ENR Top 250" list where we ranked 190th in 2017.

Our company continues serving to our nation, adding value, increasing employment rates and undersigning global-scale projects and takes price in getting closer to its target of becoming a global trademark with around 8 thousand experienced and dynamic employees of 46 different ethnic-origins, in 8 countries and 3 continents; more than 500 engineers; management strategy integrated with ERP system and ever-improved global business focus.

> Kemal Kızılhan Chairman of the Board

THE BOARD OF DIRECTORS



Left to right

BURAK Ç. KIZILHAN CEO / Board Member

H. DEMİR ÖZKAYA Board Member

KEMAL KIZILHAN Chairman of the Board

A. MEDİH ERTAN Board Member

HASAN İNCE Deputy Chairman of the Board



THE BOARD OF DIRECTORS



He was born in 1955 in Rize where he went to primary and high school. He was graduated from Yıldız Technical University in 1981 from Electrical Engineering Department and then, started his career at Set Elektrik. He established his first company in 1981 called Arma Engineering which has handed over numerous important projects in the construction sector and where he was the

chairman of Arma Engineering's group of companies until 2000.

He is one of the co-founders and the Chairman of **AE Arma-Elektropanç**. He is a member of Fenerbahçe SK, Electrical Engineers (EMO) and co-founder of Electrical Contractor & Engineer Association (ETMD).

KEMAL KIZILHAN Chairman of the Board



He was born in İstanbul in 1960, where he completed his high school education in 1978 from Kabataş High School. He was graduated as an Electrical Engineer from Yıldız Technical University in 1985 and received his master's degree in business administration from İstanbul University Business and Economics Institute. Starting his professional career in electrical contracting sector in 1984, Hasan İnce founded Hasel Elektrik Mühendislik in 1987 and handed over many important projects. He is one of the co-founder of Elektropanç Electrical established in 1991. He is one of the co-founder of **AE Arma-Elektropanç** and he became the Deputy Chairman of **AE** by June 2017. Hasan ince is a member of Chamber of Electrical Engineers (EMO), Electrical Contractor & Engineer Association (ETMD) and İstanbul Sailing Club.

HASAN İNCE Deputy Chairman of the Board

Burak Ç. Kızılhan was born in 1984 and graduated from French High School called Lycee Saint-Benoit in İstanbul, Turkey. Then he received his bachelors degree in Electrical & Electronics Engineering at University of Hertfordshire in London, UK. Further to his bachelors degree, he received his master of science degree in Engineering Management at Brunel University in London, UK. He also completed his Executive Education in Finance at Harvard Business School in Boston, USA.

After his studies, he worked for Schneider Electric in London, UK for 2 years as a project manager. Further to his career in the UK, he returned to his family business at **AE Arma-Elektropanç** and settled his life in the UAE and became the business development manager responsible for MENA (Middle East & North Africa) region's operations of the company. He returned to AE's headquarters located in Istanbul, Turkey by January 2014 and became the Deputy General Manager and Board Member of the company. By June 2017 he has been appointed as the CEO of AE. Burak C. Kızılhan was listed five times (2012, 2013, 2015, 2016 & 2017) in the list of "Power 100 the Most Influential People in the Middle East's Construction Industry" issued by the prestigious "Construction Week" magazine. He is the youngest person in the list. He was also listed at 26th at the list of "40 Under 40" 2017 issued by Fortune Türkiye by raising 12 rows from 2016. Burak Ç. Kızılhan's current duties in the non-governmental organizations are; Turkish Industry and Business Association (TÜSİAD) Member, Endeavor Turkey Member, Chamber of Electrical Engineer (EMO) Member, 1907 Fenerbahçe Derneği Board Member, Fenerbahçe SK Member.



BURAK Ç. KIZILHAN CEO / Board Member

He was born in 1952 in İstanbul. He was graduated from İstanbul Technical University in 1973. He started his career at Turkish Government Atomic Energy Commission at Çekmece Nuclear Research Training Center (ÇNAEM) at TR-2 Reactor Expanding Department by receiving a scholarship. Then, he established his companies called Elektropanç Electronics in 1976 and Elektropanç Electrical in 1991. He is one of the co-founder of **AE Arma-Elektropanç**. He is a member of Chamber of Electrical Engineers (EMO) and co-founder of Electrical Contractor & Engineer Association (ETMD) where he was the chairman at the second term. A. Medih Ertan is currently the Member of the Board of **AE**.



A. MEDİH ERTAN Board Member

He was born in İstanbul in 1955. He completed his high school education from İstanbul Erkek Lisesi. He was graduated from İstanbul Technical University Electronics and Communication Engineering Department in 1978. He received his master's degree in Electronics and Communication Engineering at the same university in 1980. He started his career as a research assistant at Electrical Faculty of İstanbul Technical University in 1978.

He was awarded a scholarship from RWTH Aachen University in Germany where he had his master of science degree in 1981 and he worked as a research assistant at automatic control faculty and continued his postgraduate studies from 1981 until 1984. After his short term military service, he worked in Merk Telefonbau at Munich-Germany as a software engineer in the development of the ISDN phones. Later, he worked for Siemens Turkey from 1985 until 2000 respectively as commissioning engineer, sales and marketing engineer, marketing manager, project responsible, project manager and department director at traffic signalisation, highways and building services.

H. Demir Özkaya moved to Elektropanç Electrical by 2000 and is one of the co-founder of **AE** Arma- Elektropanç. He was the General Manager until June 2017 and he is currently the Member of the Board of AE. He is a member of Electrical Contractor & Engineer Association (ETMD), İTÜ alumni, Turk Trade and Turkish National Committee on Illumination.



H. DEMİR ÖZKAYA Board Member

FROM THE MANAGEMENT

COMMITTEES

As a result of the changing distribution of tasks, our board of directors, has started to take rapid steps in accordance with today's understanding of corporate governance.

Early Determination of Risk Committee

The committee is formed and authorized by Board of Directors, acts within its own authority and responsibility and directs advises at Board of Directors however final decision responsibility is always on Board of Directors. Committee may invite a director it considers necessary to its meetings and take their opinions. Committee benefits from independent expert opinions in subjects it considers required related to its activities. Committee gathers once in 2 months, 6 times a year with the participation of half of the number of members plus one, and takes a decision by majority. In the committee meetings it is aimed to early determine the risks that shall put the existence, development and continuity of the company in danger, to apply the measures regarding the risks determined and to make studies about risk management and at least once a year to revise the risk management systems.

Committee Chairman : Kemal Kızılhan (Executive) Committee Member : A. Medih Ertan (Non-Executive)

Corporate Governance Committee

In order for the development of the corporate governance applications of our company, Corporate Governance Committee is established to give advises and make suggestions to Board of Directors. It shows activity in order to determine whether corporate governance principles are implemented, and if not implemented what the reasons are, and to give Board of Directors advises that are remedial for corporate governance applications.

Committee Chairman : Levent Sümer, PhD Committee Members : Hakan İnce, Kerem Başar Erdem, Murat İlkdoğan, Yavuz Güvener Committee Assistant : Burcu Kızılhan

Business Development and Tender Tracking Committee

Business Development and Tender Tracking Committee is established to make advises and suggestions to Board of Directors for the execution of business development and tender tracking activities of our company in accordance with its general strategies. Its aim is to perform works to gain new, qualified and profitable works to our firm in conformity with the company strategy and to make formative and remedial advises to the Board of Directors within this framework.

Committee Chairman : Levent Sümer, PhD

Committee Member : Elif Akyüz, Kerem Başar Erdem, Murat İlkdoğan, Sinan Çetin **Committee Assistant :** Kadir Kars

Risk and Crisis Management Committee

Risk and Crisis Management Committee is established to make advises and suggestions to Board of Directors for improvement of risk and crisis management implementation of our company. Its aim is to determine, pursue and manage the matters that could constitute elements of risk in strategical and operational meaning in our company, to provide the determination of, before the formation of crisis, the steps and procedures to be followed in times of crisis and the implementation of these both before crisis and in times of crisis and afterwards and to give Board of Directors advises on this subject matter.

Committee Chairman : Pınar Ertan

Committee Members : Aydın Töremen, Burcu Kızılhan, Murat Çakmak (HR Manager), Murat Çakmak (Deputy Administrative Manager)

Committee Assistant : Mustafa Diri

Corporate Social Responsibility Committee

Corporate Social Responsibility Committee is established to make advises and suggestions to Board of Directors for the improvement of corporate social responsibility applications of our company. Its aim is to perform activities related with special projects within corporate social responsibility besides the activities ongoing within corporate communication works and to give Board of Directors advises on this subject matter.

Committee Chairman : Burcu Kızılhan

Committee Members : Atakan Naçar, Elif Akyüz, Murat Çakmak (HR Manager), Mustafa Kemal Muci Committee Assistant : Tuğçe Ateşyakan







ACTIVITIES IN 2017

NEW PROJECTS IN 2017

Dubai Hills Mall



Employer : Emaar
Main Contractor : ALEC LLC
Scope of Works : MEP Works
Consultant : Arcadis
Project Location : Dubai / UAE
Total Area : 700.000 m ²
Project Start Date : 2017

When Dubai Hills Mall that is within Dubai Hills Estate which promises high quality living and shall be one of the new popular living centers of Dubai is completed, it will be one of the greatest and most luxurious shopping centers of the world. Emaar the investor firm of the shopping mall which will bring together world's leading brands with more than 750 stores in an area of 700 thousand squares meter and the main contractor is ALEC. The project is located in the intersection of Al Khail and Umm Suqeim roads in Dubai and is planned to be completed in December 2019.

WOW Hotel & Hotel Apartments



Employer : WOW Investments Limited
Main Contractor : Günal İnşaat
Scope of Works : MEP Works
Consultant : Next Engineering Consultants
Project Location : Dubai / UAE
Total Area : 184.778 m ²
Project Start Date : 2017

WOW Hotel & Hotel Apartments project developed as an 80-story and green building is rising in Business Bay which is one of the most favorite regions of Dubai. The project which will be one of the most prestigious and biggest Turkish hotels in the region when finished will take place among the tallest buildings of UAE with its height of 336 meters. The project with green building concept **AE** undertakes for the ninth time has an indoor area of 184.778 m² and is planned to be completed by December 2019.

ONGOING PROJECTS

Garanti Bank Pendik Technology Campus Data Center



Employer : Garanti Bankası A.Ş. Main Contractor : Doğuş Construction Scope of Works : MEP Works Consultant : Midek Era Project Location : İstanbul / Turkey Total Area : 7.000 m² Project Start Date : 2016

Al Maktoum International Airport - Passenger Terminal Building Extension Project



Employer : DAEP
Main Contractor : ALEC LLC
Consultant : Dar Al Handasah
Scope of Works : MEP Works
Project Location : Dubai / UAE
Total Area : 80.000 m ²
Project Start Date : 2016

Al Seef (Phase 4)



Employer : Meraas Holding

Main Contractor : Dutco Balfour Beatty LLC

Consultant : WS Atkins

Scope of Works : MEP Works

 $\textbf{Project Location}: \textsf{Dubai} \neq \textsf{UAE}$

Total Area : 71.275 m²

Belgravia Gate



Employer : Wainbridge Estates Belgravia Limited
Main Contractor : Ant Yapı UK
Consultant : MACE

Scope of Works : MEP Works

Project Location : London / United Kingdom

Total Area : 11.250 m²

Project Start Date : 2015

Domodedovo Airport - Terminal 2



Employer : DKM Construction

Main Contractor : Ant Yapı

Consultant : Domodedovo Construction Management

Scope of Works : MEP Works

Project Location : Moscow / Russian Federation

Total Area : 235.000 m²

Project Start Date : 2015

Bluewaters Wharf Retail



Employer : Meraas Holding Main Contractor : ALEC LLC Consultant : WSP Scope of Works : MEP Works

Project Location : Dubai / UAE

Total Area : 230.000 m²

ACTIVITIES IN 2017

ONGOING PROJECTS

Manzara Adalar



Employer : İş GYO

Main Contractor : Ant Yapı

Consultant : Entegre Project Management

Scope of Works : MEP Works

Project Location : İstanbul / Turkey

Total Area : 313.500 m²

Project Start Date : 2015

Nurol Life



Employer : Nurol GYO
Main Contractor : Nurol Construction
Consultant : Nurol GYO
Scope of Works : MEP Works
Project Location : İstanbul / Turkey
Total Area : 145.000 m²

Project Start Date : 2015

Fili Grad (Phase 2)



Employer : MR Group

Main Contractor : Ant Teq

Consultant : AK Proekt

Scope of Works : MEP Works

 $\textbf{Project Location}: \texttt{Moscow} \nearrow \texttt{Russian Federation}$

Total Area : 191.200 m²

Wasl District



 Employer : Al Wasl Properties

 Main Contractor : Shapoorji Pallonji Mideast LLC

 Consultant : Kling Consult

 Scope of Works : MEP Works

 Project Location : Dubai / UAE

 Total Area : 141.000 m²

Project Start Date : 2014

Oasis Multifunctional Business Complex



 Employer : AND Corporation

 Main Contractor : Procons

 Consultant : ABV Group

 Scope of Works : MEP Works

 Project Location : Moscow / Russian Federation

 Total Area : 58.560 m²

 Project Start Date : 2014

Grand Mosque Algeria - Energy Center



Employer : Anergema

Main Contractor : China State Construction Engineering Corporation (CSCEC)

Consultant : Egis

Scope of Works : MEP Works

Project Location : Algiers / Algeria

Total Area : 5.717 m²

ONGOING PROJECTS

Marina City - Plot B



Employer : National Investment Corporation

Main Contractor : Nurol LLC

Consultant : WS Atkins

Scope of Works : MEP Works

Project Location : Abu Dhabi / UAE

Total Area : 121.000 m²

Project Start Date : 2014

Garanti Bank Pendik Technology Campus



Employer : Garanti Bankası A.Ş. Main Contractor : Doğuş Construction Consultant : Midek Era Scope of Works : MEP Works Project Location : İstanbul / Turkey Total Area : 142.000 m²

Project Start Date : 2013

Grand Mosque Algeria

Employer : Anergema

Main Contractor : China State Construction Engineering Corporation (CSCEC)

Consultant : Egis

Scope of Works : Electrical Works

Project Location : Algiers / Algeria

Total Area : 443.000 m²

OKO Tower



Employer : Capital Group

Main Contractor : Ant Yapı

Consultant : Capital Group

Scope of Works : MEP Works

Project Location : Moscow / Russian Federation

Total Area : 290.075 m²

Project Start Date : 2011

Total Ongoing Projects : 18

Total Area : 3.370.355 m²

HUMAN RESOURCES

⁶⁶Our priority is to increase the peace of our employees at the ethical and legal framework, make individuals happy and create an efficient work environment in order to step forward as a human power in the projects we undertake.

ERP implementations have been the basis of our human resources activities in 2017. As planned, at the beginning of 2017, Turkey projects have switched to the live ERP system. Within the year, the coverage of ERP projects in Turkey have been extended as well as our projects in the UAE have been switched to the ERP system.

Our human resources activities in 2017 are listed below:

Selection and Placement

- Joint studies were conducted together with the Corporate Communications department to accelerate the selection and placement processes and to increase employer brand awareness and expand our CV pool.
- For positions where turnover rate is high such as electrical/mechanical engineer, draftsman etc., the recruiting/selection process was started without an open position. Candidates were interviewed, and interview notes were submitted to the managers. Thus, when the position is opened, the process for closing out the position has been shortened.
- Employee health reports were reviewed, and expired and needto-be-repeated reports were renewed.
- The system of archiving the personal files of active employees electronically and who have left the job was expanded and the archiving system was updated.
- During recruitment and among our current employees; a special care was taken for non-discrimination in terms of religion, language, race and gender, and giving equal career opportunities;

measures were taken against behaviours that may be negative in this respect.

 In the selection-placement processes, the candidates who are not considered suitable for the required position sought were started to be returned both verbally and in writing and communicated the negative assessment reasons.

Social Gender Equality

Organizations supporting women's employment were enrolled in, meetings and trainings of these organizations were attended. Studies were made on gender equality and steps were taken to improve women's employment.

Productivity Growth

As a continuation of the productivity growth studies conducted in 2016, in-group teams were created in 2017 relying on the results of the personality inventory evaluations. Studies were carried out for compatibleness of the teams created. The teams were ensured to realize the expectations of managers and employees, and actions were started to be taken accordingly. It was cared to be with our employees on their special days and support them in case of any death, commiserate with them or share their happiness and our colleagues were encouraged for this issue.

Organization Chart

Following the assignments from the management department of our company, the organization chart and definitions for positions





ATTENTION TO SOCIAL GENDER EQUALITY



PRODUCTIVITY GROWTH

were updated. Positions, teams, department managers and relations with the other departments, approval and organization charts were reviewed and organizational relationship diagrams were created.

Headquarters Staff Changes

The number of excess headquarters staff was reduced. The decruitment was conducted through the transfer to the company's ongoing projects both at domestic and overseas, and through the direct dismissal with all the social rights for the positions that are considered not in need.

Employee Assessment

A more effective and fair system has been introduced by updating the existing staff assessment system. Accordingly, employees were assessed according to both horizontal and vertical hierarchy so that an objective evaluation assessment was obtained.

The assessments of our white collar personnel working in our projects, which are planned to be completed soon, were made in this respect; individuals who will be transferred to other projects of our company and those who will remain within the company were identified.

Position Codes

The position codes used in our projects in the UAE and codes used in our projects in Turkey were combined and the base was created for the work to be done in all geographies in which we operate.

Check Mark and Payroll

The attention was paid on the transparency in check mark and payroll processes. Objections from employees were carefully examined and they were returned quickly.

Plans for 2018

In 2018, it is planned to update predominantly regulations and procedures. In addition, the ERP processes will continue to be developed.

- Switching Russian Federation subsidiaries, branch office and projects to the ERP system,
- Updating the complaints and suggestions system,
- Providing new beginners with a welcome kit and informing them
- Providing the relevant departments with information about the position, task, etc. of the new beginners,
- Changing the existing English test, adding the speaking skills part and applying this test to also for employees,
- Reviewing the labour contract and identifying the articles needed to be updated,
- Updating absenteeism regulation,
- Updating exit interviews,
- Organizing employee satisfaction surveys,
- After the performance assessment periods; identifying the needs of employees and providing personal trainings (overcoming the stress, career planning, management, etc.) for these needs.

Year	Number of Female Employee	Number of Male Employee	Total
2015	69	2.228	2.297
2016	73	4.944	5.017
2017	96	7.713	7.809

46 DIFFERENT NATIONALITIES

WITH MORE THEN **500** ENGINEERS





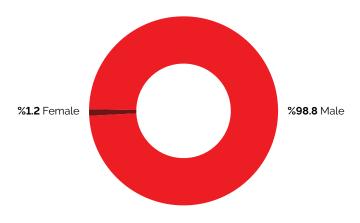


6.693 BLUE COLLAR

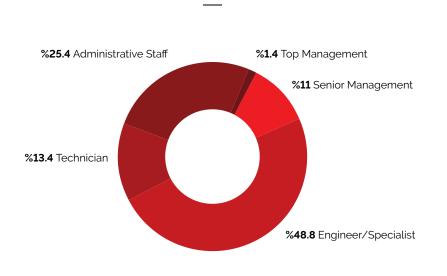
TOTAL



Distribution By Gender

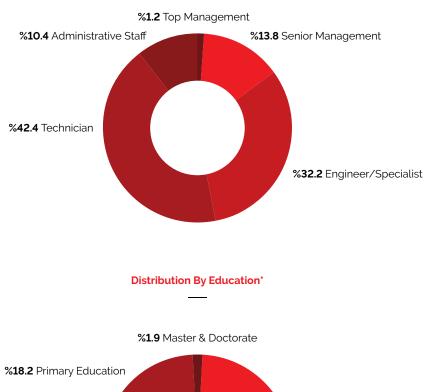


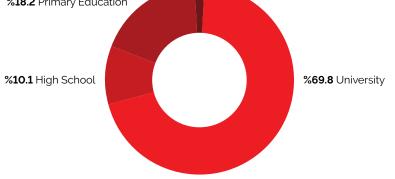
*2017 averages of all employees of AE and AE's subcontractors are taken into account



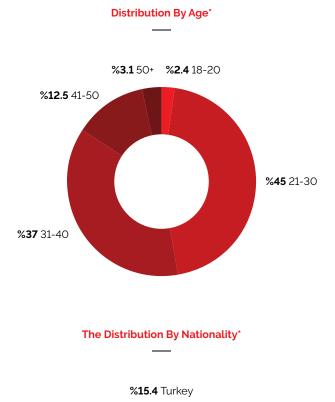
Distribution of Female Employees By Title*

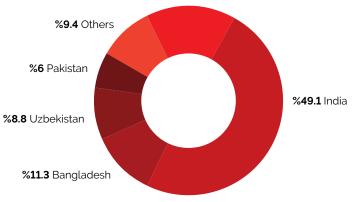
Distribution of Male Employees By Title*



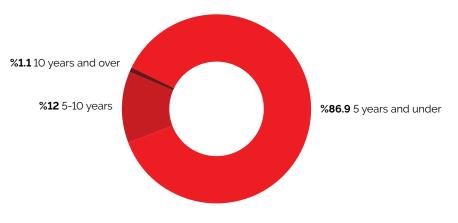


*2017 averages of white collar employees of AE and AE 's subcontractors are taken into account.





Distribution By Seniority**



*2017 averages of white collar employees of **AE** and **AE**'s subcontractors are taken into account. **2017 averages of only employees of **AE** are taken into account.

INFORMATION MANAGEMENT

We can't manage, what we can't measure. By using our operations, resources and contemporary technology efficiently , we aim to reach the in time data instantly.

Our activities for information management in 2017 are listed as below:

ERP "CAN" Project

The ERP project called "CAN" by **AE Arma-Elektropanç** Information Management department continued to be on the top of the objectives in 2017. Intensive works were carried out in 2017 for the project which the project's kick off was in November, 2014. It's been intended to move to go live operation thoroughly in 2017 as soon as all the modules have been transferred to a live environment in the last quarter of 2016. This aim been clarified in 2017. In this context, UAE office and branch included with the following modules; procurement, human resources, tender and accounting. These modules have been globally integrated into ERP. Other divisions' integration is still ongoing.

SAM Certificate and License Updates

All software are used with a licence at **AE** subsidiaries and branch offices and in the projects due to data theft, data loss, data security and other reasons and we were entitled to get another SAM certificate in 2017, in addition to the one we got in last two years, 2015 and 2016. Based on "Software Asset Management", a licence inspection conducted by Microsoft with respect to their own software, in our headquarters and sites. In addition all the antivirus, database management software are been renewed in 2017.

Office 365

The IT ecosystem today undergoes a rapid change. It's now become much easier to invest in a strong infrastructure at less investment prices. Microsoft Office 365 sets a good example in this regard. We can easily leave the heavy investment components such as servers, source, long consultancy times, etc. The products that we can license with a monthly or yearly contract lowered the investment amounts while bringing a higher quality global technology model. In this context, the project of transition to Office 365 was started in the last quarter of 2016 in all branches and sites in the UAE region. The switchover is completed with 300 people at the end of 2017. In the last quarter of 2017 headquarters, Russia and its branch offices the transition has been started.

All international phone calls and instant messaging including all subsidiaries and branch offices, headquarters continues over Skype for Business. Our business intelligence reporting also implemented again with a Microsoft family product PowerBI. The integration between Share Point and PowerBI gives incredible flexibility in publishing our reporting and connecting to our dynamics database. Daily automatic refreshes and ability to divide the reporting into division and managerial level bring easiness in the software level report planning and designing.

The aim of 2018 is minimizing the server expenses and clarifying the integrations of 365 family products.

Information Management Help Desk

Help desk service point, launched in the second quarter of 2015 with a view to minimise the difficulties encountered by **AE** employees in information technology (IT) equipment and software usages. It is aimed to find quick solutions to any potential problems, continued its activities in 2017 increasingly. We got the opportunity to find quicker and more efficient solutions as the requests from the users could be collected in a single point.



ERP PROJECT





HELP DESK

QUALITY

It is one of our main duties to complete the works in the quality expected by the client and at the optimum cost.

AE Arma-Elektropanç has possessed of ISO 9001: 2015 Quality Management System Certificate within the scope of design and contracting works for MEP projects.

Our activities for 2017, with respect to our quality management system are outlined below:

Quality Policy and Quality Management System Manual

Quality, environment, occupational health and safety management systems policies were reviewed by senior management in 2017 to ensure compliance with the ISO 9001: 2015 QMS standard. The necessary revisions have been made in the quality policy and in the quality management system manual, taking into account the new clauses and requirements of the standard.

Process-Based Quality Risk Assessment

In accordance with the ISO 9001: 2015 QMS standard, "Risk Assessment" studies with risk-based approach in quality specific works, have been initiated on a process-basis (procurement, proposal, human resources, project management etc.). Evaluations of risks and opportunities are reviewed and relevant action plans have been started to be established in our projects and in our headquarters.

Key Performance Indicators

In our projects and headquarters; studies on determining the pro-

cess-based key performance indicators and the criteria have been started.

Continual Improvement

The development and effectiveness of our quality management system has been reviewed during internal audits carried out in 2017 by our Quality and Risk department at our headquarters and domestic and overseas projects. In addition, according to the outcomes from external audit performed by NOA Turkey company, our quality management system was reviewed by the senior management and actions for improvements were taken.

As part of the continuous improvement activities, the ERP configuration initiated in November 2014, covering our headquarters and all of our projects, has been completed and began to use actively. In our UAE participation and affiliate branch; procurement, human resources, proposal, accounting processes have been integrated into ERP. In our headquarters, integration of human resources, proposals and accounting departments is continued.

Within the scope of the quality management system, all other processes (procurement, project management, project design, etc.) were reviewed and necessary revisions were made to the related quality, environment, occupational health and safety documentation and shared with the employees.



ENVIRONMENTAL AWARENESS

With the measures we have taken, we continue to work as an efficient and environmentally friendly company in protecting the natural resources and the environment.

AE Arma-Elektropanç has possessed of ISO 14001: 2015 Environmental Management System Certificate within the scope of design and contracting works for MEP projects.

Our activities for 2017, with respect to our environment management system are outlined below:

Environmental Policy and Environmental Management System Manual

Quality, environment, occupational health and safety management systems policies were reviewed by senior management in 2017 to ensure compliance with the ISO 14001: 2015 EMS standard. The necessary revisions have been made in the environmental policy and in the environmental management system manual, taking into account the new clauses and requirements of the standard.

Environmental Risks and Opportunities Assessment

At our headquarters, environmental aspects and impacts were analyzed, environmental risks and opportunities were identified, and relevant action plans were established.

Key Performance Indicators

At headquarters and project sites in Turkey, studies on identifying key performance indicators have been initiated.

Waste Management

Paper, cardboard, plastic, metal and glass wastes of our headquarters are collected in the recycling boxes provided by Şişli Municipality and approximately 1.5 tons of waste are segregated in 2017. The segregated non-hazardous wastes were handed over to the municipal recycling teams and reduced the amount of waste given to the nature.

Hazardous wastes collected in our headquarters and warehouse are segregated from other household garbage in appropriate type containers, and as of 09.06.2017 256 kg electronic waste and 6 kg fluorescent lamps and other mercury-containing waste were delivered to the licensed recycling company (EAG) and the disposal of hazardous waste was provided in compliance with legal regulations. Hazardous wastes and non-hazardous recycling wastes generated by our project sites in Turkey, are transferred to the temporary storage areas where these locations of which are defined by the employer at the site, and those waste are disposed of by the employer.

Internal and External Audits

The development and effectiveness of our environmental management system has been reviewed during internal audits carried out in 2017 by our Quality and Risk department at our headquarters and domestic and international projects. In addition, according to the outcomes from external audit performed by NQA Turkey company, our environmental management system was reviewed by the senior management and actions for improvements were taken.

The necessary corrective and preventive actions in regard to the findings identified in these audits were carried out in such a way that legal requirements and other conditions requested by the customer were ensured.



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OCCUPATIONAL HEALTH & SAFETY

With the principle of 'safety first' and the objective of 'zero accident', we increase the efficiency of our projects by providing a safe and healthy work environment for our employees.

AE Arma-Elektropanç has possessed of OHSAS 18001: 2007 Occupational Management System Certificate within the scope of design and contracting works for MEP projects.

Our activities for 2017, with respect to our occupational management system are outlined below:

OHS Policy and OHS Management System Manual

Quality, environment, occupational health and safety management systems policies were reviewed by senior management in 2017 to ensure compliance. The necessary revisions have been made in the OHS policy and in the OHS management system manual, taking into account the requirements of the standard.

Hazard Identification and Risk Assessment Studies

In 2017, in all our active projects and at our headquarters, the revised reports on risk identification and risk assessments were reviewed by risk assessment teams. The progress in regard to the action plans which were created as a result of these reports were reviewed during OHS board meetings, and the necessary corrective actions were taken.

Legal Requirements and Evaluation of Compliance

In accordance with the "Communique on the Professions with Mandatory Professional Certification Obliged by the Vocational Qualifications Authority", published in the official gazette dated 26.09.2017 dated with number 30192, the relevant trainings have been provided to all the personnel lacking vocational training, and these have been certified. In our project sites, nobody who has no vocational competency including sub-contractors 'employees have not been employed.

In our projects that are classified as a very dangerous workplace, we have provided at least 10% of our employees with first aid certified personnel in accordance with the First Aid Regulation.

Trainings

Before entering the workforce, job-specific OHS trainings were given to all employees about legal rights and responsibilities, project warning signs, use of personal protective equipment and importance, work on the scaffolding, working with grinders, working with mobile scaffolding and ladders. To build OHS awareness amongs all employees, daily toolbox trainings are performed at each construction site, special hazards in relation to the job and the necessary measures to be taken against these hazards have been described to the employees daily basis before they start to work.

In our Garanti Bank Pendik Technology Campus project; safety instructions on working at height in shafts, operation of mobile crane and material handling, working on the scaffolds, working on the man lift, use of drills, use of sheet metal bending machine, use of cutting bending machine (guillotine), use of sheet and groove machine,



manual handling works have been communicated to all employees.

In our Manzara Adalar project; instruction for safe working on external wall have been prepared and put into practice.

Documentation

All OHS materials such as procedures, instructions, sample documents, forms, lists, method statements etc. which are prepared on a corporate basis in Occupational Health and Safety Management System, are revised as deemed necessary and update versions has been communicated to all employees in Turkey through AENET (intranet) by Quality and Risk department.

Site Inspections and Internal Audits

Compliance with the requirements defined in the procedures and instructions published in the OHS management system was checked during the day-to-day field inspections by OHS specialists as well as internal and external audits conducted by our Quality and Risk department. The corrective actions related to all nonconformities described in the site inspection reports, which are prepared daily basis by OHS experts, were carried out immediately, and the works were not allowed to start without closing out the nonconformities.

Relevant "Non-Conformity Reports" and "Reports Regarding Corrective Actions" were recorded and conveyed to the top management by our employer's representative after reviewed in the process of evaluating the OHS performance of the project.

Committee Meetings

OHS committee meetings were organized monthly basis with the participation of A class OHS specialists, C class OHS specialists, pro-

ject managers, employee representatives and subcontractor representatives in our projects, and within the year 2017, in our Garanti Bank Pendik Technology Campus project, OHS Committee meetings have been held 12 times, in addition, 12 times OHS coordination meetings were also held with the employer. The OSH committee meetings were held 11 times at the Manzara Adalar projects, and 3 times OHS meetings were held with the employer. In our Nurol Life project, 12 OHS meetings were held. The related agenda items and implementations in regard to the decisions made during these meetings, and the announcements were shared with all employees.

Follow-up of Accidents and Corrective Actions

In our headquarters in 2017, accident with lost work day has not been occurred.

In 2017, 172 work accidents and 20 near misses were occurred at Garanti Bank Pendik Technology Campus project. 11 work accidents with 3 days rest and above were occurred and a total of 161 days were lost as work day.

In our Manzara Adalar project site, 38 work accidents and 31 near misses were occurred, and 7 work accidents with 3 days rest and above were occurred, and a total of 57 days were lost as work day.

In our Nurol Life project, a total of 78 days were lost as workday for 1 accident.

Implementation of Reward System

In our Garanti Bank Pendik Technology Campus project, every month throughout 2017, an employee who worked fully compliant with OHS regulations was granted with a financial award.



LIFE AND WORK SAFETY FIRST

CORPORATE COMMUNICATIONS

In the direction of our goal to become a global brand, we reinforce our brand position with local works.

We continue our communication and publicity activities with the conscience that in the direction of the target for **AE Arma-Elektropanç** to become a global brand not just signing under new project in various geographies but also increasing its awareness at shareholder in those geographies.

In this aspect our corporate communication activities are listed below under titles:

Corporate Catalogue

Our previous corporate catalogue which could not meet today's needs as a growing and renewed **AE** has been put into shelf by June 2017 and "live" introduction catalogue application through which **AE**'s all up-to-date information could be accessed has been passed on. Our corporate catalogue which its content and design are completely renewed has been published in Turkish, English and Russian as a result of our target to become a global brand.

Corporate Movie

Our corporate movies took its place among our renewed corporate communication materials in order to make a more effective touch on our global customers. Our corporate movie that was published also in Turkish, English and Russian has been put into broadcast in 2 different formats as long and short versions.

Social Media

As **AE** we have our place long before in the social media that today's technology put in our lives with immense speed. Within the previous year we joined into Instagram whose popularity increased and which is frequently used by brands. We continue our communication ac-

tivities in direction of our targets on Facebook, Twitter, Linkedin and Instagram in sync.

Web Site

The renewal project of our website that is the first door to the global arena for our company started in October 2017 and ended in February 2018. Our website that has been renewed completely with its design, panel, adaptability to desktop and mobile devices, compatibility to search engine optimization and improvable infrastructure has been published in three languages as Turkish, English and Russian. On our new website that contains new properties compared to our old website project position within the project details and if available the street view option have been added. Also, locations of all our projects on the world map supported by Google Maps can be viewed and by various filters the information of on which geography we carried out which project could be acquired.

Mobile Application

Mobile devices, a must of our lives, is also a must for **AE**. In this matter our mobile application whose formation started on December 2017 will be accessible from the application stores by March 2018. Our 2015 model application that is currently active will be put aside.

Other Works

Our activities under headings such as brand positioning, leader communication, crisis management, and perception management that started with the realization of corporate communication department within **AE** continued within 2017 without slowing down. Besides ongoing activities required communication works were realized for our subsidiaries, branches and projects.



CORPORATE CATALOGUE



CORPORATE MOVIE



CORPORATE WEB SITE

CONTRIBUTION TO SOCIETY

As **AE Arma-Elektropanç**, while representing our country in the best way in the geographies we are active, we take it among our priorities to contribute in all points we touch.

On our journey we started with the motto "engineering for future", today we are active in various geographies of the world, and work to represent in the best way our country in the global arena in the field of technical contracting. With the conscience of responsibility our expertise brings, we keep in our focus of work patterns the important matters for world and humanity with sustainability based work conscience such as accurate and efficient usage of resources, local employment, energy saving.

Our Values

As **AE Arma-Elektropanç** we start to contribute firstly to our employees. We show an approach to their rights and freedom with respect and sensitivity besides providing them with healthy and secure working conditions.

While we continue our works by considering the benefits of our associates, suppliers and customers with our trust value and transparency principle, we plan all our works with the awareness of our responsibility for society, historical texture of the geographies we work in and the nature.

We adapt to sustainable technologies that may contribute to environment, and we care to use the energy sources in the most efficient way. We design in this respect the projects we undertake in order to create sustainable effects and we provide service. In all our projects we care to prevent all matters that may cause environment waste, physical or chemical pollution.

Construction of the Future

Education has a great importance for a more modern society. Thus we work for the next generations we will commend our future to have the best educational opportunities, and we provide scholarship opportunities to students in need. By taking place in different activities in cooperation with universities, we become a guide for university students targeting a carrier in construction sector.

In 2015 we actualized the "Construction of the Future" social responsibility project in cooperation with Turkish education foundation (TEV). With the project we started in order to carry the sector we provide service in this respect to higher levels in terms of human resources, we established AE Arma-Elektropanç Grant Fund to support the bringing up of the successful youth. With this fund we continue to provide scholarship support to successful students in need of support because of financial impossibilities while studying at electrical, electrical-electronics and mechanical engineering departments of the technical universities leading in engineering field in Turkey.

Mentorship comes into prominence as an area of influence we particularly consider important in our project. While our company provides mentorship via its executives in order to prepare the students within the scope of our "Construction of the Future" social responsibility project our company, we also include the requesting students in our mentorship works.







MENTORSHIP

ETHICAL POLICY

We care about an open, honest, reliable and ethical communication, in order to have long-term and sound relations with our employees, business partners and social environment at all times.

As a member of TEID, we undertake below articles:

- Conduct our business in compliance with any and all applicable local laws, including, primarily, the Constitution of the Republic of Turkey, and any and all international treaties, conventions, agreements and regulations, to which the Republic of Turkey is signatory.
- Build our business on ethical principles
- Endeavour to earn a reputation for integrity, competence and excellence
- Introduce a transparent disclosure policy for the company's operations
- Protect and encourage fair competition
- Have due regard for labour law including health and safety and support the fair employment of young, women and physically challenged individuals
- Prevent any form of corruption
- Consider integrity as our core values in all our business processes and business relations.

- Put our efforts towards making business ethics constitute the very fundamental of our corporate culture.
- Provide our employees with the awareness, rules and practices to ensure avoidance of conflicts of interests.
- Maintain equal distance to any and all public offices and authorities, administrative entities and political parties without any expectations of interest through the course of our operations and actions.
- Support endeavors contributing to economic and social development.
- Prohibit our employees from accepting and giving away presents which may influence their or counter party's impartial decision making and conduct.
- Develop practices to disseminate above principles, concepts and practices to all parties within our sphere of influence, including our business partners, contractors and suppliers.
- We further declare our support to the 10 principles constituting the essence of the United Nations Global Compact and represent our commitment to take such principles into consideration in the organization of our managerial structure and the development and implementation of our corporate policies.









FINANCIAL STATEMENTS

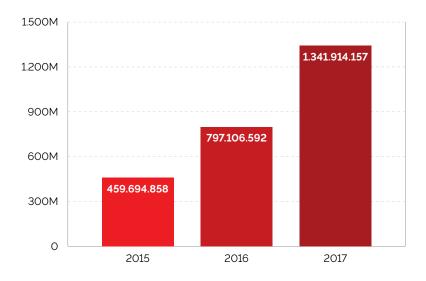
KEY INDICATORS

Summary Of Balance Sheet (TL)	2015	2016	2017
Current Assets	460.467.262	743.608.683	1.010.879.447
Long-Term Assets	21.870.743	25.072.795	32.193.865
Total Assets	482.338.005	768.681.478	1.043.073.312
Short Term Liabilities	289.979.198	606.422.057	780.882.710
Long Term Liabilities	91.525.083	27.704.049	148.729.108
Equity	100.883.724	134.555.373	113.461.495
Total Equity and Liabilities	482.388.005	768.681.478	1.043.073.312

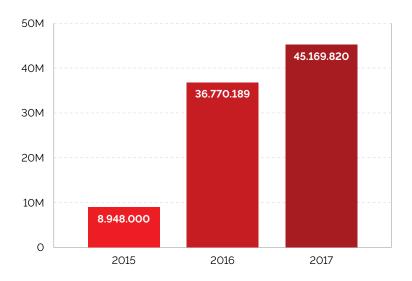
Summary of Income Statement (TL)	2015	2016	2017
Total Revenue	459.694.858	797.106.592	1.341.914.157
Gross Profit	55.885.819	101.603.316	141.505.645
EBIT	28.980.866	52.159.384	99.028.543
Net Profit / (Loss) of the Period	8.948.000	36.770.189	45.169.820

Key Ratios	2015	2016	2017
Current Ratio = Current Assets / Short Term Liabilities	1,59	1,23	1,29
Leverage Ratio = Total Liabilities / Total Assets	0,79	0,82	O,89
Gross Profit Margin	%12,16	%12,75	%10,55
EBIT Margin	%6,30	%6,54	%7,38
Net Profit / (Loss) Margin	%1,95	%4,61	%3,37

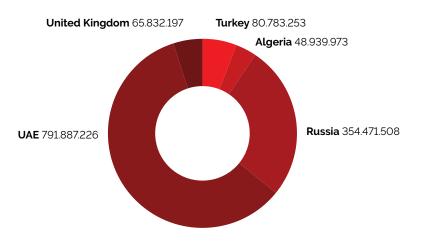
Total Revenue (TL)







Total Revenue Distributed By Countries of Operation (TL)



FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

Benefits Provided To Top Management

Senior executives of the company are specified as Board Members. Benefits provided to senior executives comprise of payments made within the framework of salaries and per diem. Benefits provided to senior executives is 4.065.398 TL for 2017 (3.218.210 TL for 2016).

Decisions Made After The End Of The Year Of Operation And That Carry Special Importance

AE Arma Elektropanc Mechanical Contracting Qatar W.L.L, the associate of the company in Qatar is shut down by the decision of Board of Directors dated March 9, 2018 and numbered 2018/02.

Partnership Structure

Partnership structure of the company is stated as in the table below:

Name	Title	Share (%)	Experience	Education
Kemal Kızılhan	Chairman of the Board	28	37	Electrical Engineer
Hasan İnce	Deputy Chairman of the Board	28	34	Electrical Engineer
A. Medih Ertan	Board Member	28	42	Electronics Engineer, MSc
H. Demir Özkaya	Board Member	8	38	Electronics Engineer, MSc
M. Asım Coşkun	Shareholder	6	42	Electrical Engineer
Ersan Can	Shareholder	2	31	-



AE Arma-Elektropanç Electromechanical Industry Engineering Contracting and Trade Inc.

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