

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries

**Interim Condensed Consolidated Financial Statements
As at and For The Nine-Month Period
Ended 30 September 2019 with Independent Auditors'
Report on Review of Condensed Consolidated
Interim Financial Statements**

6 November 2019

This report includes 46 pages of consolidated financial statements together with their explanatory notes.

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries

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Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Financial Position
As at 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

ASSETS	Notes	Unaudited 30 September 2019	Audited 31 December 2018
Current assets			
Cash and cash equivalents		131,910,302	53,026,362
Trade and other receivables	16	1,988,589,860	1,403,203,217
Due from related parties	19	277,016,035	406,262,617
Derivative financial assets		2,330,226	413,737
Inventories		298,270,592	369,140,605
Prepayments		13,756,932	15,312,166
Current tax assets		27,884,710	31,363,575
Other current assets		99,308,423	152,049,712
Total current assets		2,839,067,080	2,430,771,991
Non-current assets			
Financial investments		412,408	412,408
Trade receivables and other receivables		19,004,588	1,545,269
Property, plant and equipment	10	3,777,601,900	3,774,056,402
Intangible assets		96,030,465	91,845,092
Right of use assets	11	48,016,844	--
Goodwill		3,349,357	3,349,356
Prepayments		10,009,836	14,234,496
Deferred tax asset	12	122,777,854	125,276,334
Total non-current assets		4,077,203,252	4,010,719,357
TOTAL ASSETS		6,916,270,332	6,441,491,348

The accompanying notes form an integral part of those condensed consolidated financial statements

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Financial Position
As at 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

LIABILITIES	Notes	Unaudited 30 September 2019	Audited 31 December 2018
Current liabilities			
Loans and borrowings	15	2,448,971,477	1,898,442,337
Short term finance lease liabilities	15	12,689,603	--
<i>Finance lease liabilities from related parties</i>		3,183,880	--
<i>Finance lease liabilities from third parties</i>		9,505,723	--
Other financial liabilities	15	167,919,508	246,368,464
Short term portion of long term finance lease liabilities	15	4,028,885	--
Trade payables and other payables	16	494,421,292	336,331,469
Due to related parties	19	52,262,847	239,348,509
Derivative financial liabilities		37,495,856	8,293,208
Taxation payable on income		67,975,060	71,354,527
Provisions		2,240,048	2,158,292
Other current liabilities		14,421,757	25,218,808
Total current liabilities		3,302,426,333	2,827,515,614
Non-current liabilities			
Loans and borrowings	15	1,066,752,004	1,586,768,204
Long term finance lease liabilities	15	32,459,193	--
Other financial liabilities	15	16,716,054	13,919,586
Reserve for employee severance indemnity		4,658,683	4,350,528
Deferred tax liabilities	12	158,884,188	184,734,615
Total non-current liabilities		1,279,470,122	1,789,772,933
Total liabilities		4,581,896,455	4,617,288,547
EQUITY			
Share capital	13	615,157,050	615,157,050
Legal reserve	13	64,980,588	48,267,560
Cash flow hedge reserves		(14,514,988)	(3,518,526)
Actuarial gain		898,193	898,193
Translation reserves		214,621,480	43,037,685
Share premium		247,403,635	247,403,635
Gains on revaluation of property, plant and equipment		741,158,352	821,844,347
Accumulated losses		(66,765,292)	(156,832,331)
Net profit for the period		174,460,003	26,094,071
Total equity attributable to equity holders of the Company		1,977,399,021	1,642,351,684
Non-controlling interests	13	356,974,856	181,851,117
Total equity		2,334,373,877	1,824,202,801
TOTAL EQUITY AND LIABILITIES		6,916,270,332	6,441,491,348

The accompanying notes form an integral part of those condensed consolidated financial statements

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Nine-Month Period Ended 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

		Unaudited 1 January- 30 September 2019	Unaudited 1 July- 30 September 2019	Audited 1 January- 30 September 2018	Audited 1 July- 30 September 2018
INCOME STATEMENT	Notes				
Revenues	7	3,799,886,130	1,486,920,923	3,486,504,457	1,428,214,991
Cost of sales	7	(2,996,237,096)	(1,246,456,768)	(2,986,815,117)	(1,215,143,123)
Gross profit		803,649,034	240,464,155	499,689,340	213,071,868
Administrative expenses		(74,549,916)	(27,939,089)	(42,037,061)	(16,152,677)
Marketing and selling expenses		(1,186,873)	(241,798)	(1,071,831)	(596,310)
Other operating income		28,368,204	16,875,651	8,608,951	6,891,413
Other operating expenses		(8,266,442)	(4,172,125)	(19,269,882)	(11,924,322)
Operating profit		748,014,007	224,986,794	445,919,518	191,289,972
Impairment losses accordance with IFRS 9		(2,678,527)	12,693,050	(7,080)	--
Gain from investing activities		482,032	--	2,647,294	38,119
Operating profit before finance costs		745,817,512	237,679,844	448,559,732	191,328,091
Financial income	8	300,929,695	61,127,082	493,510,462	308,962,131
Financial expenses	8	(662,942,222)	(163,239,473)	(794,982,245)	(435,381,984)
Net financial costs		(362,012,527)	(102,112,391)	(301,471,783)	(126,419,853)
Profit before tax for the period		383,804,985	135,567,453	147,087,949	64,908,238
Tax benefit/(expense)		(34,221,226)	(14,613,046)	(17,095,097)	(19,616,606)
Current tax expense	9	(50,704,200)	(16,986,000)	(38,963,664)	(12,617,969)
Deferred tax benefit/(expense)	9	16,482,974	2,372,954	21,868,567	(6,998,637)
Profit for the period		349,583,759	120,954,407	129,992,852	45,291,632
Non-controlling interest		175,123,756	54,078,634	114,378,514	46,425,757
Attributable to equity holders of the parent		174,460,003	66,875,773	15,614,338	(1,134,125)
Total profit for the period from continuing operations		349,583,759	120,954,407	129,992,852	45,291,632
Other Comprehensive Income					
Items that will not be reclassified to profit or loss:					
Remeasurements of the defined benefit liability	12	--	--	277,790	969,880
Tax on items that will not be reclassified to profit or loss		--	--	(55,558)	(193,976)
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedges		(13,745,578)	(11,352,235)	1,118,535	1,759,084
Foreign currency translation differences from foreign operations		171,583,795	(48,946,627)	315,689,679	186,276,910
Tax on items that are or may be reclassified subsequently to profit or loss	12	2,749,116	2,270,447	(223,707)	(351,817)
Other comprehensive income for the period, net off tax		160,587,333	(58,028,415)	316,806,739	188,460,081
Total comprehensive income for the period		510,171,092	62,925,992	446,799,591	233,751,713
Non-controlling interests		175,123,739	54,078,634	114,378,497	47,445,671
Attributable to equity holders of the parent		335,047,353	8,847,358	332,421,094	186,306,042

The accompanying notes form an integral part of those condensed consolidated financial statements

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

SHAREHOLDERS' EQUITY	Share capital	Share premium	Legal reserves	Actuarial gain	Cash flow hedge reserve	Gains on revaluation of property, plant and equipment	Translation differences	Retained earnings/ Accumulated Losses	Net Profit	Total	Non-controlling interests	Total Equity
Balance at 1 January 2018	615,157,050	247,403,635	48,267,560	1,566,073	2,060,997	882,386,856	25,486,345	(475,322,108)	257,947,268	1,604,953,676	57,466,771	1,662,420,447
Net profit for the period	--	--	--	--	--	--	--	--	15,614,338	15,614,338	114,378,514	129,992,852
Actuarial gain	--	--	--	222,232	--	--	--	--	--	222,232	--	222,232
Amortisation effect of revaluated of PPE	--	--	--	--	--	(57,437,480)	--	57,437,480	--	--	--	--
Translation difference	--	--	--	--	--	--	315,689,679	--	--	315,689,679	--	315,689,679
Effective portion of changes in fair value of cash hedges	--	--	--	--	894,845	--	--	--	--	894,845	(17)	894,828
Total other comprehensive loss for the period	--	--	--	222,232	894,845	(57,437,480)	315,689,679	57,437,480	15,614,338	332,421,094	114,378,497	446,799,591
Transfer to retained earnings	--	--	--	--	--	--	--	257,947,268	(257,947,268)	--	--	--
Transaction with owners of the Company, recognized directly in equity	--	--	--	--	--	--	--	257,947,268	(257,947,268)	--	--	--
Balance at 30 September 2018	615,157,050	247,403,635	48,267,560	1,788,305	2,955,842	824,949,376	341,176,024	(159,937,360)	15,614,338	1,937,374,770	171,845,268	2,109,220,038

The accompanying notes form an integral part of those condensed consolidated financial statements

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

SHAREHOLDERS' EQUITY	Share capital	Share premium	Legal reserves	Actuarial gain	Cash flow hedge reserve	Gains on revaluation of property, plant and equipment	Translation differences	Retained earnings/ Accumulated Losses	Net Profit	Total	Non-controlling interests	Total Equity
Balance at 31 December 2018	615,157,050	247,403,635	48,267,560	898,193	(3,518,526)	821,844,347	43,037,685	(156,832,331)	26,094,071	1,642,351,684	181,851,117	1,824,202,801
Net profit for the period	--	--	--	--	--	--	--	--	174,460,003	174,460,003	175,123,756	349,583,759
Translation difference	--	--	--	--	--	--	171,583,796	--	--	171,583,796	--	171,583,796
Revaluation of PPE	--	--	--	--	--	(80,685,995)	--	80,685,995	--	--	--	--
Effective portion of changes in fair value of cash hedges	--	--	--	--	(10,996,462)	--	--	--	--	(10,996,462)	(17)	(10,996,479)
Total other comprehensive loss for the period	--	--	--	--	(10,996,462)	(80,685,995)	171,583,796	80,685,995	174,460,003	335,047,337	175,123,739	510,171,076
Transfer to retained earnings	--	--	16,713,028	--	--	--	--	9,381,043	(26,094,071)	--	--	--
Transaction with owners of the Company, recognized directly in equity	--	--	16,713,028	--	--	--	--	9,381,043	(26,094,071)	--	--	--
Balance at 30 September 2019	615,157,050	247,403,635	64,980,588	898,193	(14,514,988)	741,158,352	214,621,481	(66,765,293)	174,460,003	1,977,399,021	356,974,856	2,334,373,877

The accompanying notes form an integral part of those condensed consolidated financial statements

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Cash Flow
For the nine-month period ended 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	Unaudited 1 January- 30 September 2019	Audited 1 January- 30 September 2018
Net profit for the period		349,583,759	129,992,852
Depreciation and amortization		357,477,704	309,967,096
Provision for employee severance indemnity		1,063,127	726,703
Interest expenses	8	520,332,298	357,409,094
Interest income	8	(103,330,070)	(34,838,980)
Tax benefit	9	34,221,226	17,095,096
Gain on sale of tangible assets		--	(2,647,294)
Adjustments related to derivative transaction income		15,491,080	(6,070,961)
Unrealized foreign currency income/loss		452,948,981	444,026,549
Operating profit before working capital changes		1,627,788,105	1,215,660,155
Change in inventories		101,942,365	(137,366,255)
Change in trade and other receivables		(602,845,962)	(938,717,594)
Change in due from related parties		129,246,582	(557,816,259)
Change in trade and other payables		158,089,823	230,142,646
Change in due to related parties		(187,085,662)	(57,566,629)
Change in other current liabilities		41,944,238	463,973
Change in assets and liabilities held for sale		--	46,013,293
Change in other current assets		(25,292,458)	19,781,025
		1,243,787,031	(179,405,645)
Taxes paid		(77,644,982)	(6,013,277)
Employee termination indemnity paid		(673,216)	(439,300)
Interest paid		(520,332,298)	(336,792,751)
Interest received		103,330,070	34,838,980
Net cash provided from operating activities		748,466,605	(487,811,993)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment and intangible assets		--	39,477,998
Purchases of property, plant and equipment		(43,348,458)	(84,010,386)
Proceeds from sale of subsidiary		--	733,568
Purchases of intangible assets		(697,508)	(788,055)
Other cash injection		(251,677,390)	--
Net cash provided from/(used in) investing activities		(295,723,356)	(44,586,875)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Repayments) from issued bank borrowings, net	20	(353,785,507)	493,595,020
Net cash outflow from derivatives		(15,557,588)	3,732,560
Cash outflow lease liabilities		(4,516,214)	--
Net cash (used in)/provided from financing activities		(373,859,309)	497,327,580
NET DECREASE IN CASH AND CASH EQUIVALENTS		78,883,940	(35,071,288)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		52,995,042	59,546,471
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		131,878,982	24,475,183

The accompanying notes form an integral part of those condensed consolidated financial statements

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Notes to the Condensed Consolidated Financial Statements
As at and for the nine-month period ended 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

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Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Notes to the Condensed Consolidated Financial Statements
As at and for the nine-month period ended 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY

Aksa Enerji Üretim A.Ş. (“Aksa Enerji” or “the Company”) was established on 12 March 1997 to engage in constructing, lending and operating of electricity power plant, production and sale of electricity or energy production capacity to the customers. The Company’s registered office address is Rüzgarlıbahçe Mahallesi, Özalp Çıkamazı, No:10, Kavacık-Beykoz, Istanbul / Turkey.

The shares of the Company have been registered in the Borsa İstanbul A.Ş. (“BİST”) on 21 May 2010 under the name “AKSEN” and the shares are now publicly traded on the Istanbul Stock Exchange.

The main shareholder of the Company is Kazancı Holding A.Ş. (“Kazancı Holding”).

Aksa Enerji and its subsidiaries are collectively referred to as “the Group” in this report. The details of the subsidiaries included in the consolidation are as follows:

Name of subsidiary – Foreign Branch	Principal activity	Place of operation	Voting power held (%)	
			30 September 2019	31 December 2018
Aksa Aksen Enerji Ticareti A.Ş. (“Aksa Aksen Enerji”)	Electricity trade	Turkey	100.00	100.00
Aksa Energy Company Ghana Limited (“Aksa Enerji Ghana”)	Electricity production	Ghana	75.00	75.00
Aksa Enerji Üretim A.Ş.-Y.Ş. (“Aksa Enerji – Y.Ş.”)	Electricity production	TRNC	100.00	100.00
Aksa Ghana B.V. (Aksa Ghana B.V.)	Holding company	Netherlands	100.00	100.00
Aksa Global Investment B.V. (“Aksa Global B.V.”)	Holding company	Netherlands	100.00	100.00
Aksa Göynük Enerji Üretim A.Ş. (“Aksa Göynük Enerji”)	Electricity production	Turkey	99.99	99.99
Aksa Madagascar B.V.	Holding company	Netherlands	100.00	100.00
Aksa Mali S.A.	Electricity production	Mali	100.00	100.00
Aksaf Power Ltd.(“Aksaf Power”)	Electricity production	Mauritius	58.35	58.35
İdil İki Enerji Sanayi ve Ticaret A.Ş. (“İdil İki Enerji”)	Electricity production	Turkey	99.99	99.99
Overseas Power Ltd. (“Overseas Power”)	Good and supply trade	Mauritius	100.00	100.00
Rasa Enerji Üretim A.Ş. (“Rasa Enerji”)	Electricity production	Turkey	99.99	99.99

As of 30 September 2019, the number of employees of the Group is 953 (31 December 2018: 977).

Aksa Aksen Enerji:

Aksa Aksen Enerji was founded on 8 July 2015 by the Aksa Enerji with an ownership percent of 100.00% for the purpose of selling the electricity produced by the Group companies.

Aksa Energy Ghana

Aksa Energy Ghana was founded on 15 July 2015 by the Aksa Enerji in accordance with the electricity production and sale agreement signed with the Government of Ghana Republic. Unit of power plant with a capacity 192.5 MW started its operations on 10 April 2017. The installed power of the power plant has increased from 192.5 MW to 35 MW with a reserve capacity of total 280 MW as of 1 August 2017. As of 19 November 2018, the installed capacity of Ghana Fuel Oil Power Plant has increased from 280 MW to 370 MW and thus the guaranteed capacity has been increased from 223.5 MW to 332 MW. Aksa Energy Ghana, sells all of the electricity generated during the agreement to the Ghana Electricity Authority (ECG) on a tariff basis determined in terms of US Dollars (“USD”).

Aksa Enerji - Y.Ş.:

On 10 March 2009, Aksa Enerji- Y.Ş. made an electricity sale agreement with Electricity Distribution Company of Turkish Northern Cyprus (“KIB-TEK”) by providing service through lending the power plant constituting of diesel generator groups established in Kalecik-TRNC. The contract period is 15+3 years starting from 1 April 2009 and KIB-TEK commits to purchase all of the electricity produced during the contract period on a tariff basis determined in terms of US Dollars.

In accordance with the capacity increase investments of Kalecik Power Plant in TRNC, the installed capacity has been increased by 33 MW by the instalment of two units with the same engine specifications from the power plants whose licenses were cancelled. The installed capacity of our TRCN Kalecik Power Plant has increased to 153 MW, thus its percentage of availability has also grown by the increase in spare units capacity. Aksa Enerji-Y.Ş.’s factory land was leased from a third party in TRNC for 10 years on 12 February 2010 by Kazancı Holding. Aksa Enerji-Y.Ş. subleases from Kazancı Holding for 10 years.

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Notes to the Condensed Consolidated Financial Statements
As at and for the nine-month period ended 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY (continued)

Aksa Ghana B.V:

On 24 November 2016, Aksa Ghana B.V. was established in Holland as a holding Company of Aksa Energy Ghana.

Aksa Global B.V:

On 24 November 2016, Aksa Global was established in Holland to coordinate the foreign investments as a holding Company. Aksa Ghana B.V. and Aksa Madagascar B.V. are affiliated companies of Aksa Global B.V.

Aksa Göynük Enerji:

Aksa Göynük Enerji has a royalty agreement with General Directorate of Turkish Coal for the use of coal in Bolu-Göynük reservoir and Aksa Enerji has a licence for the utilisation of this coal in its power plant with 270 MW capacity.

On 28 October 2011, Aksa Enerji acquired 99.99% of all shares of Aksa Göynük Enerji from Kazancı Holding, the ultimate parent company. The main operations of Aksa Göynük Enerji are constructing, lending and operating of electricity power plant, production and sale of electricity and all kind of exploration and production of natural gas and petroleum resources and mining.

First unit of the power plant with 135 MW has started its operations as of 30 September 2015 and second unit of the power plant with 135 MW has started its operations as of 29 January 2016.

Aksa Madagascar B.V.:

On 19 October 2016, Aksa Madagascar B.V. was established as a holding company of Aksaf Power.

Aksa Mali S.A

On 6 February 2017, Aksa Mali SA was established for operating and maintenance coordination of Mali plant. On 4 August 2017, 10 MW powered portion from the first phase has been put in use based on 3 year guaranteed purchased agreement. On 28 September 2017, the remaining 30 MW portion of 40 MW installed powered plant in total has been put in use.

Aksaf Power:

Aksa Enerji established Aksaf Power with participation by Aksa Enerji and a local partner with an ownership interest of 58.35% and 41.65%, respectively, in Mauritius for the purpose of constructing a Heavy Fuel Oil (“HFO”) power plant with a capacity of 120 MW in Republic of Madagascar and guarantee sale of the electricity produced for 20 years. Aksaf Power started the construction of power plant upon receipt of the advances and guarantees in accordance with the agreement with Jiro Sy Rano Malagasy (“Jirama”), a public company in Republic of Madagascar providing water and electricity services in this country.

At the last quarter of the year 2016 construction has been started. On 4 August 2017, Installed power of power plant has increased to 50 MW and the remaining 16 MW powered portion from the first phase of 66 MW installed powered in total, has been put in use on 7 September 2017. Second phase of 54 MW installed power will be planned to put in use subsequent to the completion of transmission lines in the area. The field, fuel oil supply, all license and permissions related to the project will be provided by Jirama.

İdil İki Enerji:

In 2001, İdil İki Enerji was acquired by Koni İnşaat Sanayi A.Ş. (“Koni İnşaat”), a related party, from Bilkent Group. İdil İki Enerji has a fuel oil fired power plant located in Şırnak with a capacity of 24 MW. The power plant started its operations in 2001. On 5 March 2010, Aksa Enerji acquired 99.99% of all shares of İdil İki İnşaat from Koni İnşaat. Licence of power plant has been cancelled on 7 February 2017.

Overseas Power

Overseas Power was established on 18 November 2016 in Mauritius in order to carry out the procurement of raw materials and goods mainly related to the activities of Aksaf Power.

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Notes to the Condensed Consolidated Financial Statements
As at and for the nine-month period ended 30 September 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY (continued)

Rasa Enerji:

Rasa Enerji was established on 12 September 2000 for production and distribution of electricity. Rasa Enerji's 99.99% shares have been acquired by Aksa Enerji on 05 March 2010 from one of the related parties of Koni İnşaat.

Urfa plant started to generate electricity in August 2011 with an installed capacity of 129 MW and the investment to transform the plant into a combined cycle engine driven technology was completed in 2012.

In accordance with the capacity increase works of Şanlıurfa Natural Gas Power Plant, 18 MW capacity has been accepted by the Ministry of Energy and Natural Resources and commissioned on 18 November 2015. Thus, the installed capacity of Şanlıurfa Natural Gas Power Plant is increased to 147 MW.

As of 30 September 2019, electricity production licenses held by the Group are as follows:

Licence Owner	Location	Type of Facility	Date of Licence Started	Licence Duration	The capacity of the plant (MWhe)	The capacity in use (MWhe)
Aksa Enerji A.Ş.-Y.Ş	TRNC	Fuel oil	2009	15+3 years	153	153
Aksa Enerji	Antalya	Natural Gas	13 November 2007	30 years	900	900
Aksa Göynük	Bolu	Thermal	25 March 2008	30 years	270	270
Aksa Enerji Ghana	Gana	Fuel Oil	1 August 2017	6,5 years	370	280
Aksa Mali S.A	Mali	Fuel Oil	28 September 2017	3 years	40	30
Aksaf Power	Madagascar	Fuel Oil	5 September 2017	20 years	66	60
Rasa Enerji	Şanlıurfa	Natural Gas	12 May 2011	49 years	147	147
Total					1,946	1,840

Licence Owner	Location	Name of the plant	Type of Facility	Date of Contract	Contract Duration	Type of Contract	The capacity of the plant (MWhe)
Societe Jiro Sy Rano Malagasy (Jirama)	Madagascar	CTA-2	Fuel oil	8 January 2019	5 years	Maintenance & operating	24
Total							24

Aksa Enerji Uretim A.Ş the production license of EÜ / 1501-3 / 1089 dated February 21st, 2008, belonging to the Manisa Power Plant, which is a natural gas-fired, thermal combined-cycle type; was terminated as of April 30th, 2019 with the decision no. 8553-6 dated April 25th, 2019 of the Energy Market Regulatory Authority.

2. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The condensed consolidated financial statements as at and for the nine-month period ended 30 September 2019 were approved by the Board of Directors on 6 November 2019.

b) Basis of measurement

The condensed consolidated financial statements have been prepared on the historical cost basis and for the Group's Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the followings:

- financial investments,
- derivative financial instruments are measured at fair value,
- land and building and land improvements and machinery and equipment in property, plants and equipment are measured at fair value,

The methods used to measure the fair values are discussed further in Note 4.

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2. BASIS OF PREPARATION (continued)

b) Basis of measurement (continued)

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates until 31 December 2005. Turkey came off highly inflationary status for the period beginning after 15 December 2005, therefore restatement for IAS 29 (“Financial Reporting in Hyperinflationary Economies”) has not been applied since 1 January 2005.

c) Functional and presentation currency

The Company and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira (“TL”) in accordance with the accounting principles as promulgated by the Turkish Commercial Code and Tax Procedure Law. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

The accompanying condensed consolidated financial statements expressed in TL. All financial information presented in TL has been rounded to the nearest TL amounts, except when otherwise indicated.

The table below summarizes functional currencies of the Group entities.

<u>Company</u>	<u>Functional currency</u>
Aksa Enerji A.Ş.– Y.Ş.	USD
Rasa Enerji	TL
İdil İki Enerji	TL
Aksa Göynük Enerji	TL
Aksa Aksen Enerji	TL
Aksa Energy Ghana	USD
Aksa Ghana B.V	EUR
Aksa Global B.V.	EUR
Aksa Madagascar B.V.	EUR
Aksa Mali S.A.	EUR
Aksaf Power	USD
Overseas Power	USD

Functional currencies are used to a significant extent in, or have a significant impact on the operations of the related Group entities and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currencies selected for measuring items in the condensed consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currencies have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21, “*The Effects of Changes in Foreign Exchange Rates*”.

d) Basis of consolidation

i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

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2. BASIS OF PREPARATION (continued)

d) Basis of consolidation (continued)

ii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's condensed consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the condensed consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

iv) Non-controlling interests

The Group measures any non-controlling interests in the acquiree at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

v) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any NCI and other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognized in profit or loss. Any interest retained in the former subsidiary, then such interest is measured at fair value at the date when control is lost.

vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial statements.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss accounts.

e) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss), a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or qualifying cash flow hedges to the extent the hedge is effective.

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2. BASIS OF PREPARATION (continued)

e) Foreign currency (continued)

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at average exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operations is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented within equity in the translation reserve.

The EUR/TL, USD/TL, GHS/USD and TL/USD as at 30 September 2019 and 31 December 2018 are as follows:

	<u>30 September 2019</u>	<u>31 December 2018</u>
EUR/TL	6.1836	6.0280
USD/TL	5.6591	5.2609
GHS/USD	0.1882	0.2076
TL/USD	0.1767	0.1900

3. SIGNIFICANT ACCOUNTING POLICIES

a) Summary of significant accounting policies

Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

IFRS 16 Leases

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Summary of significant accounting policies (continued)

IFRS 16 Leases (continued)

i) Definiton of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non- lease components as a single lease component.

ii) As a lessee

The Group leases many assets, including land of power plants, vehicles and buildings.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has presented the right of use assets under a separate line in the consolidated financial statements under the name "right of use assets".

Book value of right of use assets are presented below:

	Land of power plants	Buildings	Vehicles	Total
Balance at 1 January 2019	63,767,476	5,620,506	3,726,356	73,114,338
Balance at 30 September 2019	45,367,360	1,045,130	1,604,354	48,016,844

The Group discounted lease payments using its incremental borrowing rate at 1 January 2019.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Summary of significant accounting policies (continued)

IFRS 16 Leases (continued)

a. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

b. Transition

Previously, the Group classified property leases as operating leases under IAS 17. These land of power plants, buildings and vehicles. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

– an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

– Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

– Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

– Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group leases a number of items of production equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Summary of significant accounting policies (continued)

IFRS 16 Leases (continued)

iii) Impacts on consolidated financial statements

a) Impacts on transition

The Group used its alternative borrowing rate on 1 January 2019 to discount its lease payments.

b) Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised TL 48,016,844 right-of-use assets and TL 49,177,681 of lease liabilities as at 30 September 2019. Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the nine months ended 30 September 2019, the Group recognised TL 5,677,050 of depreciation charges and TL 6,094,498 of interest costs from these leases.

b) Standards issued but not yet effective and not early adopted

The new standards, amendments and interpretations that are issued by the IASB but not issued by POA)

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

IFRS 17 Insurance Contracts

On 16 February 2019, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

IFRS 4 has been amended by IASB to reduce the impact of the differing effective dates of the new insurance contracts standard and IFRS 9. These amendments to IFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying IFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39; or ii) an optional temporary exemption from applying IFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in IAS 39. The Group does not expect that application of these amendments to IFRS 4 will have significant impact on its consolidated financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective and not early adopted (continued)

The new standards, amendments and interpretations that are issued by the IASB but not issued by POA)
(continued)

The revised Conceptual Framework

The revised Conceptual Framework issued on 27 October 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to IAS 1 and IAS 8 - Definition of Material

In 7 June 2019 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amended “definition of material “was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018).. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Group does not expect that application of these amendments to IAS 1 and IAS 8 will have significant impact on its consolidated financial statements.

Amendments to IFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. With this amendments confirmed that a business must include inputs and a process, and clarified that the process shall be substantive and the inputs and process must together significantly contribute to creating outputs. It narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a concentration test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Group does not expect that application of these amendments to IFRS 3 will have significant impact on its consolidated financial statements.

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4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. These fair values are determined for disclosure purposes.

ii) Derivatives

The fair value of interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group when appropriate.

iii) Non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cashflows, discounted at the market rate of interest at the measurement date.

iiii) Property, plant and equipment

Land and land improvements and building and machinery and equipment are measured at fair value, assumptions are disclosed on Note 10. Valuation of tangible assets has been performed by an independent professional valuation expert.

5. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these condensed consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group considers its risks in respect of financial risks (credit, market, geographical, foreign exchange, liquidity and interest rate), operational and legal risks. The Group's risk management policies are established to identify and analyze the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Internal audit plans are based on risk assessments as well as the issues highlighted by the Audit Committee of Aksa Enerji management. Risk assessment is conducted on a continuous basis so as to identify not only existing risks but also emerging risks. Formally, risk assessment is made annually but more often if necessary.

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5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and bank balances. The Group has procedures in place to ensure that services are provided to customers with an appropriate credit history.

A significant portion of the Group's trade receivables are composed of receivables from TEİAŞ which are similar to its receivables in abroad from the agreements that made with the governments or ministries of these countries. In this sense, the Group plays a role in a sector with low collection risk. On the other hand, on October 12, 2018 Turkrating evaluated TR A+ for Long Term National Credit Rating, and TR A2 for Short Term National Credit Rating as a stable. Thus, Turkrating confirmed that Aksa Energy has high credit quality and strong debt repayment capability. In addition, due to the Company's strong collateral structure against receivables and close follow-up of collections through related departments, collection risk is eliminated.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by lenders and executives of the Group. The Group applies hedge accounting in order to manage volatility in interest rates.

i) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 2018, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily TL, but also GHS which are disclosed within the relevant notes to these condensed consolidated for the year ended financial statements. The currencies in which these transactions primarily denominated are USD and EUR. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments as mentioned in Note 18.

ii) Interest rate risk

Group, exposes interest rate risk due to reprising of variable interest rate borrowing risk of bank loans and financial lease liabilities. The aim of risk management is to optimize net interest gains and market interest rate in accordance with company policies The Group signed interest rate swap related with some variable rate borrowings.

Capital management

The main objective of the Company's capital management is to maintain a strong capital ratio in order to support its future development of the business and maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments on it according to its growth and economic conditions and competition at the market. In order to maintain or adjust the capital structure, the shareholders may make a direct cash contribution of the needed working capital to the Company.

There were no changes in the Group's approach to capital management during the period.

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6. OPERATING SEGMENTS

The geographic information analyses the Group's revenue, EBITDA, assets and liabilities by the Group's country of domicile and other countries. In presenting the geographic information, segment revenue and EBITDA has been based on the geographic location of customers and segment assets and liabilities were based on the geographic location of the assets and liabilities

	1 January – 30 September 2019		
	Turkey (*)	Africa	Total
Total segment income	2,780,610,558	1,019,275,572	3,799,886,130
Profit before interest, tax, depreciation and amortisation (EBITDA)	385,692,875	717,120,309	1,102,813,184

	1 January – 30 September 2019		
	Turkey (*)	Africa	Total
Reconciliation of EBITDA with profit before taxes:	385,692,875	717,120,309	1,102,813,184
Depreciation and amortisation expenses	(190,856,065)	(166,621,639)	(357,477,704)
Finance income/(expenses), net	(419,051,716)	57,039,189	(362,012,527)
Income from investing activities	482,032	--	482,032
Profit/(loss) before tax	(223,732,874)	607,537,859	383,804,985

	1 January – 30 September 2018		
	Turkey (*)	Africa	Total
Total segment income	2,569,078,200	917,426,257	3,486,504,457
Profit before interest, tax, depreciation and amortisation	200,202,881	555,676,654	755,879,535

	1 January – 30 September 2018		
	Turkey (*)	Africa	Total
Reconciliation of EBITDA with profit before taxes:	200,202,881	555,676,654	755,879,535
Depreciation and amortisation expenses	(201,968,130)	(107,998,966)	(309,967,096)
Finance income/(expenses), net	(278,720,368)	(22,751,415)	(301,471,783)
Income from investing activities	2,647,294	--	2,647,294
Profit/(loss) before tax	(277,838,323)	424,926,273	147,087,950

	30 September 2019		
	Turkey (*)	Africa	Total
Total segment assets	4,492,069,823	2,424,200,509	6,916,270,332
Total segment liabilities	3,881,015,329	700,881,126	4,581,896,455

	31 December 2018		
	Turkey (*)	Africa	Total
Total segment assets	4,565,312,207	1,876,179,141	6,441,491,348
Total segment liabilities	4,042,934,022	574,354,525	4,617,288,547

(*) Includes KKTC.

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7. REVENUE

The details of the Group's revenue, for the nine-month period ended on 30 September is as follows:

	1 January- 30 September 2019	1 July- 30 September 2019	1 January- 30 September 2018	1 July- 30 September 2018
Domestic sales	2,606,336,263	1,021,041,833	2,229,059,580	970,044,837
Foreign sales	1,193,549,867	465,879,090	1,257,444,877	458,170,154
Net sales	3,799,886,130	1,486,920,923	3,486,504,457	1,428,214,991
Cost of sales (-)	(2,996,237,096)	(1,246,456,768)	(2,986,815,117)	(1,215,143,123)
Gross profit	803,649,034	240,464,155	499,689,340	213,071,868
	1 January- 30 September 2019	1 July- 30 September 2019	1 January- 30 September 2018	1 July- 30 September 2018
Revenue – amount				
Electricity	3,747,053,353	1,467,070,650	3,463,860,162	1,424,122,480
Other	52,832,777	19,850,273	22,644,295	4,092,511
Total	3,799,886,130	1,486,920,923	3,486,504,457	1,428,214,991
Gross margin - amount				
Electricity	792,475,275	230,939,521	492,193,838	211,207,031
Other	11,173,759	9,524,634	7,495,502	1,864,837
Total	803,649,034	240,464,155	499,689,340	213,071,868

8. FINANCIAL INCOME AND FINANCIAL EXPENSES

The details of the Group's financial income and expenses, for the nine-month period ended on 30 September is as follows:

	1 January- 30 September 2019	1 July- 30 September 2019	1 January- 30 September 2018	1 July- 30 September 2018
Financial income				
Foreign exchange gain, net	151,037,890	622,736	451,558,099	306,725,074
Interest and discount income from related parties (Note 19)	58,465,967	25,150,197	13,480,013	7,861,813
Interest and discount income	44,864,103	18,834,929	21,358,967	20,003,922
Income from derivative transactions	26,356,911	16,729,224	7,113,383	(25,628,678)
Gain on sale of bonds	20,204,824	(210,004)	--	--
Total	300,929,695	61,127,082	493,510,462	308,962,131
	1 January- 30 September 2019	1 July- 30 September 2019	1 January- 30 September 2018	1 July- 30 September 2018
Financial expenses				
Interest and discount expenses	492,442,013	132,308,926	341,214,113	150,973,454
Foreign exchange loss from borrowings, net	69,461,990	(1,873,682)	413,444,986	264,494,987
Expenses from derivative transactions	41,847,991	15,773,157	1,042,422	10,950
Guarantee letters and bank commission expenses	31,299,943	14,717,338	23,085,743	9,105,188
Interest expense on financial liabilities and loans to related parties (Note 19)	27,890,285	2,313,734	16,194,981	10,797,405
Total	662,942,222	163,239,473	794,982,245	435,381,984

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9. TAXATION

Turkey

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

Corporate income tax is levied at the rate of 22% (2018: 22%) and advance tax returns are filed on a quarterly basis. However, according to the Article 91 of the Law numbered 7061 “Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation” which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

According to the new Corporate Tax Law, 75% (2018: 75%) of the capital gains arising from the sale of properties and investments owned for at least two years are exempted from corporate tax on the condition that such gains are kept under equity as restricted funds within five years from the date of the sale. The remaining 25% of such capital gains are subject to corporate tax.

The tax legislation provides for a temporary tax of 22% (2018: 22%) to be calculated and paid based on earnings generated for each quarter for the nine month period ended 30 September 2019. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. With the amendment to the Law, corporate rate is set to 22% for the years 2018, 2019 and 2020. 75% of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 30 f 2018. However, according to the amendments by Law numbered 7061, this rate is reduced from 75% to 50% and tax declarations starting from 2018 will be calculated using 50%.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. According to the amendments in the tax legislations, which became effective from 24 April 2003, dividends that are paid to the shareholders from the profits of the years between 1999 and 2002 are immune from the withholding tax, if such profits are exempted from corporation tax bases of the companies. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no:5520 revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, was increased from 10% to 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the condensed consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

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9. TAXATION (continued)

Tax applications for foreign subsidiaries of the Group

Republic of Ghana

The applicable corporate tax rate in Republic of Ghana is 25% (31 December 2018: 25%).

Turkish Republic Of Northern Cyprus ("KKTC")

The applicable corporate tax rate in KKTC is 23,5% (31 December 2018: 23,5%).

Netherlands

Corporate income tax is levied at the rate of 20% (31 December 2018: 20%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the year 2017. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments.

Under the Dutch taxation system, tax losses can be carried forward to be offset against future taxable income for nine years. Tax losses can be carried back to offset profits up to one year. Entities must file their tax returns within nine months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Republic Of Mauritius

The applicable corporate tax rate in Mauritius 0% (31 December 2018: 0%).

Republic Of Mali

The applicable corporate tax rate in Mali 25% (31 December 2018: 25%).

Madagascar

The applicable corporate tax rate in Madagascar 20% (31 December 2018: 20%).

Tax recognized in profit or loss

Income tax income for the nine-month period ended 30 September comprised the following items:

	1 January- 30 September 2019	1 July- 30 September 2019	1 January- 30 September 2018	1 July- 30 September 2018
<u>Current tax expense</u>				
Current period tax expense	(50,704,200)	(16,986,000)	(38,963,664)	(12,617,969)
<u>Deferred tax expense</u>				
Origination and reversal of temporary differences	16,482,974	2,372,954	21,868,568	(6,998,637)
<u>Total tax income</u>	(34,221,226)	(14,613,046)	(17,095,096)	(19,616,606)

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 30 September 2019 and 31 December 2018 as follows:

	30 September 2019	31 December 2018
Property, plant and equipment	3,743,595,089	3,714,470,557
Mining assets	34,006,811	59,585,845
Total	3,777,601,900	3,774,056,402

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10. PROPERTY, PLANT AND EQUIPMENT (continued)

The movements of property and equipment comprise fixed asset and mining assets and related accumulated depreciation for the nine-month period ended 30 September were as follows:

<u>Cost</u>	<u>Land and buildings and land improvements</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Constructi on in progress</u>	<u>Total</u>
Balance at 1 January 2019	150,463,925	4,975,385,471	4,312,293	14,233,479	26,810,511	78,220,961	5,249,426,640
Additions	3,014,247	36,147,772	669,284	591,068	--	19,581,459	60,003,830
Transfers	64,515	251,677,390	--	--	--	(659,722)	251,082,183
Effect of movements in exchange rates	2,775,647	137,468,491	307,259	409,518	--	4,788,472	145,749,387
Balance at 30 September 2019	156,318,334	5,400,679,124	5,288,836	15,234,065	26,810,511	101,931,170	5,706,262,040
Accumulated depreciation							
Balance at 1 January 2019	16,527,317	1,502,744,760	1,231,642	10,566,137	3,886,227	--	1,534,956,083
Depreciation for the period	11,341,490	326,409,990	898,029	1,621,346	17,210	--	340,288,065
Effect of movements in exchange rates	11,927,090	75,298,155	66,346	131,212	--	--	87,422,803
Balance at 30 September 2019	39,795,897	1,904,452,905	2,196,017	12,318,695	3,903,437	--	1,962,666,951
Carrying amount as of 30 September 2019	116,522,437	3,496,226,219	3,092,819	2,915,370	22,907,074	101,931,170	3,743,595,089
<u>Cost</u>	<u>Land and buildings and land improvements</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
Balance at 1 January 2018	128,098,665	4,294,400,424	3,519,590	12,529,180	26,792,310	111,719,413	4,577,059,582
Additions	114,741	10,389,318	--	710,116	16,030	72,780,182	84,010,387
Disposals	--	(41,585,935)	--	--	--	(693,124)	(42,279,059)
Effect of movements in exchange rates	26,301,970	675,742,246	1,158,303	1,399,036	--	38,607,715	743,209,270
Transfers from inventory	--	76,423,698	--	--	--	--	76,423,698
Transfers	55,877	85,185,327	--	--	--	(85,241,204)	--
Balance at 30 September 2018	154,571,253	5,100,555,078	4,677,893	14,638,332	26,808,340	137,172,982	5,438,423,878
Accumulated depreciation							
Balance at 1 January 2018	6,363,919	990,927,731	795,296	9,314,568	3,863,953	--	1,011,265,467
Depreciation for the period	7,837,074	297,146,456	152,858	730,423	15,387	--	305,882,198
Disposals	--	(891,288)	--	--	--	--	(891,288)
Effect of movements in exchange rates	5,699,292	215,440,392	487,435	475,708	--	--	222,102,827
Balance at 30 September 2018	19,900,285	1,502,623,291	1,435,589	10,520,699	3,879,340	--	1,538,359,204
Carrying amount as of 30 September 2018	134,670,968	3,597,931,787	3,242,304	4,117,633	22,929,000	137,172,982	3,900,064,674

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10. PROPERTY, PLANT AND EQUIPMENT (continued)

Construction in progress

At 30 September 2019 and 31 December 2018, construction in progress represents, stationary export and import warehouse.

Project	30 September 2019	Technical completion rate (%)	31 December 2018	Technical completion rate (%)
Ghana investment	51,630,350	99%	38,981,159	99%
Bolu Göynük power plant investment	13,526,444	99%	4,693,286	99%
Kıbrıs Kalecik – Mobile power plant investment	14,943,798	99%	13,708,334	99%
Other (*)	21,830,578		20,838,182	
Total	101,931,170		78,220,961	

(*) This balance comprises of ongoing investments project in Africa region

Mining assets

At 30 September 2019 and 2018, mining assets comprise mining development assets and stripping cost.

Cost:	30 September 2019	31 December 2018
Stripping costs	53,355,183	69,415,348
Mining development assets	5,477,772	5,477,772
Total	58,832,955	74,893,120
Amortization:		
Stripping costs	24,593,811	15,074,942
Mining development assets	232,333	232,333
Total	24,826,144	15,307,275
Carrying amount	34,006,811	59,585,845

11. RIGHT OF USE ASSETS

	Land of power plants	Buildings	Vehicles	Total
Balance at 1 January 2019	63,767,476	5,620,506	3,726,356	73,114,338
Additions	9,945,058	--	--	9,945,058
Disposals	(24,824,909)	(3,365,946)	(1,174,647)	(29,365,502)
Depreciation expense	(3,520,265)	(1,209,430)	(947,355)	(5,677,050)
Balance at 30 September 2019	45,367,360	1,045,130	1,604,354	48,016,844

The Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The transition effect of the Group in accordance with IFRS 16 is explained in Note 3.a.

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12. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 30 September 2019 and 31 December 2018 are attributable to the items detailed in the table below:

	30 September 2019	31 December 2018
	Asset / (Liability)	Asset / (Liability)
Property and equipment and intangible assets	(73,251,690)	(147,065,303)
Provision to doubtful receivables	5,780,997	4,377,265
Loans and borrowings	8,996,837	(2,523,404)
Reserve for employee severance indemnity	931,737	701,912
Losses carried forward	21,205,461	85,005,083
Other	230,324	46,166
Net deferred tax liabilities	(36,106,334)	(59,458,281)
Deferred tax asset	122,777,854	125,276,334
Deferred tax liability	(158,884,188)	(184,734,615)
Net deferred tax liabilities	(36,106,334)	(59,458,281)

Recognized deferred tax assets and liabilities

Movements in deferred tax balances for the nine-month period ended 2019 and 2018 are as follows:

	<i>1 January 2019</i>	<i>Effects of translation</i>	<i>Recognized in profit or loss</i>	<i>Recognized in other comprehensive income</i>	<i>30 September 2019</i>
Total deferred tax liabilities	(59,458,281)	9,618,089	16,482,974	(2,749,116)	(36,106,334)
	<i>1 January 2018</i>	<i>Effects of translation</i>	<i>Recognized in profit or loss</i>	<i>Recognized in other comprehensive income</i>	<i>30 September 2018</i>
Total deferred tax assets	(96,618,904)	(4,367,591)	21,868,568	(279,265)	(79,397,192)

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13. CAPITAL AND RESERVES

Paid in capital

At 30 September 2019, the Group's statutory nominal value of authorized and paid-in share capital is TL 613,169,118 (31 December 2018: TL 613,169,118) (comprising of 613,169,118 registered shares (31 December 2018: 613,169,118) having par value of TL 1 (31 December 2017: TL 1) each).

30 September 2019 and 31 December 2018, the shareholding structure of the Company was as follows:

Shareholders	30 September 2019		31 December 2018	
	(%)	Amount	(%)	Amount
Kazancı Holding	78.60	481,976,743	78.60	481,976,743
Public share	21.39	131,158,000	21.39	131,158,000
Other	0.01	34,375	0.01	34,375
Inflation adjustment to share capital	--	1,987,932	--	1,987,932
Paid in capital in TL (nominal)	100.00	615,157,050	100.00	615,157,050

Group	30 September 2019		31 December 2018	
	(%)	Amount	(%)	Amount
A Group (Registered share)	47.93	293,896,220	47.93	293,896,220
B Group (Bearer share)	52.07	319,272,898	52.07	319,272,898
Inflation adjustment to share capital	--	1,987,932	--	1,987,932
Paid in capital	100.00	615,157,050	100.00	615,157,050

TL 131,158,000 of bearer B group share are traded in Borsa İstanbul A.Ş.

On the date of 2 August 2016, a new loan agreement with a total of US \$ 800 million was signed between Kazancı Holding A.Ş. And Aksa partnership Co. and with the Bank's consortium under the leadership of Türkiye Garanti Bankası A.Ş. And Türkiye İş Bankası, with the participation of T.C. Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Odea Bank A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. With this created financing, all of the old loan mentioned above was repaid and the shares of Aksa Enerji in the property owned by Kazancı Holding liberalized. In addition to these liberalized shares belonging to the Kazancı Holding, representing %61.98 capital shares of Aksa Energy which is owned by Kazancı Holding and is 9.74% shares of Kazancı Holding, was pledged to be a guarantee for the new loan, to the Guarantee Representative Türkiye İş Bankası AŞ by Kazancı Holding.

Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves.

The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20% of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5% of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5% of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 30 September 2019, legal reserves of the Group amounted to TL 64,980,588 (31 December 2018: TL 48,267,560)

Share premium

Share premium represents differences resulting from the sale of the Company's subsidiaries' and associates' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies.

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13. CAPITAL AND RESERVES (continued)

Actuarial gain/loss:

Actuarial gain/loss reserves comprises actuarial gains and losses recognized in other comprehensive income based on IAS (2011).

Gain on revaluation of property, plant and equipment:

Gain on revaluation of property, plant and equipment comprise of fair value gain of land and land improvements and buildings and machinery and equipment in property, plant and equipment.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of tax.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign and domestic operations from their functional currencies to presentation currency of TL.

Dividend distribution

Publicly held companies distribute dividends based on the Capital Market Board (“CMB”) Dividend Communiqué numbered II-19.1 effective from 1 February 2014.

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation.

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the “Non-controlling interests” in the condensed consolidated financial statements.

As at 30 September 2019 and 31 December 2018 the related amounts in the “Non-controlling interests” in the condensed consolidated statement of financial position are respectively TL 356,974,856 liability and TL 181,851,117 liability. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the “Non-controlling interests” in the condensed consolidated financial statements.

14. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 30 September 2019 and 2018 is as follows:

	1 January- 30 September 2019	1 July- 30 September 2019	1 January- 30 September 2018	1 July- 30 September 2018
<u>Numerator:</u>				
Profit for the period attributable to equity holders	174,460,003	66,875,773	15,614,338	(1,134,125)
Weighted average number of shares	613,169,118	613,169,118	613,169,118	613,169,118
Basic and diluted loss per share (full TL)	0.285	0.109	0.025	(0.002)

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15. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks, see Note 18.

	30 September 2019	31 December 2018
Current liabilities		
Current portion of bank loans	1,244,265,292	1,394,427,238
Short term bank loans	1,204,706,185	504,015,099
Total	2,448,971,477	1,898,442,337
Non-current liabilities		
Long term bank loans	1,066,752,004	1,586,768,204
Total	1,066,752,004	1,586,768,204
Total loans and borrowings	3,515,723,481	3,485,210,541

The Group's total bank loans and finance lease liabilities as at 30 September 2019 and 31 December 2018 are as follows:

	30 September 2019	31 December 2018
Bank loans	3,515,723,481	3,485,210,541
Total	3,515,723,481	3,485,210,541

Redemption schedules of the Group's bank loans according to original maturities as at 30 September 2019 are as follows:

30 September 2019			
Maturity	Currency	Amount	TL Amount
0-12 months	USD	134,580,769	761,606,031
	EUR	3,806,910	23,540,408
	TL	1,663,825,038	1,663,825,038
1-2 year	USD	57,172,961	323,547,505
	EUR	1,407,486	8,703,331
	TL	258,476,427	258,476,427
2-3 year	USD	25,903,489	146,590,435
	TL	39,407,682	39,407,682
3-4 year	USD	22,153,708	125,370,047
	TL	4,928,576	4,928,576
4-5 year	USD	18,851,441	106,682,189
	TL	4,183,163	4,183,163
5 year and more	USD	8,308,911	47,020,957
	TL	1,841,692	1,841,692
Total			3,515,723,481

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15. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2018 are as follows:

31 December 2018			
Maturity	Currency	Amount	TL Amount
0-12 months	USD	101,235,841	532,591,758
	EUR	10,315,736	62,183,257
	TL	1,303,667,322	1,303,667,322
1-2 year	USD	64,226,784	337,890,687
	EUR	3,624,196	21,846,651
	TL	443,490,761	443,490,761
2-3 year	USD	51,017,861	268,399,865
	EUR	1,105,311	6,662,812
	TL	100,188,816	100,188,816
3-4 year	USD	25,356,714	133,399,139
	TL	20,960,029	20,960,029
4-5 year	USD	21,685,581	114,085,674
5 year and more	USD	26,581,720	139,843,770
Total			3,485,210,541

Terms and debt repayment schedule

The breakdown of bank loans as at 30 September 2019 is as follows:

Original Currency	Nominal Interest rate %	Face Value	Carrying Amount
TL	% 14.88 - % 34.20	2,389,429,982	1,972,662,578
USD	Libor6M +%0.15 - Libor6M+%6.35	1,785,313,480	1,510,817,164
EUR	Euribor6M+% 1.95 - % 3.84	35,495,454	32,243,739
Total		4,210,238,916	3,515,723,481

As at 30 September 2019, The Group's expense accrual charge is TL 77,308,454.

The breakdown of bank loans as at 31 December 2018 is as follows:

Original Currency	Nominal Interest rate %	Face Value	Carrying Amount
TL	14.88% – 39.00%	2,429,327,573	1,868,307,049
USD	6MLibor +0.15%-6MLibor +6.35%	1,939,989,103	1,526,210,772
EUR	Euribor6M+1.60% - 3.84%	104,055,453	90,692,720
Total		4,473,372,129	3,485,210,541

At 30 September 2019 and 31 December 2018, other short term financial liabilities comprised the following:

Other short term financial liabilities	30 September 2019	31 December 2018
Factoring liabilities	167,916,190	99,727,020
Bond issued	--	146,636,592
Other financial liabilities	3,318	4,852
Total	167,919,508	246,368,464

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15. LOANS AND BORROWINGS (continued)

At 30 September 2019 and 31 December 2018, other long term financial liabilities comprised the following:

Other long term financial liabilities	30 September 2019	31 December 2018
Factoring liabilities	16,716,054	13,919,586
Total	16,716,054	13,919,586

The Company has bond issuance at a nominal amount of TL 60,000,000, to be quarterly paid within 2 years maturity bond based on 3.3763 % coupon rate on 24 June 2016. Restated bonds matured on 28 June 2018.

The Company has bond issuance at a nominal amount of TL 140,000,000, to be quarterly paid within 3 years maturity bond based on 3.6795% coupon rate on 28 June 2016. Restated bonds matured on 26 June 2019 (31 Aralık 2018: 146.636.592 TL).

The breakdown of factoring liabilities as at 30 September 2019 and 31 December 2018 is as follows:

30 September 2019		
Maturity	Currency	TL Amount
Less than 1 year	TL	167,916,190
1-2 years	TL	16,716,054
Total		184,632,244

31 December 2018		
Maturity	Currency	TL Amount
Less than 1 year	TL	99,727,020
1-2 years	TL	13,919,586
Total		113,646,606

The exposure to credit and market risks and impairment losses related to trade and other receivables are disclosed in Note 18.

The Group's finance lease payables represent the present value of the future payables of the buildings, land of power plants and vehicles that are rented by the third parties through their useful lives.

Redemption schedules of the Group's finance lease payables according to original maturities as at 30 September 2019 are as follows:

Currency	Interest	Maturity	Ineterest Rate	TL Equivalent
TL	Fixed	1 March 2038	%21.29-%29.40	46,536,025
USD	Fixed	1 May 2020	%7.70	1,810,450
EUR	Fixed	1 August 2020	%7.00	831,206
Total				49,177,681

16. TRADE AND OTHER RECEIVABLES AND PAYABLES

At 30 September 2019 and 31 December 2018, trade receivables to third parties comprised the following:

	30 September 2019	31 December 2018
Trade receivables	1,879,790,609	1,317,437,947
Receivables from sale of subsidiary (*)	123,969,460	116,591,259
Expected credit loss (-)	(32,095,570)	(33,700,863)
Other receivables	16,925,361	2,874,874
Total	1,988,589,860	1,403,203,217

(*) Receivables from Borusan EnBW Enerji Yatırımlar ve Üretim A.Ş. in relation to sale of Alenka Enerji.

The exposure to credit and market risks and impairment losses related to trade and other receivables are disclosed in Note 18.

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16. TRADE AND OTHER RECEIVABLES AND PAYABLES (continued)

At 30 September 2019 and 31 December 2018, trade and other payables to third parties comprised the following:

	30 September 2019	31 December 2018
Trade and other payables to third parties	498,894,867	343,322,873
Unearned credit finance charges (-)	(4,473,575)	(6,991,404)
Total	494,421,292	336,331,469

The exposure to credit and liquidity related to trade and other payables are disclosed in Note 18.

17. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Collateral / Pledge / Mortgage (“CPM”)

As of 30 September 2019 and 31 December 2018, the Group’s collateral, pledge and mortgage (CPM) position is disclosed as follows:

	30 September 2019	31 December 2018
A. CPM given for companies own legal personality	5,478,855,690	4,450,910,793
B. CPM given in behalf of fully consolidated companies	2,059,107,850	1,915,362,150
C. CPM 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 majority shareholder	--	--
ii. Total amount of CPM’s given 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	--	--
Total CPM	7,537,963,540	6,366,272,943

Letters of guarantees given to:

30 September 2019	TL	USD	EUR	CHF	TL Equivalent
Energy Market Regulatory Authority Turkey Electricity Transmission Company (TEIAS)	23,708,000	--	--	--	23,708,000
Turkish Coal Enterprises Institution(TKI)	15,698,485	2,021,001	100,000	--	27,986,362
Botaş–Petroleum Pipeline Corporation	6,983,301	--	--	--	6,983,301
Enforcement offices	665,042	--	--	--	665,042
Electricity distribution companies	20,636,053	--	--	--	20,636,053
Other	49,581,573	2,021,001	--	--	61,018,619
	37,865,550	3,000,000	370,000	800,000	61,842,302
Total	155,138,004	7,042,002	470,000	800,000	202,839,679

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17. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Collateral / Pledge / Mortgage (“CPM”) (continued)

31 December 2018	TL	USD	EUR	CHF	TL Equivalent
Energy Market Regulatory Authority	44,398,000	--	--	--	44,398,000
Electricity distribution companies	26,862	--	--	--	26,862
Turkey Electricity Transmission Company (TEIAS)	12,419,674	2,062,080	100,000	--	23,870,871
Turkish Coal Enterprises Institution(TKI)	5,225,526	--	--	--	5,225,526
Botaş–Petroleum Pipeline Corporation	665,042	--	--	--	665,042
Enforcement offices	700,192	--	--	--	700,192
Banks	--	--	1,457,143	--	8,783,657
Other	22,777,183	5,021,001	1,250,000	800,000	60,995,327
Total	86,212,479	7,083,081	2,807,143	800,000	144,665,477

Guarantees received

At 30 September 2019 and 31 December 2018, the details of guarantees received is as follows:

Type of guarantees	TL	USD	EUR	30 September 2019 TL Equivalent
Letter of guarantee	38,962,435	75,000,000	1,625,750	473,447,923
Notes taken for collaterals	26,268,905	1,034,174	1,184,169	39,443,827
Cheques taken for collaterals	11,387,533	28,000	3,456,000	32,916,509
Mortgage	700,000	--	--	700,000
Total	77,318,873	76,062,174	6,265,919	546,508,259

Type of guarantees	TL	USD	EUR	31 December 2018 TL Equivalent
Letter of guarantee	121,697,977	75,000,000	1,582,600	525,805,390
Notes taken for collaterals	26,327,053	1,050,574	1,205,112	39,118,433
Cheques taken for collaterals	11,387,533	28,000	3,456,000	32,367,606
Mortgage	700,000	--	--	700,000
Total	160,112,563	76,078,574	6,243,712	597,991,429

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18. FINANCIAL INSTRUMENTS

Credit Risk

Impairment losses

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 30 September 2019 and 31 December 2018 is:

30 September 2019	Receivables				Deposits at banks
	Trade receivables		Other receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed to as at 30 September 2019 (A+B+C+D+E)	263,588,830	1,856,483,886	13,427,205	124,066,346	131,910,302
A. Carrying amount of financial assets not overdue or not impaired	263,588,830	1,797,323,563	13,427,205	2,337,940	131,910,302
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	--	--	--	--	--
C. Carrying amount of financial assets overdue but not impaired	--	59,160,323	--	121,728,406	--
D. Carrying amount of assets impaired	--	--	--	--	--
- Overdue (gross book value)	--	23,306,723	--	8,788,847	--
- Impairment (-)	--	(23,306,723)	--	(8,788,847)	--
E. Off balance sheet items with credit risk	--	--	--	--	--

31 December 2018	Receivables				Deposits at banks
	Trade Receivables		Other Receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed to as at 31 December 2018 (A+B+C+D+E)	232,193,307	1,283,737,084	174,069,310	119,107,681	52,603,618
A. Carrying amount of financial assets not overdue or not impaired	232,193,307	1,202,097,637	174,069,310	5,944,639	52,603,618
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	--	--	--	--	--
C. Carrying amount of financial assets overdue but not impaired	--	81,639,447	--	113,163,042	--
D. Carrying amount of assets impaired	--	--	--	--	--
- Overdue (gross book value)	--	24,961,521	--	8,739,342	--
- Impairment (-)	--	(24,961,521)	--	(8,739,342)	--
E. Off balance sheet items with credit risk	--	--	--	--	--

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18. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The followings are the contractual maturities of financial liabilities, including estimated interest payments:

30 September 2019	Carrying amount	Contractual cash flows (=I+II+III+IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	3,700,359,043	4,209,564,763	350,580,154	2,451,606,390	1,332,353,146	75,025,073
Financial liabilities	3,515,723,481	4,004,403,043	332,833,901	2,288,092,617	1,308,451,452	75,025,073
Other financial liabilities	184,635,562	205,161,720	17,746,253	163,513,773	23,901,694	--
Derivative financial liabilities	35,165,630	6,772,317	--	6,772,317	--	--
Cash inflow	--	(227,420,888)	--	(227,420,888)	--	--
Cash outflow	--	234,193,205	--	234,193,205	--	--

	Carrying amount	Contractual cash flows (=I+II+III+IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities	546,684,139	546,684,139	546,684,139	--	--	--
Trade and other payables to related parties	52,262,847	52,262,847	52,262,847	--	--	--
Trade and other payables to third parties	494,421,292	494,421,292	494,421,292	--	--	--

31 December 2018	Carrying amount	Contractual cash flows (=I+II+III+IV+V)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	3,745,498,591	4,441,298,668	103,982,760	896,951,861	2,307,207,071	1,133,156,976
Financial liabilities	3,485,210,541	4,162,765,621	91,638,289	692,709,873	2,245,260,483	1,133,156,976
Other financial liabilities	260,288,050	278,533,047	12,344,471	204,241,988	61,946,588	--
Derivative financial liabilities	7,879,471	60,648,640	43,578,640	16,475,300	594,700	--
Cash inflow	--	(242,594,560)	(174,314,560)	(65,901,200)	(2,378,800)	--
Cash outflow	--	303,243,200	217,893,200	82,376,500	2,973,500	--

	Carrying amount	Contractual cash flows (=I+II+III+IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities	575,679,978	575,679,978	575,679,978	--	--	--
Trade and other payables to related parties	239,348,509	239,348,509	239,348,509	--	--	--
Trade and other payables to third parties	336,331,469	336,331,469	336,331,469	--	--	--

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18. FINANCIAL INSTRUMENTS (continued)

Currency risk

The summary of quantitative data about the Group entities' exposure to foreign currency risk as follows:

FOREIGN CURRENCY RISK						
	30 September 2019					
	TL Equivalent	USD	EUR	GBP	CHF	Other
1. Trade receivables	169,864,012	23,790,675	5,688,885	7,543	--	--
2a. Monetary financial assets	32,890,736	1,920,162	3,558,053	3,277	--	--
2b. Non-monetary financial assets	7,124,205	747,151	468,336	--	--	--
3. Other	--	--	--	--	--	--
4. CURRENT ASSETS	209,878,953	26,457,988	9,715,274	10,820	--	--
5. Trade receivables	--	--	--	--	--	--
6a. Monetary financial assets	596,828	100,000	5,000	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--
7. Other	--	--	--	--	--	--
8. NON-CURRENT ASSETS	596,828	100,000	5,000	--	--	--
9. TOTAL ASSETS	210,475,781	26,557,988	9,720,274	10,820	--	--
10. Trade payables	60,785,655	3,032,147	6,171,781	72,554	841,928	--
11. Financial liabilities	778,387,439	134,016,552	3,230,217	--	--	--
12a. Other financial liabilities	4,838,092	800,000	50,264	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--
13. SHORT TERM LIABILITIES	844,011,186	137,848,699	9,452,262	72,554	841,928	--
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	752,785,086	131,484,115	1,407,486	--	--	--
16a. Other financial liabilities	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--
17. LONG TERM LIABILITIES	752,785,086	131,484,115	1,407,486	--	--	--
18. TOTAL LIABILITIES	1,596,796,272	269,332,814	10,859,748	72,554	841,928	--
19. Off statement of financial position derivatives net asset/liability position	--	--	--	--	--	--
20. Net foreign currency asset liability position	(1,386,320,491)	(242,774,826)	(1,139,474)	(61,734)	(841,928)	--
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a))	(1,393,444,696)	(243,521,977)	(1,607,810)	(61,734)	(841,928)	--
22. Fair value of derivative instruments used in foreign currency hedge	(18,143,222)	(3,206,026)	--	--	--	--
23. Hedged portion of foreign currency assets	--	--	--	--	--	--
24. Hedged portion of foreign currency liabilities	428,900,218	75,789,475	--	--	--	--

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18. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

FOREIGN CURRENCY RISK						
	31 December 2018					
	TL Equivalent	USD	EUR	GBP	CHF	Other
1. Trade receivables	162,313,398	15,153,536	13,342,196	--	405,871	--
2a. Monetary financial assets	7,981,922	1,413,260	86,740	3,347	331	--
2b. Non-monetary financial assets	12,986,567	1,640,352	722,767	--	--	--
3. Other	113,163,043	21,510,206	--	--	--	--
4. CURRENT ASSETS	296,444,930	39,717,354	14,151,703	3,347	406,202	--
5. Trade receivables	--	--	--	--	--	--
6a. Monetary financial assets	2,610,541	105,000	341,431	--	--	--
6b. Non-monetary financial assets	36	--	6	--	--	--
7. Other	--	--	--	--	--	--
8. NON-CURRENT ASSETS	2,610,577	105,000	341,437	--	--	--
9. TOTAL ASSETS	299,055,507	39,822,354	14,493,140	3,347	406,202	--
10. Trade payables	75,479,037	4,702,484	7,892,346	100,352	468,034	--
11. Financial liabilities	598,142,408	101,495,329	10,647,915	--	--	--
12a. Other financial liabilities	12,378,643	800,000	1,355,329	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--
13. SHORT TERM LIABILITIES	686,000,088	106,997,813	19,895,590	100,352	468,034	--
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	1,022,128,632	188,868,660	4,729,512	--	--	--
16a. Other financial liabilities	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--
17. LONG TERM LIABILITIES	1,022,128,632	188,868,660	4,729,512	--	--	--
18. TOTAL LIABILITIES	1,708,128,720	295,866,473	24,625,102	100,352	468,034	--
19. Off statement of financial position derivatives net asset/liability position	--	--	--	--	--	--
20. Net foreign currency asset liability position	(1,409,073,213)	(256,044,119)	(10,131,962)	(97,005)	(61,832)	--
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a))	(1,535,222,859)	(279,194,677)	(10,854,735)	(97,005)	(61,832)	--
22. Fair value of derivative instruments used in foreign currency hedge	(4,397,643)	(835,911)	--	--	--	--
23. Hedged portion of foreign currency assets	--	--	--	--	--	--
24. Hedge portion of foreign currency liabilities	398,720,849	75,789,475	--	--	--	--

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18. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

Foreign currency risk sensitivity analysis

The Group is mainly exposed to foreign currency risks in USD and Euro.

The following table shows the Group's sensitivity to a 10% increase and decrease in USD and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit / loss and other equity.

Sensitivity Analysis				
30 September 2019				
	Profit/Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the USD				
1 - USD net asset / liability	(139,563,949)	139,563,949	(139,563,949)	139,563,949
2- Portion secured from USD(-)	42,890,021	(42,890,021)	42,890,021	(42,890,021)
3- USD net effect (1 +2)	(96,673,928)	96,673,928	(96,673,928)	96,673,928
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	(2,477,913)	2,477,913	(2,477,913)	2,477,913
5 - Portion secured from Euro (-)	--	--	--	--
6 - Euro net effect (4+5)	(2,477,913)	2,477,913	(2,477,913)	2,477,913
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(538,742)	538,742	(538,742)	538,742
8- Portion secured from other currency (-)	--	--	--	--
9- Other currency net effect (7+8)	(538,742)	538,742	(538,742)	538,742
Total (3+6+9)	(99,690,583)	99,690,583	(99,690,583)	99,690,583

Sensitivity Analysis				
31 December 2018				
	Profit/Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the USD				
1 - USD net asset / liability	(146,881,528)	146,881,528	(146,881,528)	146,881,528
2- Portion secured from USD(-)	7,578,947	(7,578,947)	7,578,947	(7,578,947)
3- USD net effect (1 +2)	(139,302,581)	139,302,581	(139,302,581)	139,302,581
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	(6,543,234)	6,543,234	(6,543,234)	6,543,234
5 - Portion secured from Euro (-)	--	--	--	--
6 - Euro net effect (4+5)	(6,543,234)	6,543,234	(6,543,234)	6,543,234
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(97,524)	97,524	(97,524)	97,524
8- Portion secured from other currency (-)	--	--	--	--
9- Other currency net effect (7+8)	(97,524)	97,524	(97,524)	97,524
Total (3+6+9)	(145,943,339)	145,943,339	(145,943,339)	145,943,339

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18. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis (continued)

Interest rate risk

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

Interest rate position		
	30 September 2019	31 December 2018
Fixed rate instruments		
Financial assets	131,910,302	53,026,362
Financial liabilities	2,638,463,392	2,477,695,516
Financial lease liabilities	49,177,681	--
Other financial liabilities	184,635,562	260,288,050
Variable rate instruments		
Financial liabilities	877,260,089	1,007,514,904

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives (interest rate swaps) as hedging instruments under fair value hedge accounting model. Therefore, a change in interest rate as of the reporting date would not affect profit or loss and equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates as at 30 September 2019 would have increased / (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as at 31 December 2018.

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
30 September 2019				
Variable rate instruments	(19,788,286)	18,999,754	(19,788,286)	18,999,754
Cash flow sensitivity (net)	(788,532)		(788,532)	
31 December 2018				
Variable rate instruments	(22,550,524)	21,580,795	(22,550,524)	21,580,795
Cash flow sensitivity (net)	(969,729)		(969,729)	

Capital risk management

The risk related with each of the capital class and group capital cost is considered by the top management of the Group.

The primary objective of the Group's capital management objectives is to ensure that it maintains a healthy capital structure in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may obtain new loans, repay existing loans; make dividend payments to shareholders, issue new shares based on Management's evaluation. The Group manages the capital structure so as to ensure the Group's ability to continue as a going concern; and maximize its profitability by maintaining an adequate capital to overall financing structure ratio.

The Group monitors capital using a gearing ratio, which is net debt divided by total financing used. The Group includes within net financial debt, borrowings, less cash and cash equivalents. Financing used is the sum of total equity and net financial debt.

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18. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis (continued)

Capital risk management

The following table sets out the gearing ratios as of 30 September 2019 and 31 December 2018:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Total financial liabilities	3,749,536,724	3,745,498,591
Less: cash and cash equivalents	(131,878,982)	(52,995,042)
Net financial debt	3,617,657,742	3,692,503,549
Total equity	2,334,373,877	1,824,202,801
Gearing ratio (net financial debt to overall financing used ratio)	155%	203%

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	<u>30 September 2019</u>		<u>31 December 2018</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets				
Cash and cash equivalents	131,910,302	131,910,302	53,026,362	53,026,362
Financial investment	412,408	412,408	1,515,930,391	412,408
Trade and other receivables (*)	2,007,594,448	2,007,594,448	1,404,748,486	1,404,748,486
Due from related parties	277,016,035	277,016,035	406,262,617	406,262,617
Derivative assets	2,330,226	2,330,226	413,737	413,737
Financial liabilities				
Financial liabilities	3,515,723,481	3,515,723,481	3,485,210,541	3,485,210,541
Trade and other payables (**)	494,421,292	494,421,292	336,331,469	336,331,469
Due to related parties	52,262,847	52,262,847	239,348,509	239,348,509
Other financial liabilities	184,635,562	184,635,562	260,288,050	260,288,050
Derivative liabilities	37,495,856	37,495,856	8,293,208	8,293,208

(*)Non-financial instruments such as deposits given, VAT, prepayment and advances given are excluded from receivables and other current asset.

(**) Non-financial instruments such as VAT payables, withholding tax payable and social security premiums payable are excluded from trade and other receivables.

The basis for determining fair values is discussed in Note 4.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. Fair value hierarchy table as at 30 September 2019 is as follows:

<u>30 September 2019</u>	<u>Fair value measurement</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value:				
Derivative assets	--	2,330,226	--	2,330,226
	--	2,330,226	--	2,330,226
Financial liabilities measured at fair value:				
Derivative liabilities	--	(37,495,856)	--	(37,495,856)
	--	(37,495,856)	--	(37,495,856)
31 December 2018				
Financial assets measured at fair value:				
Derivative assets	--	413,737	--	413,737
	--	413,737	--	413,737
Financial liabilities measured at fair value:				
Derivative liabilities	--	(8,293,208)	--	(8,293,208)
	--	(8,293,208)	--	(8,293,208)

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19. RELATED PARTIES

The Company has a number of operating and financial relationships with its shareholders and other entities owned by its shareholders. There are no set payment terms for any of the related party transactions. The related party receivables and payables resulting from operating activities are generally settled in the normal course of business.

Parent and ultimate controlling party

The controlling party of the Company is Kazancı Holding, holding 61.98% of the Company's shares.

Key management personnel compensation

The remuneration of directors and other members of key management during the nine-month period comprised the following:

	1 January- 30 September 2019	1 January- 30 September 2018
Short-term and long-term employee benefits (salaries, bonuses, employee termination benefits etc.)	1,085,000	1,686,408
	1,085,000	1,686,408

As at 30 September 2019 and 31 December 2018, current trade and other receivables are as follows:

	30 September 2019		31 December 2018	
Current trade and other receivables	Trade	Other	Trade	Other
Trade receivables due from related parties	263,588,830	13,427,205	232,193,307	174,069,310
Total	263,588,830	13,427,205	232,193,307	174,069,310

	30 September 2019		31 December 2018	
Due from related parties	Trade	Other	Trade	Other
Aksa Elektrik Satış A.Ş.	232,223,740	13,421,320	147,360,015	165,996,430
Koni İnşaat Sanayi A.Ş.	22,585,310	--	60,363,742	--
Aksa Power Generation (Dubai)	5,743,717	--	7,637,914	--
Çoruh Elektrik Perakende Satış A.Ş.	141,799	--	--	--
Flamingo Biyoyakıt Üretim ve Sanayi A.Ş.	1,220,072	--	--	--
Aksa Jeneratör Sanayi A.Ş.	70,840	--	16,718,701	--
Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş.	--	--	--	7,357,874
Other	1,603,352	5,885	112,935	715,006
	263,588,830	13,427,205	232,193,307	174,069,310

	30 September 2019		31 December 2018	
Short term due to related parties	Trade	Other	Trade	Other
Trade payables due to related parties	50,800,640	1,462,207	233,019,582	6,328,927
Total	50,800,640	1,462,207	233,019,582	6,328,927

	30 September 2019		31 December 2018	
Due to related parties	Trade	Other	Trade	Other
Fırat Elektrik Perakende Satış A.Ş.	14,705,148	--	113,847,982	--
Aksa Jeneratör Sanayi A.Ş.	2,433,506	1,582	--	--
ATK Sigorta Aracılık Hizmetleri A.Ş.	11,113,401	1,132,139	8,318,008	--
Aksa Far East(Pte.)Ltd.	3,146	--	2,671,812	--
Kazancı Holding	2,582,291	328,486	--	6,328,927
Elektrik Altyapı Hizmetleri ve Ltd. Şti.	283,252	--	306,195	--
Çoruh Elektrik Perakende Satış A.Ş.	18,739,270	--	107,304,553	--
Other	940,626	--	571,032	--
	50,800,640	1,462,207	233,019,582	6,328,927

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19. RELATED PARTIES (continued)

Related party transactions

	1 January – 30 September 2019		1 July – 30 September 2019		1 January – 30 September 2018		1 July – 30 September 2018	
	Goods services	Other	Goods services	Other	Goods services	Other	Goods services	Other
Sales to Kazancı Holding’s associates and subsidiaries:								
Aksa Elektrik Satış A.Ş.	79,435,398	--	55,546,280	--	118,643,449	17,304	52,323,059	--
ATK Sigorta Aracılık Hizmetleri A.Ş.	541,039	4,479	541,039	4,479	--	--	--	--
Other	67,223	--	67,223	--	32,130	156,088	24,246	108,437
	80,043,660	4,479	56,154,542	4,479	118,675,579	173,392	52,347,305	108,437
Sales to Kazancı Holding’s indirect investments and subsidiaries:								
Fırat Aksa Elektrik Perakende Satış A.Ş.	18,301,905	--	2,341,052	--	13,713,950	--	1,537,544	--
Çoruh Elektrik Perakende Satış A.Ş.	18,447,697	--	229,296	--	27,135,435	--	10,167,115	--
Aksa Power Generation (Dubai)	2,436	--	2,436	--	7,433,416	--	--	--
Other	56,878	--	5,295	--	--	--	--	--
	36,808,916	--	2,578,079	--	48,282,801	--	11,704,659	--
Sales to Related Parties:								
Koni İnşaat Sanayi A.Ş.	1,212,219	--	898,510	--	24,368,030	1,038,387	13,830,499	46,339
Other	11,803	--	11,803	--	--	11,768	--	3,923
	1,224,022	--	910,313	--	24,368,030	1,050,155	13,830,499	50,262
Total	118,076,598	4,479	59,642,934	4,479	191,326,410	1,223,547	77,882,463	158,699

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19. RELATED PARTIES (continued)

Related party transactions

	1 January – 30 September 2019		1 July – 30 September 2019		1 January – 30 September 2018		1 July – 30 September 2018	
	Goods services	Other	Goods services	Other	Goods services	Other	Goods services	Other
Purchases from Kazancı Holding’s associates and subsidiaries:								
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	45,272,009	--	1,282,953	--	36,620,933	--	9,216,667	--
Aksa Elektrik Satış A.Ş.	22,039,579	88,208	14,277,065	22,014	16,461,667	231,395	13,074,840	15,737
Kazancı Holding	9,245,855	--	3,250,317	--	2,844,117	3,365,358	2,656,149	424,161
ATK Sigorta aracılık Hizmetleri A.Ş.	651,650	4,356,327	648,015	2,435,093	275,789	1,255,548	252,810	253,611
Aksa Jeneratör Sanayi A.Ş.	178,123	53,025	168,855	48,340	9,733	224,910	2,771	16,877
Aksa Manisa Doğalgaz Dağıtım A.Ş.	--	--	--	--	15,284,747	--	3,911,073	--
Other	8,871	2,135	4,667	1,285	65,668	64,047	2,751	1,172
	77,396,087	4,499,695	19,631,872	2,506,732	71,562,654	5,141,258	29,117,061	711,558
Purchases from Kazancı Holding’s indirect investments and subsidiaries:								
Fırat Elektrik Perakende Satış A.Ş.	5,505,386	41,686	1,233,771	17,245	5,637,029	--	1,170,243	--
Çoruh Elektrik Perakende Satış A.Ş.	1,870,504	2,731	1,411,505	885	2,155,440	--	149,692	--
Aksa Power Generation (Dubai)	1,189,935	--	128,459	--	--	--	--	--
Aksa Doğalgaz Toptan Satış A.Ş.	3,316,914	--	3,316,914	--	--	--	--	--
Other	564	26,179	(103,488)	19,621	168,930	--	--	--
	11,883,303	70,596	5,987,161	37,751	7,961,399	--	1,319,935	--
Purchases from Related Parties:								
Elektrik Altyapı Hizmetleri Ltd. Şti.	781,192	18,937	141,074	1,752	--	--	--	--
Koni İnşaat Sanayi A.Ş.	754,498	3,386,734	565,830	3,642	1,145,401	1,157,722	924,137	49,545
Other	--	--	--	--	225,350	1,141,181	33,473	252,515
	1,535,690	3,405,671	706,904	5,394	1,370,751	2,298,903	957,610	302,060
Total	90,815,080	7,975,962	26,325,937	2,549,877	80,894,804	7,440,161	31,394,606	1,013,618

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19. RELATED PARTIES (continued)

Related party transaction (continued)

Financial Income from Related Parties

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Kazancı Holding's associates and subsidiaries:	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference
Aksa Elektrik Satış A.Ş.	46,607,927	22,668,473	7,108,451	5,746,579
Kazancı Holding	1,289,364	--	2,494,337	--
Aksa Jeneratör Sanayi A.Ş.	938,122	(151,586)	--	--
Other	7,897	2,453	1,076,731	149,520
Total	48,843,310	22,519,340	10,679,519	5,896,099
Kazancı Holding's indirect investments and subsidiaries:	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference
Çoruh Elektrik Perakende Satış A.Ş.	1,520,818	1,410,951	172,917	103,281
Fırat Elektrik Perakende Satış A.Ş.	316,828	240,102	24,265	13,924
Total	1,837,646	1,651,053	197,182	117,205
Purchases to Kazancı Holding's indirect investments and subsidiaries	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference
Koni İnşaat Sanayi A.Ş.	7,464,278	824,320	2,420,081	1,821,379
Flamingo Biyoyakıt Üretim A.Ş.	142,440	102,258	--	--
Flamingo Enerji Üretim ve Satış A.Ş.	68,428	31,785	--	--
Other	109,865	21,441	183,231	27,130
Total	7,785,011	979,804	2,603,312	1,848,509
Total	58,465,967	25,150,197	13,480,013	7,861,813

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19. RELATED PARTIES (continued)

Related party transaction (continued)

Financial Expense to Related Parties

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Kazancı Holding's associates and subsidiaries:	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference
Kazancı Holding	361,322	177,941	19,163	13,149
Aksa Jeneratör Sanayi A.Ş.	235,912	1,002	49,786	21,446
Aksa Elektrik Satış A.Ş.	17,227	13,553	829,172	--
Other	19,863	18,568	30,537	8,671
Total	634,324	211,064	928,658	43,266
Kazancı Holding's indirect investments and subsidiaries:	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference
Çoruh Elektrik Perakende Satış A.Ş.	14,125,229	1,401	8,761,884	5,509,819
Fırat Elektrik Perakende Satış A.Ş.	12,937,778	1,998,986	5,879,337	4,951,063
Other	52,069	36,466	67,301	14,847
Total	27,115,076	2,036,853	14,708,522	10,475,729
Purchases from Related Parties:	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference	Interest and exchange difference
Elektrik Altyapı Hizmetleri Ltd. Şti.	108,830	51,044	70,943	70,943
Koni İnşaat Sanayi A.Ş.	32,055	14,773	22,417	6,773
Flemingo Enerji Üretim ve Satış A.Ş.	--	--	458,230	199,954
Other	--	--	6,211	740
Total	140,885	65,817	557,801	278,410
Total	27,890,285	2,313,734	16,194,981	10,797,405

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20. SUPPLEMENTARY CASH FLOW INFORMATION

Change of Group's liabilities from financing activities between 1 January – 30 September 2019 are presented below:

	1 January 2019	Cash inflows	Cash outflows	Non-cash transactions	30 September 2019
Financial borrowings	3,745,498,591	2,260,478,342	(2,614,263,849)	357,823,640	3,749,536,724
Total financial liabilities	3,745,498,591	2,260,478,342	(2,614,263,849)	357,823,640	3,749,536,724

	1 January 2018	Cash inflows	Cash outflows	Non-cash transactions	30 September 2018
Financial borrowings	2,836,504,211	2,600,839,049	(2,107,244,029)	689,781,390	4,019,880,621
Total financial liabilities	2,836,504,211	2,600,839,049	(2,107,244,029)	689,781,390	4,019,880,621

Change in "Proceeds from issued bank borrowings" and "Repayments from banks borrowings" which is presented in cash flows from financing activities.

21. SUBSEQUENT EVENTS

Aksa Makine Sanayi A.Ş., a shareholder of the Group, transferred 15.125 Class A shares, each with a nominal value of TRY 1,00 in the Company to Kazancı Holding A.Ş.

Aksa Madagascar B.V., a wholly-owned subsidiary of Aksa Enerji Üretim A.Ş. ("Aksa Energy") has acquired 416.5 shares, each with a nominal value of 1 (one) US Dollar, in AKSAF Power Ltd, a company established for the construction of a power plant and electricity sales in Republic of Madagascar, in which Aksa Madagascar B.V. had a 58.35% stake and our foreign partner AF Power Ltd had a 41.65% stake, for a consideration of USD 15,000,000. Some USD 5,000,000 portion of the share transfer price has been paid up on the transfer date (today) and the remaining portion will be paid in quarterly installments of USD 833,333 to be completed by December 31, 2022.