Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries

Consolidated Financial Statements
As at and For The Year Ended
31 December 2019
With Independent Auditor's Report Thereon

27 February 2020

This report includes 5 pages of independent auditor's report and 72 pages of consolidated financial statements together with their explanatory notes.

**Aksa Enerji Üretim Anonim Şirketi and
its Subsidiaries**

Table of Content

Independent Auditors' Report
Consolidated Statement of Financial Position
Consolidated Statement of Profit or Loss
Consolidated Other Comprehensive Income
Consolidated Statement of Changes in Equity
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements

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Independent Auditor's Report

To the General Assembly of Aksa Enerji Üretim A.Ş.

Opinion

We have audited the consolidated financial statements of Aksa Enerji Üretim A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at 31 December 2019, and the consolidated statements of profit or loss,consolidated comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We concluded our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of trade and other receivables from third parties and application of IFRS 9 Financial Instruments ("IFRS 9")

The key audit matter	How the matter was addressed in our audit
As at 31 December 2019, trade receivables from third parties comprises major part of Group's consolidated total assets. IFRS 9 is a complex accounting standard which requires significant judgment for determining impairment of trade receivables. Impairment of trade and other receivables from third parties, are recognized for as a result of assumptions made considering guarantees received from customers, customer's past payment performance and credibility information with the maturity analysis of trade receivables. These estimates are very sensitive to future market conditions. Therefore, impairment of trade and other receivables from third parties are determined as a key audit matter.	Audit procedures that are applied in this matter involves below: - Understanding of the process of Group's collection of trade and other receivables from third parties, evaluation of the design and operating effectiveness of internal controls in the process. - Analytical review of ageing of trade receivables and comparison of collection turnover rate with previous year, - Inquire about the management of any disputes or proceedings related to collections and obtain information about the proceedings from legal counsel, - Testing of trade receivable balances from third parties by sending external confirmations with sampling method, - Testing collections after reporting period with sampling method, -Evaluation of the assumptions used in model for the expected credit loss calculation, - Assessment of the appropriateness and adequacy of the disclosures given in the consolidated financial statements regarding to recoverability of trade and other receivables from third parties.

Revaluation of Property, Plant and Equipment

Please refer to Note 3 for the accounting policies and accounting estimates and assumptions used in accounting for the revaluation of tangible assets.

The key audit matter	How the matter was addressed in our audit
The Group, has chosen the accounting policy to measure its land and building, land improvements, plant, machinery and equipment belonging to its power plants at fair value instead of at cost in its consolidated financial statements as of 31 December 2019. The Group has engaged with an independent professional valuation expert to determine the fair value. TL 1,855,172,202 of fair value increase has been recognized in the consolidated financial statements as of 31 December 2019. Revaluation of property, plant and equipment was considered to be a key audit matter, due to significant estimates and judgement used in valuation methods to determine fair value of property, plant and equipment.	Audit procedures that are applied in this matter involves below: -The evaluation of the competency, licenses and independence of the independent professional valuation experts assigned by the Group management to determine the fair value of property, plant and equipment, -Check the accuracy and appropriateness of data provided by the Group management to valuation experts, -Determination of appropriateness of assumptions and estimations that are used for the valuation by external valuation experts, - We used our own valuation specialists to challenge the appropriateness of the key assumptions, valuation methods used in the calculations, -Testing the adequacy and sufficiency of disclosures regarding property, plant and equipment in the consolidated financial statements in accordance with IFRSs.

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member of KPMG International Cooperative

Şirin Soysal
Partner
27 February 2020
İstanbul, Turkey

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Consolidated Statement of Financial Position
As at 31 December 2019
(Amounts expressed in Turkish Lira unless otherwise stated.)

ASSETS	**Notes**	**Audited 31 December 2019**	**Audited 31 December 2018**
Current assets			
Cash and cash equivalents	*23*	121,503,123	53,026,362
Trade and other receivables	*22*	1,863,493,659	1,403,203,217
Due from related parties	*34*	212,976,505	406,262,617
Derivative financial assets	*31*	4,387,466	413,737
Inventories	*19*	325,994,737	369,140,605
Prepayments	*21*	26,202,474	15,312,166
Current tax assets	*13*	39,110,786	31,363,575
Other current assets	*20*	90,292,154	152,049,712
Total current assets		**2,683,960,904**	**2,430,771,991**
Non-current assets			
Financial investments	*17*	412,408	412,408
Trade receivables and other receivables	*22*	7,096,176	1,545,269
Property, plant and equipment	*14*	5,499,257,130	3,774,056,402
Intangible assets	*15*	99,461,368	91,845,092
Goodwill	*16*	3,349,357	3,349,356
Prepayments	*21*	6,722,646	14,234,496
Right of use assets	*17*	48,706,223	--
Deferred tax asset	*18*	155,505,193	125,276,334
Total non-current assets		**5,820,510,501**	**4,010,719,357**
TOTAL ASSETS		**8,504,471,405**	**6,441,491,348**

(Amounts expressed in Turkish Lira unless otherwise stated.)

LIABILITIES	**Notes**	**Audited 31 December 2019**	**Audited 31 December 2018**
Current liabilities			
Loans and borrowings	*26*	1,992,383,760	1,898,442,337
Short term finance lease liabilities		11,556,577	--
Finance lease liabilities from related parties		*4,232,174*	--
Finance lease liabilities from third parties		*7,324,403*	--
Short term portion of long term finance lease liabilities		3,033,070	--
Other financial liabilities	*28*	79,680,483	246,368,464
Trade payables and other payables	*23*	618,798,734	336,331,469
Due to related parties	*34*	17,449,910	239,348,509
Derivative financial liabilities	*32*	33,642,251	8,293,208
Taxation payable on income	*13*	167,942,891	71,354,527
Provisions	*31*	5,136,526	2,158,292
Other current liabilities	*30*	14,786,208	25,218,808
Total current liabilities		**2,944,410,410**	**2,827,515,614**
Non-current liabilities			
Loans and borrowings	*26*	1,133,695,421	1,586,768,204
Long term finance lease liabilities		34,745,275	--
Trade payables and other payables	*23*	39,601,341	--
Other financial liabilities	*28*	8,361,393	13,919,586
Reserve for employee severance indemnity	*29*	4,715,939	4,350,528
Deferred tax liabilities	*18*	513,729,995	184,734,615
Total non-current liabilities		**1,734,849,364**	**1,789,772,933**
Total liabilities		**4,679,259,774**	**4,617,288,547**
EQUITY			
Share capital	*23*	615,157,050	615,157,050
Legal reserve	*23*	64,980,588	48,267,560
Cash flow hedge reserves	*23*	(13,622,807)	(3,518,526)
Actuarial gain/loss	*23*	793,476	898,193
Translation reserves	*23*	245,554,861	43,037,685
Share premium	*23*	247,403,635	247,403,635
Gains on revaluation of property, plant and equipment	*23*	2,262,917,793	821,844,347
Accumulated losses	*23*	(255,671,716)	(156,832,331)
Net profit for the year		329,182,900	26,094,071
Total equity attributable to equity holders of the Company		**3,496,695,780**	**1,642,351,684**
Non-controlling interests	*23*	328,515,851	181,851,117
Total equity		**3,825,211,631**	**1,824,202,801**
TOTAL EQUITY AND LIABILITIES		**8,504,471,405**	**6,441,491,348**

The accompanying notes from an integral part of those consolidated financial statements

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

INCOME STATEMENT	Notes	Audited 1 January- 31 December 2019	Audited 1 January- 31 December 2018
Revenues	7	5,578,594,781	4,669,249,102
Cost of sales	7	(4,563,137,567)	(3,933,709,353)
Gross profit		**1,015,457,214**	**735,539,749**
Administrative expenses	10	(95,606,154)	(68,239,611)
Marketing and selling expenses	11	(1,521,304)	(1,370,976)
Other operating income	8	67,206,818	18,257,699
Other operating expenses	8	(9,527,013)	(33,862,938)
Operating profit		**976,009,561**	**650,323,923**
Impairment losses accordance with IFRS 9		5,096,478	(11,218,447)
Gain from investing activities	9	633,402	2,640,864
Operating profit before finance costs		**981,739,441**	**641,746,340**
Financial income	12	398,409,926	424,894,229
Financial expenses	12	(828,696,646)	(886,863,321)
Net financial costs		**(430,286,720)**	**(461,969,092)**
Profit before tax for the year		**551,452,721**	**179,777,248**
Tax benefit/(expense)		**(96,109,432)**	**(29,298,814)**
Current tax expense	13	(147,722,478)	(67,892,244)
Deferred tax benefit	13	51,613,046	38,593,430
Profit for the year		**455,343,289**	**150,478,434**
Non-controlling interest		126,160,389	124,384,363
Attributable to equity holders of the parent		329,182,900	26,094,071
Total profit/(loss) for the year from continuing operations		**455,343,289**	**150,478,434**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Gains on revaluation of property, plant and equipment	14	1,855,172,202	--
Remeasurements of the defined benefit liability	28	(130,896)	(834,850)
Tax on items that will not be reclassified to profit or loss	18	(358,202,175)	166,970
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		(12,630,351)	(6,974,425)
Foreign currency translation differences from foreign operations		202,517,176	17,551,340
Tax on items that are or may be reclassified subsequently to profit or loss	18	2,526,070	1,394,885
Other comprehensive income for the period, net of tax		**1,689,252,026**	**11,303,920**
Total comprehensive loss for the period		**2,144,595,315**	**161,782,354**
Non-controlling interests		182,873,546	124,384,346
Attributable to equity holders of the parent		1,961,721,769	37,398,008

The accompanying notes from an integral part of those consolidated financial statements

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

SHAREHOLDERS' EQUITY	Share capital	Share premium	Legal reserves	Actuarial gain/ (loss)	Cash flow hedge reserve	Gains on revaluation of property, plant and equipment	Translation differences	Retained earnings/ Accumulated Losses	Net Profit /(Loss)	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**	**887,786,445**	**25,486,345**	**(470,564,802)**	**257,947,268**	**1,615,110,571**	**58,704,622**	**1,673,815,193**
Effect of restatement accordance with IAS 8	--	--	--	--	--	**(5,399,589)**	--	--	--	**(5,399,589)**	**(1,237,851)**	**(6,637,440)**
Effect of change in accounting policy	--	--	--	--	--	--	--	**(4,757,306)**	--	**(4,757,306)**	--	**(4,757,306)**
Balance at 1 January 2018 as restated	**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	--	--	--	--	--	--	--	--	26,094,071	**26,094,071**	124,384,363	**150,478,434**
Actuarial gain / (loss)	--	--	--	(667,880)	--	--	--	--	--	**(667,880)**	--	**(667,880)**
Revaluation of PPE						(60,542,509)	--	60,542,509		--	--	--
Translation difference	--	--	--	--	--	--	17,551,340	--	--	**17,551,340**	--	**17,551,340**
Effective portion of changes in fair value of cash hedges	--	--	--	--	(5,579,523)	--	--	--	--	**(5,579,523)**	(17)	**(5,579,540)**
Total other comprehensive loss for the period	--	--	--	**(667,880)**	**(5,579,523)**	**(60,542,509)**	**17,551,340**	**60,542,509**	**26,094,071**	**37,398,008**	**124,384,346**	**161,782,354**
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 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**

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

SHAREHOLDERS' EQUITY	Share capital	Share premium	Legal reserves	Actuarial gain/ (loss)	Cash flow hedge reserve	Gains on revaluation of property, plant and equipment	Translation differences	Retained earnings/ Accumulated Losses	Net Profit /(Loss)	Total	Non-controlling interests	Total Equity
Balance at 1 January 2019	**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	--	--	--	--	--	--	--	--	329,182,900	**329,182,900**	126,160,389	**455,343,289**
Actuarial gain / (loss)	--	--	--	(104,717)	--	--	--	--	--	**(104,717)**	--	**(104,717)**
Revaluation of PPE	--	--	--	--	--	1,440,230,675	--	--	--	**1,440,230,675**	56,713,157	**1,478,240,070**
Translation difference	--	--	--	--	--	--	202,517,176	--	--	**202,517,176**	--	**202,517,176**
Effective portion of changes in fair value of cash hedges	--	--	--	--	(10,104,281)	--	--	--	--	**(10,104,281)**	--	**(10,104,281)**
Total other comprehensive loss for the period		**--**	**--**	**(104.717)**	**(10.104.281)**	**1,440,230,675**	**202,517,176**	**--**	**329,182,900**	**1,961,721,753**	**182.873.546**	**2,144,595,299**
Transfer to retained earnings	--	--	16,713,028	--	--	--	--	9,381,043	(26,094,071)	--	--	--
Transaction with owners of the Company, recognized directly in equity	--	--	--	--	--	842,771	--	(108,220,428)	--	(107,377,657)	(36,208,812)	(143,586,469)
Balance at 31 December 2019	**615,157,050**	**247,403,635**	**64,980,588**	**793,476**	**(13,622,807)**	**2,262,917,793**	**245,554,861**	**(255,671,716)**	**329,182,900**	**3,496,695,780**	**328,515,851**	**3,825,211,631**

(Amounts expressed in Turkish Lira unless otherwise stated.)

CASH FLOWS FROM OPERATING ACTIVITIES	**Notes**	**Audited 1 January- 31 December 2019**	**Audited 1 January- 31 December 2018**
Net income/(loss) for the period		**455,343,289**	**150,478,434**
Depreciation and amortization	14,15	485,469,510	394,018,340
Provision for employee severance indemnity	28	798,778	1,068,442
Interest expense	12	489,369,965	584,888,056
Interest income	12	(124,608,002)	(84,677,833)
Tax benefit	13	96,109,432	29,298,814
Expense from derivative transactions, net	12	17,603,006	(68,098,736)
Gain on sale of tangible assets	9	(151,385)	(2,640,864)
Unrealized foreign currency income/loss		(277,684,030)	131,237,229
Operating profit before working capital changes		**1,142,250,563**	**1,135,571,882**
Change in inventories		67,339,180	15,548,019
Change in trade and other receivables		(465,841,349)	(684,718,723)
Change in due from related parties		193,286,112	(364,887,713)
Change in trade and other payables		351,130,606	(144,285,791)
Change in due to related parties		(221,898,599)	158,713,274
Change in other current liabilities		54,646,144	(46,409)
Change in assets and liabilities held for sale		--	46,013,293
Change in other current assets		(27,571,770)	(10,774,672)
		1,093,340,887	**151,133,160**
Taxes paid		(18,890,373)	(5,428,423)
Employee termination indemnity paid	28	(871,681)	(552,968)
Interest paid		(491,416,492)	(474,668,262)
Interest received		124,608,002	84,677,833
Net cash provided from operating activities		**706,770,343**	**(244,838,660)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment and intangible assets		377,023	44,813,488
Purchases of property, plant and equipment	14	(122,281,378)	(185,524,607)
Purchases of intangible assets	15	(792,340)	(802,055)
Net cash outflow from purchases regarding control of the subsidiaries		(29,062,000)	--
Other cash inflow/(outflow)		(236,909,693)	--
Net cash provided from/(used in) investing activities		**(388,668,388)**	**(141,513,174)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issued bank borrowings	35	3,070,561,746	2,898,822,734
Repayments from banks borrowings	35	(3,303,602,341)	(2,579,670,969)
Net cash outflow from lease agreement		(628,699)	--
Net cash outflow from derivatives		(15,955,900)	60,648,640
Net cash (used in)/provided from financing activities		**(249,625,194)**	**379,800,405**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**68,476,761**	**(6,551,429)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**23**	**52,995,042**	**59,546,471**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**23**	**121,471,803**	**52,995,042**

(Amounts expressed in Turkish Lira unless otherwise stated.)

Note	Description	Page No
1.	REPORTING ENTITY	8
2.	BASIS OF PREPARATION	11
3.	SIGNIFICANT ACCOUNTING POLICIES	17
4.	DETERMINATION OF FAIR VALUES	30
5.	FINANCIAL RISK MANAGEMENT	30
6.	OPERATING SEGMENTS	32
7.	REVENUE	33
8.	OTHER OPERATING INCOME AND EXPENSES	33
9.	GAIN AND LOSS FROM INVESTING ACTIVITIES	34
10.	ADMINISTRATIVE EXPENSES	34
11.	MARKETING AND SELLING EXPENSES	35
12.	FINANCIAL INCOME AND FINANCIAL EXPENSES	35
13.	TAXATION	35
14.	PROPERTY, PLANT AND EQUIPMENT	38
15.	INTANGIBLE ASSETS	42
16.	RIGHTS OF USE ASSETS	43
17.	GOODWILL	43
18.	FINANCIAL INVESTMENTS	43
19.	DEFERRED TAX ASSETS AND LIABILITIES	44
20.	INVENTORIES	45
21.	OTHER CURRENT ASSETS	45
22.	LONG AND SHORT TERM PREPAYMENTS	45
23.	TRADE AND OTHER RECEIVABLES AND PAYABLES	46
24.	CASH AND CASH EQUIVALENTS	47
25.	CAPITAL AND RESERVES	47
26.	EARNINGS PER SHARE	49
27.	LOANS AND BORROWINGS	50
28.	OTHER FINANCIAL LIABILITIES	52
29.	EMPLOYEE BENEFITS	54
30.	OTHER CURRENT LIABILITIES	54
31.	PROVISIONS	55
32.	DERIVATIVE FINANCIAL INSTRUMENTS	55
33.	COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS	56
34.	FINANCIAL INSTRUMENTS	58
35.	RELATED PARTIES	66
36.	SUPPLEMENTARY CASH FLOW INFORMATION	72
37.	SUBSEQUENT EVENTS	72

(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 Çıkmazı, No:10, Kavacık-Beykoz, Istanbul / Turkey.

The shares of Company have been registered in the Borsa İstanbul A.Ş. ("BIST") on 21 May 2010 under the name "AKSEN" and the shares are now publicly traded on the Istanbul Stock Exchange. As of 31 December 2019, 21,39% of the Group's shares are listed on BIST.

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:

			Voting power held (%)	
Name of subsidiary – Foreign Branch	**Principal activity**	**Place of operation**	**31 December 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	100.00	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
Aksa Energy Company Congo ("Aksa Enerji Kongo")*	Electricity production	Congo	100.00	--
Aksa Energy Cameroon ("Aksa Enerji Kamerun")*	Electricity production	Cameroon	100.00	--

(*) Aksa Energy Congo and Aksa Energy Cameroon companies have been established and have not started operating yet.

At 31 December 2019, the number of employees of the Group is 907 (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 2018 MW to 370 MW and thus the guaranteed capacity has been increased from 235,5 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.

1. REPORTING ENTITY (continued)

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.

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. The mentioned lease contract was revised in 2019 and the period was extended until 23 December 2024.

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 an 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. On 28 September 2017, the remaining 30 MW portion of 40 MW installed powered plant in total has been put in use. Negotiations are on going to extend the duration of the guaranteed purchase agreement.

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 to 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.

In the electricity sale agreement, tariff has been defined as US Dollar denominated and approximately 700.000 MW guaranteed sale from the power plant has been projected. The field, fuel oil supply, all license and permissions related to the project will be provided by Jırama. 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..

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY (continued)

İdil İki Enerji:

In 2001, İdil İki Enerji was acquired by Koni İnşaat Sanayi A.Ş. ("Koni İnşaat"), a related party, from Bilkent Group. Idil 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.

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.

Aksa Energy Company Congo:

Aksa Energy Company Congo was established in the Republic of Congo on July 24, 2019

Aksa Energy Cameroon :

Aksa Energy Cameroon was established in the Cameroon on 21 November 21, 2019

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. Overseas Power is dormant as of the reporting date.

As of 31 December 2019, electricity production licenses held by the Group are as follows:

License Owner	Location	Type of Facility	Date of License Started	License Duration	The capacity of the plant (MWh)
Aksa Enerji	TRNC	Fuel oil	1 April 2009	15+3	153
Aksa Enerji	Antalya	Natural Gas	13 November 2007	30 years	900
Aksa Enerji	Manisa (*)	Natural Gas	21 February 2008	30 years	115
Aksa Göynük	Bolu	Thermal	25 March 2008	30 years	270
Aksa Enerji Gana	Gana	Fuel Oil	1 August 2017	6,5 years	370
Aksa Mali S.A	Mali	Fuel Oil	28 September 2017	3 years	40
Aksaf Power	Madagaskar	Fuel Oil	5 September 2017	20 years	66
Rasa Enerji	Şanlıurfa	Natural Gas	12 May 2011	49 years	147
Toplam					**1,946**

(*) Power generation license of Manisa Power Plant dated 21 February 2008 and numbered EÜ / 1501-3 / 1089, as of 30 April 2019 was terminated by Energy Market Regulation with the Board's decision dated 25 April 2019 and numbered 8553-6.

License Owner	Location	Name of Facility	Type of Facility	Date of License Started	License Duration	Type of Contract	The capacity in use (MWh)
Societe Jiro Sy Rano Malagasy (Jirama)	Madagaskar	CTA-2	Fuel oil	8 January 2019	5 years	Maintanence &Operation	24

2. BASIS OF PREPARATION

a) Statement of compliance

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

The consolidated financial statements as at and for the year ended 31 December 2019 were approved by the Board of Directors on 27 February 2020.

b) Basis of measurement

The 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:

- derivative financial instruments
- financial assets
- land and building and land improvements and machinery and equipment in property, plants and equipment

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

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 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.

Company	Functional currency
Aksa Enerji A.Ş.– Y.Ş.	US Dollars ("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

* Aksa Energy Congo and Aksa Energy Cameroon companies have been established on the other hand have not started operating yet.

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 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*".

2. BASIS OF PREPARATION (continued)

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 it 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 recognized 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 recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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 recognized at the carrying amounts recognized previously in the Group controlling shareholder's 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 recognized 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 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 recognized 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.

(Amounts expressed in Turkish Lira unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

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.

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 31 December 2019 and 2018 are as follows:

	31 December 2019	**31 December 2018**
EUR/TL	6,5506	6.0280
USD/TL	5,9402	5.2609
GHS/USD	0,1807	0.2076
TL/USD	0,1683	0.1900

2. BASIS OF PREPARATION (continued)

f) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in the following notes:

Note 4 – Determination of fair value: Some estimates are made for using observable and non-observable market data in determination of fair values.

Note 14 and Note 15 – Useful lives of property and equipment and other intangible assets: The Group estimates its useful lives of property and equipment and intangible assets through the experience of the technical team. Management strategies and future marketing plans are also considered especially for estimating useful lives of leasehold improvements.

Note 14– Lands and Buildings, machinery and equipment are reflected in the financial statements from their fair values as determined by the real estate appraisal company licensed by the Capital Markets Board ("CMB") as of 31 December 2019. The frequency of revaluation is determined to ensure that the book values of the tangible fixed assets that are revalued are not significantly different from their fair values as of the end of the relevant reporting period. The frequency of the revaluation depends on the change in the fair value of the tangible assets. In cases where the fair value of a revaluated asset is considered to be significantly different from the book value, the revaluation needs to be repeated and carried out for the entire class of assets where the revaluated asset is located On the other hand, it does not seem necessary to repeat the revaluation for tangible assets of which fair value changes are deemed as immaterial.

Note 19 – Deferred tax assets and liabilities: Deferred tax assets arising from taxable temporary differences and accumulated losses are recognized when it is probable that future taxable profits will be available. Important estimations and evaluations are required regarding future taxable profits to determine deferred tax assets.

Note 20 – Inventory provisions: Aging of inventories is analyzed and obsolete inventories are detected to determine impairment of inventories.

Note 29 – Provision for employee benefits: Actuarial computations are made using estimations for discount rates, salary increase rates and turnover rates to determine severance pay liability. These estimations contain uncertainties due to long term nature of the liabilities.

g) Change in accounting policy

Except for the changes below, the accounting policies applied in these consolidated financial statements are the same as those applied in the Group's last annual consolidated financial statements.

IFRS 16 Leases

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.

(Amounts expressed in Turkish Lira unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

g) Change in accounting policy (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 31 December 2019	46,989,961	1,161,619	554,643	**48,706,223**

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

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.

ii) As a lessee (Continued)

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.

2. BASIS OF PREPARATION (continued)

h) Change in accounting policy (continued)

IFRS 16 Leases (Continued)

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.

iii) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Group applied IFRS 15 "*Revenue from Contracts with Customers*" to allocate consideration in the contract to each lease and non-lease component.

c) Impacts on the consolidated financial statements

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised TL 48,706,223 right-of-use assets and TL 49,334,922 of lease liabilities as at 31 December 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 31 December 2019, the Group recognised TL 8,202,029 of depreciation charges and TL 8,420,676 of interest costs from these leases.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Summary of significant accounting policies

Significant changes in the accounting principles and significant accounting errors should be applied retrospectively and prior period financial statements should be restated. There are no changes in the accounting policies of the Group in the current period.

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..

The revised conceptual framework

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRSs. 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 TFRS 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 POA 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 TFRS 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 June 2019 POA issued Definition of Material (Amendments to TAS 1 and TAS 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 TAS 1 and TAS 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. In May 2019, POA has also published the Definition of Business (Amendments to IFRS 3). With this amendments confirmed that a business shall include inputs and a process, and clarified that the process must 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 is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 3.

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)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Interest Rate Benchmark Reform, which amended IFRS 9, IAS 39 and IFRS 7 issued in September 2019 by IASB and thereon POA issued on 14 December 2019. About this issue, IASB identified two groups of accounting issues that could affect financial reporting. These are:

• pre-replacement issues—issues affecting financial reporting in the period before the reform; and
• replacement issues—issues that might affect financial reporting when an existing interest rate benchmark is either reformed or replaced.

IASB considered the pre-replacement issues to be more urgent and decided to address the following hedge accounting requirements as a priority in the first phase of the project:

(a) The highly probable requirement;
(b) Prospective assessments;
(c) IAS 39 retrospective assessment; and
(d) Separately identifiable risk components.

All other hedge accounting requirements remain unchanged. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2020 with earlier application permitted.

c) Financial instruments

i) Recognition and measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling assets; and

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (Continued)

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets and equity investments measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales. Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets- Assessment whether contractual cash flows are solely payments of principal and interest

Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Since the principal is the present value of expected cash flows, trade receivables and other receivables meets the solely payments of principal and interest criteria. It is managed in accordance with the business model based on collection of these receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)
Financial assets- Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Equity instruments at FVOCI	These assets are measured at fair value in subsequent periods. Dividends are recognized in profit or loss unless it is expressly intended to recover part of the investment cost. Other net gains and losses are recognized in other comprehensive income and cannot be reclassified to profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at FVTPL except for derivatives and issued debt instruments. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. Non Derivative financial liabilities were comprised of loans, trade and other payables, payables to related parties and other payables. Such financial liabilities were recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities were measured at amortized cost using the effective interest method.

iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv) Offsetting

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

v) Derivative financial instrument and hedge accounting

Derivative financial instrument and hedge accounting

The Group uses derivative financial instruments for the purpose of hedging foreign currency and interest risk rate. Embedded derivative instruments are separated from the host contract and recognized separately when the underlying contract is not a financial asset and met certain criteria.

Derivatives are initially recognized at fair value. Subsequent to initial recognition of derivative instruments, changes in fair value are recognized in profit or loss.

The Group defines certain derivatives as hedging instruments in order to maintain the variability in the cash flows related to the high probability of realization arising from the changes in exchange rates and interest rates. The Group defines certain derivatives and non-derivative financial liabilities as hedging instruments for net investment in foreign operations.

At the beginning of the hedge relationship, the Group makes a certification regarding the risk management purpose and strategy that causes the hedging relationship and the operation of the enterprise.

The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and the hedging means are expected to offset each other.

Hedge accounting

If a derivative instrument is designed as a cash flow hedge hedging instrument, the effective portion of the change in the fair value of the derivative instrument is recognized in other comprehensive income and presented under equity in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the beginning of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument. In the cash flow hedge relationship, the group defines only the change in the spot item of the forward contract as a means of hedging.

The change in the fair value of forward value of forward foreign exchange purchase contracts is recognized as hedging reserve as a hedging cost in equity as a hedging cost.

In the event that a non-financial asset or liability is subsequently recognized in the financial statements, the amount accumulated in the hedging fund and the cost of hedging are included directly in the initial cost of the non-financial asset or liability.

For all other hedge transactions, the hedging reserve and the hedging cost are classified in profit or loss in the hedging reserve in the period or periods when the estimated future cash flows are affected by profit or loss.

The hedge accounting is discontinued in case the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument is expired or sold, terminated or used. In case of discontinuation of cash flow hedge accounting, the retained amount in the hedging fund shall continue to be classified under equity until the hedged estimate of the non-financial item is recorded; hedging cost is classified as profit or loss in the period or periods in which the estimated future cash flows are affected by profit or loss.

If the expected future cash flows are no longer expected to materialize, the amount accumulated in the hedge fund and the cost of that fund are immediately classified in profit or loss.

Derivative financial instrument and hedge accounting

The accounting policy applied for the comparative information presented for 2017 is similar to the accounting policy applied in the 2018 financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition.

The Group applied lifetime ECL for calculation of loss allowances for trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

The cash deficit is the difference between the cash flows to be incurred and the cash flows expected to be received by the entity. As the amount and timing of payments are considered in anticipated credit losses, a credit loss occurs even if the entity expects to receive the full payment in the contract with the maturity specified in the contract. Expected credit loss are discounted over the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The loss provision for the debt instruments measured at fair value through profit or loss is reflected in the other comprehensive income instead of decreasing the carrying amount of the financial asset in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Impairment (continued)

i. Non-derivative financial assets

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

The Group considers evidence of impairment for these assets at both an individual asset level. All individually significant assets are individually assessed for impairment.

An impairment loss on a financial asset is the difference between the carrying amount of the financial asset and its expected future cash flows, discounted to its present value at the original effective interest rate. Losses are recorded in profit or loss and are presented using the accrual account.

If a subsequent event after impairment recognition causes decrease of impairment amount, the impairment loss is net off with impairment loss previously accounted in profit or loss.

ii. Non-derivative financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

e) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. The cost of inventories is calculated using the weighted average method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Related parties

Parties are considered related to the Group if;

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

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

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

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

g) Property and equipment

i) Recognition and measurement

Property, plant and equipment except for land and buildings and land improvements and machinery and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The Company has opted for the option of measuring the land and buildings and land improvements and machinery and equipment in the tangible fixed assets by revaluation method in accordance with IAS 16 “Prpoerty, Plant and Equipment”.

The revaluation frequency depends on the differences at the fair values of tangible fixed assets. If net book value of an asset increases as a result of the revaluation, this increase is recognized at statement of other comprehensive income and presented under the revaluation fund account in the equity. However a revaluation value increase can only be recognized in the profit or loss statement to the extent of impairment recorded in the previous periods for the same asset. If net book value of an asset decreases during the revaluation, this decrease is recognized as expense. However this decrease can only be recognized as much as all kinds of credit balance about this asset in the revaluation surplus. The subjected decrease recognized in other comprehensive income, decreases the amount accumulated in equity under revaluation surplus. In the case of sales of revalued building or land, revaluation surplus part of revalued asset is classified to accumulated profit/(loss).

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property and equipment, and are recognized net within “Gain/(loss) from investing activities” in profit or loss. During the production phase of the mine, the material removed when stripping in the production phase, often it will be a combination of ore and waste. Removal of material with a low ratio of ore to waste may produce some usable material, which can be used to produce inventory. This removal might also provide access to deeper levels of material that have a higher ratio of ore to waste that will be mined in future periods. The Group, recognize stripping activity asset when it is probable that the future economic benefit associated with the stripping activity will flow to the Group, identify the component of the ore body for which access has been improved; and the costs relating to the stripping activity associated with that component can be measured reliably. The Group shall allocate the production stripping costs between the inventory produced and the stripping activity asset by using an allocation basis that is based on mineral content of the ore extracted compared with expected mineral content to be extracted, for a given quantity of ore produced. Since some incidental operations may take place at the same time as the production stripping activity, but which are not necessary for the production stripping activity to continue as planned, these incidental operations are not be included in the cost of the stripping activity asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Property and equipment (continued)

ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The revalued amount is the fair value at the revaluation date, less accumulated depreciation and subsequent accumulated impairment losses. Gain on fair value of land and buildings and land improvements and machinery and equipment are recognized in revaluation of property, plant and equipment after net off tax. The cost of certain items of property and equipment at 1 January 2005, the Group's date of transition to IFRS, was determined with reference to its fair value at that date.

After initial recognition, the stripping activity asset is initially measured at its cost less depreciation and less impairment losses. Stripping activity asset is depreciated on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10 - 50 years
Machinery and equipment	3 - 40 years
Furniture and fixtures	5 - 15 years
Vehicles	5 - 8 years
Land improvements	5 years
Leasehold improvements	5 years

Power generation plants depreciated over shorter of license term and their useful lives. The Group depreciates its power generation plants in different useful lives in accordance to their different useful lives.

Fuel oil power plants	3-40 years
Natural gas power plants	20 years
Coal plants	40 years

Overhaul costs related to power generation plants have different useful lives, then they are accounted as separate items (major components) of power generation plants. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

i) Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Group which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Intangible assets (continued)

Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

i) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of licenses for the current and comparative periods are between 2 and 49 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Current year amortization expense of revalued land, land improvements, building and machinery and equipment recognizes in profit or loss. When revalued land, land improvements, building and machinery and equipment are sold or withdraw from the service, the remaining balance in the revaluation reserve in transferred directly to the previous years' losses.

k) Leases

i. As a lessee

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, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Leases (continued)

i. As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate, and the risks specific to the liability.

m) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. According to the current Labor Law in Turkey is obliged to pay for any reason claimed by the employee if the ending, but unused annual leave belonging fee gross salary at the date when the contract expires and contractual other interests him or rights to their owners over the total. The unused vacation liability is the undiscounted total liability amount that all employees deserve but which are not yet used as of the reporting date. Liabilities arising from unused vacation rights are accrued in the period in which they are entitled.

ii) Other long-term employee benefits

In accordance with the existing labor law in Turkey, the Group entities in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum TL 6,730 as at 31 December 2019 (31 December 2018: TL 5,434) per year of employment at the of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 27) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

Remeasurements arising from retirement pay comprise actuarial gains and losses. The Group recognizes actuarial differences in other comprehensive income.

ii) Contingent assets and liabilities

Possible assets or obligations that arise from past events and for which their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Group are treated as contingent assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Contingent assets and liabilities (continued)

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is recognized in the consolidated financial statements.

A contingent asset is disclosed, when the possibility of an inflow of economic benefits to the entity is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

n) Revenue

General model for accounting of revenue

The Group transferred revenue to a customer and recognizes the revenue in its consolidated financial statements as it fulfills or fulfills the performance obligation. When an assets is checked (or passed) by the customer, the assets is transferred.

The Group recognizes the revenue in the financial statements in accordance with the following basic principles:

- Identify the contracts with customer

- Identify the performance obligations in contracts

- Determine the transaction price in contracts

- Transaction price allocation to performance obligations

- Revenue recognition when each performance obligations are met.

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability).

At the beginning of the contract, the Group evaluates the goods or services it commits on the contract with the customer and defines each commitment to transfer it to the customer as a separate performance obligation. The Group also determines at the start of the contract whether or not it fulfills each performance obligation over time or at a certain time of time.

The Group considers the contractual terms and trade practices to determine the transaction price. The transaction price is the amount that the Group expects to pay in return for the transfer of goods or services to the customer, excluding the amounts collected on behalf of third parties (e.g. certain sales taxes). When evaluating, it is taken into account whether the contract contains elements of variable amounts and an important financing component.

In accordance with IFRS 15, has Revenue from contracts with customers fair, replacing IAS 18, the Group's performance obligations consist of ancillary services related to electricity sales and electricity sales. The electricity sold is transmitted to the customer via the transmission lines and the customer consumes the benefit of the operation simultaneously. Revenue from the sales of electricity and ancillary services for electricity sales is recognized at the time of delivery. IFRS 15 did not have a significant impact on the financial position or performance of the Group due to the Group's operations.

o) Finance income and finance costs

The Group's finance income and finance costs include interest income, interest expense, the foreign currency gain or loss on financial assets and financial liabilities, bank commission expense and discount expense the net gain or loss on hedging instruments that are recognized in profit or loss and interest and late charge fees obtained from related parties. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Tax

Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

It is calculated by taking into consideration the tax rates which are in effect as of the end of the reporting period or which are close to the registration date.

ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

iii) Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

q) Borrowing costs

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

r) Earnings per share

Earnings per share disclosed in profit or loss and other comprehensive income statement as calculated by dividing the net profit for the period by the weighted average number of shares in the market during the relevant period.

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 cash flows, discounted at the market rate of interest at the measurement date.

iv) Property, plant and equipment

Land and land improvements and building and machinery and equipment are measured at their fair values at the revaluation date. Measurement of land and building and land improvements and machinery and equipment has been made by an independent valuation expert, as at 31 December 2019.

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 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.

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. The carrying amount of trade or other receivables, net of provision for impairment of receivables, and the total of cash and cash equivalents, and restricted bank balances represent the maximum amount exposed to credit risk. The main customer is TEİAŞ. Based on past history with these customers, the Group management believes there is no significant credit risk.

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 31 December 2017, 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 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 32.

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.

(Amounts expressed in Turkish Lira unless otherwise stated.)

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 – 31 December 2019		
	Turkey (*)	**Africa**	**Total**
Total segment income	4,296,532,062	1,282,062,719	**5,578,594,781**
Profit before interest, tax, depreciation and amortization	571,067,845	895,507,704	**1,466,575,549**

	1 January – 31 December 2018		
	Turkey (*)	**Africa**	**Total**
Total segment income	3,888,160,423	781,088,679	**4,669,249,102**
Profit before interest, tax, depreciation and amortization	359,474,015	673,649,801	**1,033,123,816**

	1 January – 31 December 2019		
	Turkey (*)	**Africa**	**Total**
Reconciliation of EBITDA with profit before taxes:	571,067,845	895,507,704	**1,466,575,549**
Depreciation and amortization expenses	(287,430,679)	(198,038,831)	**(485,469,510)**
Finance income/(expenses), net	(463,660,006)	33,373,286	**(430,286,720)**
Income from investing activities	633,402	--	**633,402**
Profit/(loss) before tax	(179,389,438)	730,842,159	**551,452,721**

	1 January – 31 December 2018		
	Turkey (*)	**Africa**	**Total**
Reconciliation of EBITDA with profit before taxes:	359,474,015	673,649,801	**1,033,123,816**
Depreciation and amortization expenses	(244,750,598)	(149,267,742)	**(394,018,340)**
Finance income/(expenses), net	(446,569,949)	(15,399,143)	**(461,969,092)**
Income from investing activities	2,640,864	--	**2,640,864**
Profit/(loss) before tax	(329,205,668)	508,982,916	**179,777,248**

	31 December 2019		
	Turkey (*)	**Africa**	**Total**
Total segment assets	5,788,808,384	2,715,663,021	**8,504,471,405**
Total segment liabilities	3,765,547,185	913,712,589	**4,679,259,774**

	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 TRNC.

(Amounts expressed in Turkish Lira unless otherwise stated.)

7. REVENUE

The details of the Group's revenue, for the years ended on 31 December is as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Domestic sales	4,060,126,680	2,962,561,755
Foreign sales	1,518,468,101	1,706,687,347
Net sales	**5,578,594,781**	**4,669,249,102**
Cost of sales (-)	(4,563,137,567)	(3,933,709,353)
Gross profit	**1,015,457,214**	**735,539,749**

	1 January- 31 December 2019	1 January- 31 December 2018
Revenue – amount		
Electricity	5,514,305,379	4,617,251,531
Other	64,289,402	51,997,571
Total	**5,578,594,781**	**4,669,249,102**
Gross margin - amount		
Electricity	1,003,754,780	732,939,870
Other	11,702,434	2,599,879
Total	**1,015,457,214**	**735,539,749**

8. OTHER OPERATING INCOME AND EXPENSES

The details of the Group's other operating income, for the years ended on 31 December is as follows:

Other operating income	1 January- 31 December 2019	1 January- 31 December 2018
Provisions no longer required	34,364,092	743,769
Insurance income	10,737,544	441,160
Foreign exchange gain related commercial activities	2,805,250	8,341,610
Interest and discount income	--	5,777,998
Other(*)	19,299,932	2,953,162
Total	**67,206,818**	**18,257,699**

(*) Amounting to 10.749.257 TL of other income between dates of January 1 and December 31, 2019 is the collection amount of the payment for the excess rent paid to BOTAŞ for the previous years.

(Amounts expressed in Turkish Lira unless otherwise stated.)

8. OTHER OPERATING INCOME AND EXPENSES (continued)

The details of the Group's other operating expenses, for the years ended on 31 December is as follows:

Other operating expenses	**1 January- 31 December 2019**	**1 January- 31 December 2018**
Commission expenses	1,298,397	1,777,750
Foreign exchange loss related to commercial activities	907,290	18,067,302
Donations	411,854	201,068
Financial expenses from credit sales	142,649	--
Contractual penalties	--	8,057,115
Litigation provision expenses	--	345,409
Other	6,766,823	5,414,294
Total	**9,527,013**	**33,862,938**

9. GAIN AND LOSS FROM INVESTING ACTIVITIES

The details of the Group's gain from investing activities, for the years ended on 31 December is as follows:

Gain from investing activities	**1 January- 31 December 2019**	**1 January- 31 December 2018**
Gain on disposal of subsidiaries	482,017	--
Gain on disposal of property, plant and equipment	151,385	2,640,864
Total	**633,402**	**2,640,864**

10. ADMINISTRATIVE EXPENSES

The details of the Group's administrative expenses, for the year ended on 31 December is as follows:

General administrative expenses	**1 January- 31 December 2019**	**1 January- 31 December 2018**
Personnel expenses	31,670,357	21,064,254
Consultancy expenses	23,181,114	14,838,118
Travelling, vehicle and transportation expenses	13,509,820	14,210,240
Management support expenses	11,762,139	5,400,000
Rent expenses	4,097,768	2,657,421
Representation expenses	1,120,664	580,995
Tax and duties	400,782	902,378
Communication expenses	368,255	135,223
Electricity, gas and water expenses	237,419	142,349
Depreciation and amortization expenses	126,381	470,853
Other	9,131,455	7,837,780
Total	**95,606,154**	**68,239,611**

(Amounts expressed in Turkish Lira unless otherwise stated.)

11. MARKETING AND SELLING EXPENSES

The details of the Group's marketing and selling expenses, for the years ended on 31 December is as follows:

Marketing and selling expenses	1 January- 31 December 2019	1 January- 31 December 2018
Freight and export expenses	741,946	400,583
Other	779,358	970,393
Total	**1,521,304**	**1,370,976**

12. FINANCIAL INCOME AND FINANCIAL EXPENSES

The details of the Group's financial income and expenses, for the years ended on 31 December is as follows:

Financial income	1 January- 31 December 2019	1 January- 31 December 2018
Foreign exchange gain, net	227,549,719	271,064,288
Interest and discount income from related parties (Note 34)	67,591,536	61,308,268
Income from derivative transactions	57,016,466	69,152,108
Income from marketable security sales	21,726,220	
Interest and discount income	24,525,985	23,369,565
Total	**398,409,926**	**424,894,229**

Financial expenses	1 January- 31 December 2019	1 January- 31 December 2018
Interest and discount expenses	460,335,311	523,341,825
Foreign exchange loss from borrowings, net	235,723,207	323,064,814
Guarantee letters and bank commission expenses	46,017,336	7,998,298
Expenses from derivative transactions	42,128,991	1,053,372
Interest expense on financial liabilities and loans to related parties (Note 34)	29,034,654	31,405,012
Expenses from marketable security sales	15,457,147	--
Total	**828,696,646**	**886,863,321**

13. 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: 20%) 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

13. TAXATION (continued)

Turkey (continued)

The tax legislation provides for a temporary tax of 20% (2018: 20%) to be calculated and paid based on earnings generated for each quarter for the nine month period ended 30 September 2018. 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 September 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.

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%).

(Amounts expressed in Turkish Lira unless otherwise stated.)

13. TAXATION (continued)

Netherlands (continued)

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 2019. 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: 30%).

Madagascar

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

Tax recognized in profit or loss

Income tax income for the years ended 31 December comprised the following items:

	1 January- 31 December 2019	1 January- 31 December 2018
Current tax expense		
Current period tax expense	(147,722,478)	(67,892,244)
Deferred tax expense		
Origination and reversal of temporary differences	51,613,046	38,593,430
Total tax expenses	**(96,109,432)**	**(29,298,814)**

Corporate tax:

Corporate tax liabilities as at 31 December 2019 and 2018 as follows:

	31 December 2019	31 December 2018
Corporate tax provision as restated		
Add / (Less): prepaid corporation tax from previous period	147,722,478	67,892,244
Less: corporation taxes paid in advance during the period	(18,890,373)	(27,901,292)
Current tax liabilities, net	**128,832,105**	**39,990,952**

As at 31 December 2019, current tax liabilities on income amounting to TL 167,942,891 (31 December 2018: TL 71,354,527) is not offset with prepaid taxes amounting to TL 39,110,786 (31 December 2018: TL 31,363,575) since they are related to different tax jurisdictions.

(Amounts expressed in Turkish Lira unless otherwise stated.)

13. TAXATION (continued)

The reported income tax expense for the years ended 31 December are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2019		2018	
	Amount	**%**	**Amount**	**%**
Reported loss before taxation	**551,452,721**		**179,777,248**	
Taxes on reported profit per statutory tax rate of the Company	(121,319,599)	(22.00)	(39,550,995)	(22.00)
Permanent differences:				
Disallowable expenses	(1,235,734)	(0.22)	(37,268,463)	(20.73)
Tax exempt income	60,728,027	11.01	59,810,800	33.27
Carry forward tax losses used	(46,327,056)	(8.40)	(26,981,827)	(15.01)
Effect of different tax rates in foreign jurisdictions	(15,821,737)	(2.87)	1,703,936	0.95
Temporary differences which no deferred tax asset is recognized	37,496,565	6.80	8,212,579	4.57
Others, net	(9,629,898)	(1.75)	4,775,156	2.66
Tax expenses	**(96,109,432)**	**(17,43)**	**(29,298,814)**	**16.30**

14. PROPERTY, PLANT AND EQUIPMENT

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

	31 December 2019	31 December 2018
Property, plant and equipment	5,468,215,676	3,714,470,557
Mining assets	31,041,454	59,585,845
Total	**5,499,257,130**	**3,774,056,402**

(Amounts expressed in Turkish Lira unless otherwise stated.)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The movements of property and equipment comprise fixed asset and mining assets and related accumulated depreciation for the year ended 31 December were as follows:

Cost	**Land and buildings and land improvements**	**Machinery and equipment**	**Vehicles**	**Furniture and fixtures**	**Leasehold improvements**	**Construction in progress**	**Total**
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**
Effect of movements in exchange rates	2,718,573	(36,775,763)	379,908	499,317	4,577	9,427,032	(23,750,933)
Additions	4,569,110	58,539,475	672,965	644,048	--	88,542,818	152,972,993
Effect of revaluations	59,290,473	1,792,844,315	2,056,616	980,798	--	--	1,855,172,202
Disposals	(225,638)	--	--	--	--	(385,674)	(611,312)
Transfers	325,982	237,295,367	--	--	--	(14,868,093)	222,753,256
Balance at 31 December 2019	**217,142,425**	**7,027,288,865**	**7,421,782**	**16,357,642**	**26,815,088**	**160,937,044**	**7,455,962,846**
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	13,219,087	442,565,761	1,614,200	3,763,517	1,243,816	--	462,406,381
Effect of movements in exchange rates	5,367,199	(15,645,584)	288,429	374,662	--	--	(9,615,294)
Balance at 31 December 2019	35,113,603	1,929,664,937	3,134,271	14,704,316	5,130,043	--	1,987,747,170
Carrying amount as of 31 December 2019	**182,028,822**	**5,097,623,928**	**4,287,511**	**1,653,326**	**21,685,045**	**160,937,044**	**5,468,215,676**

(*) Group's land and building and land improvements and machinery and equipment are measured the their fair value amount which their accumulated depreciation has been reduced from fair value on the date of revaluation. Measurement of land and building and land improvements and machinery and equipment has been made by an independent valuation expert, as of 31 December 2019. Fair value of land and building and land improvements and machinery and equipment have been determined according to cost method. Gain in value for tangible assets have been identified as TL 1,855,172,202. Net book value has brought to their revalued amounts and as a result incremental value has recorded with the amount of 1,496,943,832 TL by netting effect of deferred tax to revaluation gain fund in equity.

(Amounts expressed in Turkish Lira unless otherwise stated.)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Cost	Land and buildings and land improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
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**
Effect of movements in exchange rates	21,702,985	455,680,186	769,640	867,849	--	13,277,716	492,298,376
Additions	713,113	52,507,278	23,063	840,295	18,836	131,422,022	185,524,607
Disposals	(108,810)	(41,513,490)	--	(3,845)	(635)	(727,333)	(42,354,113)
Transfers	57,972	214,311,073	--	--	--	(177,470,857)	36,898,188
Balance at 31 December 2018	**150,463,925**	**4,975,385,471**	**4,312,293**	**14,233,479**	**26,810,511**	**78,220,961**	**5,249,426,640**
Accumulated depreciation							
Balance at 1 January 2017	**6,363,919**	**990,927,731**	**795,296**	**9,314,568**	**3,863,953**	**--**	**1,011,265,467**
Depreciation for the period	7,221,298	377,084,098	206,183	962,521	22,910	--	385,497,010
Disposals	(61,055)	(116,793)	--	(3,006)	(636)	--	(181,490)
Effect of movements in exchange rates	3,003,155	134,849,724	230,163	292,054	--	--	138,375,096
Balance at 31 December 2018	**16,527,317**	**1,502,744,760**	**1,231,642**	**10,566,137**	**3,886,227**	**--**	**1,534,956,083**
Carrying amount as of 31 December 2018	**133,936,608**	**3,472,640,711**	**3,080,651**	**3,667,342**	**22,924,284**	**78,220,961**	**3,714,470,557**

(Amounts expressed in Turkish Lira unless otherwise stated.)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Construction in progress

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

Project	31 December 2019	Technical completion rate (%)	31 December 2018	Technical completion rate (%)
Ghana investment	117,138,279	99%	38,981,159	99%
Bolu Göynük power plant investment	3,698,373	99%	4,693,286	99%
Kıbrıs Kalecik – Mobile power plant investment	15,092,713	99%	13,708,334	99%
Other (*)	25,007,679		20,838,182	
Total	**160,937,044**		**78,220,961**	

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

Mining assets

At 31 December 2019 and 2018, mining assets comprise mining development assets and stripping cost.

Cost:	**31 December 2019**	**31 December 2018**
Stripping costs	53,265,844	69,415,348
Mining development assets	5,477,772	5,477,772
Total	**58,743,616**	**74,893,120**
Amortization:		
Stripping costs	27,469,829	15,074,942
Mining development assets	232,333	232,333
Total	**27,702,162**	**15,307,275**
Carrying amount	**31,041,454**	**59,585,845**

(Amounts expressed in Turkish Lira unless otherwise stated.)

15. INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortisation during twelve month period ended 31 December were as follows:

Cost	**Rights**	**Other**	**Total**
Balance at 1 January 2019	**99,735,678**	**626,510**	**100,362,188**
Additions	692,240	100,100	792,340
Effect of movements in exchange rates	9,332,111	--	9,332,111
Disposal	--	--	--
Balance at 31 December 2019	**109,760,029**	**726,610**	**110,486,639**
Amortization			
Balance at 1 January 2019	**7,909,337**	**607,759**	**8,517,096**
Amortization for the period	2,452,875	13,338	2,466,213
Effect of movements in exchange rates	41,962	--	41,962
Disposal	--	--	--
Balance at 31 December 2019	**10,404,174**	**621,097**	**11,025,271**
Carrying amount as of 31 December 2019	**99,355,855**	**105,513**	**99,461,368**

Cost	**Rights**	**Other**	**Total**
Balance at 1 January 2018	**77,124,020**	**626,510**	**77,750,530**
Additions	802,055	--	802,055
Effect of movements in exchange rates	21,935,999	--	21,935,999
Disposal	(126,396)	--	(126,396)
Balance at 31 December 2018	**99,735,678**	**626,510**	**100,362,188**
Amortization			
Balance at 1 January 2018	**4,569,268**	**565,159**	**5,134,427**
Amortization for the period	2,224,658	42,600	2,267,258
Effect of movements in exchange rates	1,148,331	--	1,148,331
Disposal	(32,920)	--	(32,920)
Balance at 31 December 2018	**7,909,337**	**607,759**	**8,517,096**
Carrying amount as of 31 December 2018	**91,826,341**	**18,751**	**91,845,092**

(Amounts expressed in Euro unless otherwise stated.)

16. RIGHT OF USE ASSETS

	Land of power plants s	Machinery and equipment	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	(21,532,967)	(2,546,597)	(2,071,580)	(26,151,144)
Amortization for the period	(5,189,606)	(1,912,290)	(1,100,133)	(8,202,029)
Balance at 31 December 2019	**46,989,961**	**1,161,619**	**554,643**	**48,706,223**

The Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets andlease 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.

17. GOODWILL

At 31 December 2019 and 2018, goodwill comprised the following:

	31 December 2019	31 December 2018
Goodwill	3,349,356	3,349,356
-İdil İki Enerji	*3,349,356*	*3,349,356*
Total	**3,349,356**	**3,349,356**

18. FINANCIAL INVESTMENTS

Financial investments

At 31 December 2019 and 2018, financial investments comprised the following:

	Rate %	31 December 2019	31 December 2018
Enerji Piyasaları İşletme A.Ş. (*)	0.67	412,408	412,408
		412,408	**412,408**

(*) The Group invest to Enerji Piyasaları İşletme A.Ş. (EXIST) and obtained 412,408 number of Group C share on 20 November 2014.

According to IFRS 9, since cost is a reflection of the fair value estimation, financial investments are presented at their cost value.

(Amounts expressed in Turkish Lira unless otherwise stated.)

19. 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 31 December are attributable to the items detailed in the table below:

	31 December 2019	31 December 2018
	Asset / (Liability)	Asset / (Liability)
Property and equipment and intangible assets	(379,657,915)	(145,202,981)
Provision to doubtful receivables	1,742,540	2,514,943
Inventory impairment loss	(4,347,706)	356,531
Derivatives	2,864,107	(39,336)
Loans and borrowings	(3,096,886)	(2,523,404)
Reserve for employee severance indemnity	943,188	701,912
Litigation provisions	357,193	57,394
Vacation pay liability	170,687	298,282
Losses carried forward	21,205,461	85,005,083
Other	1,594,529	(626,705)
Net deferred tax liabilities	**(358,224,802)**	**(59,458,281)**
Deferred tax asset	155,505,193	125,276,334
Deferred tax liability	(513,729,995)	(184,734,615)
Net deferred tax liabilities	**(358,224,802)**	**(59,458,281)**

Recognized deferred tax assets and liabilities

Movements in deferred tax balances during the years 2019 and 2018 are as follows:

	1 January 2019	*Effects of Translation*	*Recognized in profit or loss*	*Recognized in other comprehensive income*	*31 December 2019*
Total deferred tax assets/(liabilities)	**(59,458,281)**	5,296,538	51,613,046	(355,676,105)	**(358,224,802)**

	1 January 2018	*Effects of translation*	*Recognized in profit or loss*	*Recognized in other comprehensive income*	*31 December 2018*
Total deferred tax assets/(liabilities)	**(96,618,904)**	(2,994,662)	38,593,430	1,561,855	**(59,458,281)**

(Amounts expressed in Turkish Lira unless otherwise stated.)

20. INVENTORIES

At 31 December 2019 and 2018, inventories comprised the following:

	31 December 2019	31 December 2018
Raw materials	198,600,078	198,333,132
Work-in-progress	58,570,107	50,328,991
Advances given for raw materials and supplies	41,919,414	17,726,102
Other spare parts and operating supplies inventory	28,308,095	105,150,435
Provision for impairment on inventories (-)	(1,402,957)	(2,398,055)
Total	**325,994,737**	**369,140,605**

21. OTHER CURRENT ASSETS

At 31 December 2019 and 2018, other current assets comprised the following:

	31 December 2019	31 December 2018
Deferred value added tax (“VAT”)	87,595,241	151,121,750
Other	2,696,913	927,962
Total	**90,292,154**	**152,049,712**

22. LONG AND SHORT TERM PREPAYMENTS

At 31 December 2019 and 2018 short term prepayments comprised the following:

	31 December 2019	31 December 2018
Prepaid insurance expenses	14,166,930	7,324,938
Prepaid rent expenses	8,924,513	5,592,220
Prepaid guarantee letter commissions	--	1,101,402
Other	3,111,031	1,293,606
Total	**26,202,474**	**15,312,166**

At 31 December 2019 and 2018, long term prepayments comprised the following:

	31 December 2019	31 December 2018
Advances given for tangible assets	4,120,355	6,940,708
Prepaid guarantee letter commissions	2,592,472	7,290,821
Other prepaid expenses	9,819	2,967
Total	**6,722,646**	**14,234,496**

(Amounts expressed in Turkish Lira unless otherwise stated.)

23. TRADE AND OTHER RECEIVABLES AND PAYABLES

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

	31 December 2019	31 December 2018
Trade receivables	1,723,674,034	1,283,737,084
Receivables from sale of subsidiary (*)	131,677,523	116,591,259
Doubtful receivables	16,664,599	33,700,863
Allowance for doubtful receivables (-)	(16,664,599)	(33,700,863)
Other receivables	8,142,102	2,874,874
Total	**1,863,493,659**	**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 5.

As of 31 December 2019 movement of doubtful receivables is shown below:

	2019	2018
Balance at 1 January	33,700,863	22,995,513
Current year charge	1,095,103	11,289,993
Collections and reversals	(18,131,367)	(584,643)
Balance of 31 December	**16,664,599**	**33,700,863**

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

	31 December 2019	31 December 2018
Trade and other payables to third parties	625,626,056	343,322,873
Unearned credit finance charges (-)	(6,827,322)	(6,991,404)
Total	**618,798,734**	**336,331,469**

The exposure to credit and liquidity related to trade and other payables are disclosed in Note 5.

At 31 December 2019 and 2018, long term trade and other receivables comprised the following:

Trade and other receivables	31 December 2019	31 December 2018
Deposits given	7,096,176	1,545,269
Total	**7,096,176**	**1,545,269**

At 31 December 2019 and 2018, long term trade and other payables comprised the following:

Trade and other payables	31 December 2019	31 December 2018
Other payables (*)	39,601,341	-
Total	**39,601,341**	**-**

(*) 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. USD 5.000.000 portion of the share transfer price has been paid up on the transfer date and the remaining portion will be paid in quarterly installments of USD 833.333 to be completed by December 31, 2022.

(Amounts expressed in Turkish Lira unless otherwise stated.)

24. CASH AND CASH EQUIVALENTS

At 31 December 2019 and 2018, cash and cash equivalents comprised the following:

	31 December 2019	31 December 2018
Cash on hand	242,200	422,744
Cash at banks	121,260,923	52,603,618
- Demand deposits	*42,814,483*	*4,211,398*
- Time deposits (*)	*78,415,120*	*48,360,900*
- Blocked cash	*31,320*	*31,320*
Total	**121,503,123**	**53,026,362**
Restricted cash amount	(31,320)	(31,320)
Cash and cash equivalents on cash flows	**121,471,803**	**52,995,042**

(*) Group have time deposits US Dollar equivalent TL 41,878,410 which in maturity date is 3 January 2020 and interest rate is 1,5% ; EURO equivalent TL 10,408,000 which in maturity date is 2 January 2020 and interest rate is 0,01% and amounting to TL 26,440,00 which in maturity date is 2 January 2020 and interest rate is 10,5% (31 December 2017: Group have time deposits US Dollar equivalent TL 27,912,060 which in maturity date is 2 January 2018 and interest rate is 1% and amounting to TL 23,900,00 which in maturity date is 2 January 2018 and interest rate is 12-14%).

The exposure to credit and liquidity related to cash and cash equivalents are disclosed in Note 5.

25. CAPITAL AND RESERVES

Paid in capital

The registered authorized capital of the Company is 4,750,000,000 (31 December 2018: 4,750,000) Turkish Lira with the permission of the CMB dated 16.04.2010 and numbered by 10/330. This is valid for the years between 2014 and 2018. The Company should get permission of CMB to increase capital.

At 31 December 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 2018: TL 1) each).

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

	31 December 2019		31 December 2018	
Shareholders	**(%)**	**Amount**	**(%)**	**Amount**
Kazancı Holding	78.607	481,991,868	78.604	481,976,743
Public share (*)	21.39	131,158,000	21.390	131,158,000
Other	0.003	19,250	0.006	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**

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

25. CAPITAL AND RESERVES (continued)

* Kazancı Holding's purchases from the shares which is under the part of public shares that Kazancı Holding obtained them in 2012, 2013 and 2018, are shown in the table above into the part of public shares. These shares are the number of 4,958,962 (31 December 2018: 4,958,962) as the date of 31 December 2019.

Due to a loan agreement (old loan) amounting to US $ 500 million between the parent partner of the Company, Kazancı Holding with Goldman Sachs International, China Development Bank, Türkiye Garanti Bankası A.Ş. and Türkiye İş Bankası A.Ş., the Company has established a pledge as a collateral for loan agreement in favor of Türkiye Garanti Bankası A.Ş., which is the loan collateral representative, on the shares corresponding to 68,86 % of the capital.

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 A.Ş. 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 31 December 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. As of 31 December 2019, TL 96,523,266 of share premium amounting to TL 247, 403,635 (31 December 2018: 247,403,635) have occurred as a result of first public offering in 2010 and TL 150,880,369 have occurred as a result of allocated capital increase in 2012.

Actuarial gain/loss:

Actuarial gain/loss reserves comprises actuarial gains and losses recognized in other comprehensive income based on IAS (2011). As of 31 December 2019, the Group's actuarial gain/loss is TL 793,476 (31 December 2018: TL 898,193).

Gain on revaluation of property, plant end equipment:

Gain on revaluation of property, plant end equipment comprise of fair value gain of land and land improvements and buildings and machinery and equipment in property, plant and equipment. As of 31 December 2019, Group's gain on revaluation of property, plant and equipment is TL 2,262,917,793 (31 December 2018: TL 821,844,347)

(Amounts expressed in Turkish Lira unless otherwise stated.)

25. CAPITAL AND RESERVES (continued)

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. As of 31 December 2019, Group's cash flow hedge reserve liabilities is TL 13,622,807 (31 December 2018: TL 3,518,526)

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. . As of 31 December 2019, Group's translation reserve is TL 245,554,861 (31 December 2018: TL 43,037,685)

Dividend distribution

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") Dividend Communique 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 consolidated financial statements.

As at 31 December 2019 and 2018 the related amounts in the "Non-controlling interests" in the consolidated statement of financial position are respectively TL 328,515,851 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 consolidated financial statements.

Accumulated losses

Accumulated gain and loss is shown in retaining earnings as net-off except net income for the period. Extraordinary reserves that are accumulated as profit/loss by their nature are also recognized as retaining earnings shown. As of 31 December 2019, Group's accumulated losses are 255,671,716 (31 December 2018: 156,832,331)

26. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 December 2019 and 2018 is as follows:

	1 January-31 December 2019	**1 January-31 December 2018**
Numerator:		
Profit/(loss) for the period attributable to equity holders	329,182,900	26,094,071
Weighted average number of shares	613,169,118	613,169,118
Basic and diluted loss per share (full TL)	0.537	0.043

(Amounts expressed in Turkish Lira unless otherwise stated.)

27. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks, see Note 32.

	31 December 2019	31 December 2018
Current liabilities		
Current portion of bank loans	1,206,661,882	1,394,427,238
Short term bank loans	785,721,878	504,015,099
Total	**1,992,383,760**	**1,898,442,337**
Non-current liabilities		
Long term bank loans	1,133,695,421	1,586,768,204
Total	**1,133,695,421**	**1,586,768,204**
Total loans and borrowings	**3,126,079,181**	**3,485,210,541**

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

	31 December 2019	31 December 2018
Bank loans	3,126,079,181	3,485,210,541
	3,126,079,181	**3,485,210,541**

Commitment and contingencies of loans and borrowings are disclosed in Note 31.

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2019 are as follows:

31 December 2019			
Maturity	**Currency**	**Amount**	**TL Amount**
0-12 months	USD	120,490,666	715,738,654
	EUR	3,555,751	23,647,876
	TL	1,252,997,230	1,252,997,230
1-2 year	USD	66,975,270	397,846,496
	EUR	1,416,747	9,422,220
	TL	232,375,291	232,375,291
2-3 year	USD	27,003,097	160,403,798
	TL	24,706,529	24,706,529
3-4 year	USD	23,252,747	138,125,965
4-5 year	USD	19,922,058	118,341,009
5 year and more	USD	8,833,728	52,474,113
Total			**3,126,079,181**

(Amounts expressed in Turkish Lira unless otherwise stated.)

27. 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 31 December 2019 is as follows:

Original Currency	**Nominal Interest rate %**	**Face Value**	**Carrying Amount**
TL	% 11.50 - %28.90	1,585,745,753	1,510,079,050
USD	6MLibor +%0.15- 6MLibor +8.35%	1,615,650,942	1,582,930,035
EUR	Euribor6M+% 1.95 - % 3.84	35,715,704	33,070,096
Total		**3,237,112,399**	**3,126,079,181**

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

Original Currency	**Nominal Interest rate %**	**Face Value**	**Carrying Amount**
TL	% 14.40 - %39.00	1,835,607,653	1,868,307,049
USD	6MLibor +%0.15- 6MLibor +%6.35	1,453,606,906	1,526,210,772
EUR	Euribor6M+% 1.60 - % 3.84	97,668,843	90,692,720
Total		**3,386,883,402**	**3,485,210,541**

(Amounts expressed in Turkish Lira unless otherwise stated.)

28. OTHER FINANCIAL LIABILITIES

Other short term financial liabilities

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

Other short term financial liabilities	31 December 2019	31 December 2018
Factoring liabilities	79,680,483	99,727,020
Bond issued	--	146,636,592
Other financial liabilities	--	4,852
Total	**79,680,483**	**246,368,464**

Other long term financial liabilities

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

Other long term financial liabilities	31 December 2019	31 December 2018
Factoring liabilities	8,361,393	13,919,586
Total	**8,361,393**	**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. The maturity date of restated bonds is on 26 June 2019.

(Amounts expressed in Turkish Lira unless otherwise stated.)

28. OTHER FINANCIAL LIABILITIES (continued)

Other long term financial liabilities (continued)

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

31 December 2019		
Maturity	**Currency**	**TL Amount**
Less than 1 year	TL	79,680,483
1-2 years	TL	8,361,393
Total		**88,041,876**

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 breakdown of bond issues as at 31 December 2019 and 2018 is as follows:

31 December 2019		
Maturity	**Currency**	**TL Amount**
Less than 1 year	TL	--
Total		**--**

31 December 2018		
Maturity	**Currency**	**TL Amount**
Less than 1 year	TL	146,636,592
Total		**146,636,592**

The breakdown of bond issues as at 31 December 2019 is as follows:

Currency	Interest Type	Agreement Date	Interest Rate	TL Amount
TL	Fixed	1 March 2038	%21.29-%29.40	47,499,812
USD	Fixed	1 May 2020	%7.70	819,884
EUR	Fixed	1 August 2020	%7.00	1,015,226
Total				**49,334,922**

(Amounts expressed in Turkish Lira unless otherwise stated.)

29. EMPLOYEE BENEFITS

Under the Turkish Labor Law, Aksa Enerji and its subsidiaries in Turkey are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to the length of service prior to retirement.

International Accounting Standard No. 19 ("IAS 19") "*Employee Benefits*" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2019 has been calculated assuming an annual inflation rate of 7.0% and a discount rate of 12.20% resulting in a real discount rate of approximately 4.86% (31 December 2018: annual inflation rate of 9,50% and a discount rate of 14,00% resulting in a real discount rate of approximately 4,11%). It is planned that retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

The amount of the reserve for employee severance indemnity during the as at and for the year ended 31 December was as follows:

	2019	2018
Balance at 1 January	4,350,528	3,000,204
Interest cost	530,764	268,395
Service cost	491,968	800,047
Payment made during the period	(762,038)	(552,968)
Actuarial difference	104,717	834,850
Balance at 31 December	**4,715,939**	**4,350,528**

30. OTHER CURRENT LIABILITIES

At 31 December 2019 and 2018, other current liabilities comprised the following:

	31 December 2019	31 December 2018
Due to personnel	6,692,044	5,283,626
Advances received	5,084,690	17,955,012
Social security withholdings payable	2,108,355	1,980,170
Other	901,119	--
Total	**14,786,208**	**25,218,808**

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. PROVISIONS

At 31 December 2019 and 2018, provisions comprised the following:

	Lawsuits	Vacation pay liability	Total
Balance as of 1 January 2019	**1,037,786**	**1,120,506**	**2,158,292**
Provision set during the period	3,321,186	(342,952)	2,978,234
Balance as of 31 December 2019	**4,358,972**	**777,554**	**5,136,526**
Balance as of 1 January 2018	**692,377**	**1,679,295**	**2,371,672**
Provision set during the period	345,409	(558,789)	(213,380)
Balance as of 31 December 2018	**1,037,786**	**1,120,506**	**2,158,292**

32. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2019 and 2018, derivative financial instruments comprised the following:

	31 December 2019		31 December 2018	
	Carrying Value		Carrying Value	
Derivative financial instruments	**Asset**	**Liability**	**Asset**	**Liability**
Cash flow hedges	4,387,466	(12,630,351)	413,737	(3,895,565)
Held for trading	--	(21,011,900)	--	(4,397,643)
Total	**4,387,466**	**(33,642,251)**	**413,737**	**(8,293,208)**

All derivatives in a net receivable position (positive fair value) are reported as derivative assets. All derivatives in a net payable position (negative fair value) are reported as derivative liabilities.

Further disclosure regarding the derivative contracts of the Group are explained at Note 5.

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Collateral / Pledge / Mortgage ("CPM")

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

	31 December 2019	31 December 2018
A. CPM given for companies own legal personality	6,628,392,413	4,450,910,793
B. CPM given in behalf of fully consolidated companies	2,161,287,700	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	**8,789,680,113**	**6,366,272,943**

Letters of guarantees given to:

31 December 2019	TL	USD	EUR	CHF	TL Equivalent
Botaş–Petroleum Pipeline Corporation	665,042	--	--	--	665,042
Electricity distribution companies	93,552,659	8,441,001	--	--	**143,693,893**
Republic of Turkey					
Energy Market Regulatory Authority	23,108,000	--	--	--	23,108,000
Ministry of Custom and Trade					
Enforcement offices	10,561,169	--	--	--	10,561,169
Turkey Electricity Transmission Company (TEIAS)	28,981,241	2,062,080	300,000	--	**43,225,589**
Turkish Coal Enterprises Institution(TKI)	15,874,115	--	--	--	15,874,115
Banks	--	--	--	--	--
Other	35,094,380	3,000,000	370,000	800,000	**60,250,262**
Total	**207,836,606**	**13,503,081**	**670,000**	**800,000**	**297,378,070**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

31 December 2018	**TL**	**USD**	**EUR**	**CHF**	**TL Equivalent**
Botaş–Petroleum Pipeline Corporation	665,042	--	--	--	665,042
Electricity distribution companies	26,862	--	--	--	26,862
Republic of Turkey Energy Market Regulatory Authority	44,398,000	--	--	--	44,398,000
Ministry of Custom and Trade Enforcement offices	700,192	--	--	--	700,192
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
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 31 December 2019 and 2018, the details of guarantees received is as follows:

Type of guarantees	**TL**	**USD**	**EUR**	**31 December 2019 TL Equivalent**
Letter of guarantee	80,832,604	75,000,000	1,625,750	537,159,817
Notes taken for colleterals	26,268,905	1,034,174	1,184,169	40,287,540
Cheques taken for colleterals	11,387,533	28,000	3,456,000	34,538,332
Mortgage	700,000	--	--	700,000
Total	**119,189,042**	**76,062,174**	**6,265,919**	**612,685,689**

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 colleterals	26,327,053	1,050,574	1,205,112	39,118,433
Cheques taken for colleterals	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**

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. FINANCIAL INSTRUMENTS

Credit Risk

Impairment losses

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

31 December 2019	Receivables				Deposits at banks
	Trade receivables		Other receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed to as at 31 December 2019 (A+B+C+D+E)	209,200,606	1,723,674,035	3,775,899	131,776,524	121,503,123
A. Carrying amount of financial assets not overdue or not impaired	209,200,606	1,631,320,389	3,775,899	4,001,600	121,503,123
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	--	92,353,645	--	127,774,924	--
D. Carrying amount of assets impaired	--	--	--	--	--
- Overdue (gross book value)	--	16,569,801	--	94,798	159,330
- Impairment (-)	--	(16,569,801)	--	(94,798)	(159,330)
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	119,119,268	52,995,042
A. Carrying amount of financial assets not overdue or not impaired	232,193,307	1,202,097,637	174,069,310	5,956,226	52,995,042
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	--	--	--	--	--
D. Carrying amount of assets impaired	--	81,639,447	--	113,163,042	--
- 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	--	--	--	--	--

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

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

31 December 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	**3,263,455,979**	**3,753,089,848**	**1,076,870,040**	**1,261,833,512**	**1,335,967,698**	**78,418,598**
Financial liabilities	3,126,079,181	3,604,119,633	990,024,202	1,211,251,610	1,324,425,223	78,418,598
Other financial liabilities	88,041,876	99,635,293	37,510,916	50,581,902	11,542,475	--
Financial leases	49,334,922	49,334,922	49,334,922			
Derivative financial liabilities	**29,254,785**	**(6,772,317)**	**(1,315,083)**	**(5,457,234)**	--	--
Cash inflow	--	(234,193,205)	(117,010,980)	(117,182,225)	--	--
Cash outflow	--	227,420,888	115,695,897	111,724,991	--	--

	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	**675,849,985**	**675,849,985**	**675,849,985**	--	--	--
Trade payables to related parties	17,449,910	17,449,910	17,449,910	--	--	--
Trade and other payables to third parties	658,400,075	658,400,075	658,400,075	--	--	--

31 December 2018	**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	**3,745,498,470**	**4,441,298,668**	**103,982,760**	**896,951,861**	**2,307,207,071**	**1,133,156,976**
Financial liabilities	3,485,210,420	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 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	--	--	--

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. FINANCIAL INSTRUMENTS (continued)

Currency risk

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

FOREIGN CURRENCY RISK						
	31 December 2019					
	TL Equivalent	USD	EUR	GBP	CHF	Other (*)
1. Trade receivables	598,879,062	82,063,750	16,750,966	--	--	--
2a. Monetary financial assets	66,503,464	7,146,484	3,613,266	2,769	--	--
2b. Non-monetary financial assets	15,820,757	582,530	1,858,541	--	--	--
3. Other	127,774,926	21,510,206	--	--	--	--
4. CURRENT ASSETS	**808,978,210**	**111,302,970**	**22,222,773**	**2,769**	**--**	**--**
5. Trade receivables	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--
7. Other	--	--	--	--	--	--
8. NON-CURRENT ASSETS	--	--	--	--	--	--
9. TOTAL ASSETS	**808,978,210**	**111,302,970**	**22,222,773**	**2,769**	**--**	**--**
10. Trade payables	255,209,373	38,398,388	3,733,611	70,114	285,445	--
11. Financial liabilities	409,050,725	64,068,658	4,280,829	--	--	--
12a. Other financial liabilities	5,084,690	800,000	50,000	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--
13. SHORT TERM LIABILITIES	**669,344,787**	**103,267,046**	**8,064,440**	**70,114**	**285,445**	**--**
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	664,951,375	110,354,728	1,416,747	--	--	--
16a. Other financial liabilities	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--
17. LONG TERM LIABILITIES	**664,951,375**	**110,354,728**	**1,416,747**	--	--	**--**
18. TOTAL LIABILITIES	**1,334,296,162**	**213,621,774**	**9,481,187**	**70,114**	**285,445**	**--**
19. Off statement of financial position derivatives net asset/liability position	**(17,027,993)**	**(2,866,569)**	**--**	**--**	**--**	--
20. Net foreign currency asset liability position	**(542,345,946)**	**(105,185,373)**	**12,741,586**	**(67,345)**	**(285,445)**	**--**
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(668,913,636)**	**(124,411,540)**	**10,883,045**	**(67,345)**	**(285,445)**	**--**
22. Fair value of derivative instruments used in foreign currency hedge	**(12,648,241)**	**(2,141,155)**	**10,622**	**-**	**-**	--
23. Hedged portion of foreign currency assets	--	--	--	--	--	--
24.Hedge portion of foreign currency liabilities	**450,204,639**	**75,789,475**	--	--	--	--

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. 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**				--

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. 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				
31 December 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	(73,902,943)	73,902,943	(73,902,943)	73,902,943
2- Portion secured from USD(-)	45,020,464	(45,020,464)	45,020,464	(45,020,464)
3- USD net effect (1 +2)	**(28,882,479)**	**28,882,479**	**(28,882,479)**	**28,882,479**
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	7,237,878	(7,237,878)	7,237,878	(7,237,878)
5 - Portion secured from Euro (-)	--	--	--	--
6 - Euro net effect (4+5)	**7,237,878**	**(7,237,878)**	**7,237,878**	**(7,237,878)**
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(226,298)	226,298	(226,298)	226,298
8- Portion secured from other currency (-)	--	--	--	--
9- Other currency net effect (7+8)	**(226,298)**	**226,298**	**(226,298)**	**226,298**
Total (3+6+9)	**(21,870,900)**	**21,870,900**	**(21,870,900)**	**21,870,900**

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**

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. 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		
	31 December 2019	**31 December 2018**
Fixed rate instruments		
Financial assets	78,415,120	48,360,900
Financial liabilities	2,198,597,373	2,477,695,637
Financial leases	49,334,922	--
Other financial liabilities	88,041,876	260,288,050
Variable rate instruments		
Financial liabilities	927,481,808	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 31 December 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**
31 December 2019				
Variable rate instruments	(18,778,906)	18,049,918	(18,778,906)	18,049,918
Cash flow sensitivity (net)	**(728,988)**		**(728,988)**	
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)**	

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis (continued)

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.

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

	31 December 2019	31 December 2018
Total financial liabilities	3,263,455,979	3,745,498,591
Less: cash and cash equivalents	(121,503,123)	(53,026,362)
Net financial debt	**3,141,952,856**	**3,692,472,229**
Total equity	3,825,211,631	1,824,202,801
Gearing ratio (net financial debt to overall financing used ratio)	**82%**	**202%**

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. FINANCIAL INSTRUMENTS (continued)

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:

	31 December 2019		31 December 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	121,503,123	121,503,123	53,026,362	53,026,362
Financial investment	412,408	412,408	412,408	412,408
Trade receivables	1.932.874.640	1.932.874.640	1,515,930,391	1,515,930,391
Other receivables (*)	135.363.852	135.363.852	293,003,421	293,003,421
Derivative assets	4,387,466	4,387,466	413,737	413,737
Financial liabilities				
Financial liabilities	3,126,079,181	3,126,079,181	3,485,210,541	3,485,210,541
Financial leases	49,334,922	49,334,922	--	--
Trade payables	599,548,139	599,548,139	551,532,389	551,532,389
Other financial liabilities	88,041,876	88,041,876	260,288,050	260,288,050
Derivative liabilities	33,642,251	33,642,251	8,293,208	8,293,208
Other payables (**)	42,447,481	42,447,481	2,547,395	2,547,395

(*)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 31 December 2019 is as follows:

	Fair value measurement			
31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Derivative assets	--	4,387,466	--	4,387,466
	--	**4,387,466**	**--**	**4,387,466**
Financial liabilities measured at fair value:				
Derivative liabilities	--	(33,642,251)	--	(33,642,251)
	--	**(33,642,251)**	**--**	**(33,642,251)**
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)**

(Amounts expressed in Turkish Lira unless otherwise stated.)

35. 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 year comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Short-term and long-term employee benefits (salaries, bonuses, employee termination benefits etc.)	1.460.000	2,194,158
	1,460,000	**2,194,158**

As at 31 December 2019 and 2018, none of the Group's directors and executive officers has outstanding personnel loans from the Company. As at 31 December 2019 and 2018, the Company did not issue any loans to the directors and executive officers.

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

	31 December 2019		31 December 2018	
Current trade and other receivables	**Trade**	**Other**	**Trade**	**Other**
Trade receivables due to related parties	209,200,606	3,775,899	232,193,307	174,069,310
Total	**209,200,606**	**3,775,899**	**232,193,307**	**174,069,310**

(Amounts expressed in Turkish Lira unless otherwise stated.)

35. RELATED PARTIES (continued)

Related party balances

	31 December 2019		31 December 2018	
	Trade	**Other**	**Trade**	**Other**
Aksa Elektrik Satış A.Ş	157,669,120	3,770,092	147,360,015	165,996,430
Koni İnşaat Sanayi A.Ş.	32,497,061	--	60,363,742	--
Fırat Elektrik Perakende Satış A.Ş.	7,693,333	--	--	--
Aksa Power Generation (Dubai)	5,966,648	--	7,637,914	--
Çoruh Elektrik Perakende Satiş A.Ş.	2,077,944	--	--	--
Flamingo Bioyakit Üretim ve Sanayi A.Ş.	1,263,465	--	--	--
Aksa Jeneratör Sanayi A.Ş.	--	--	16,718,701	--
Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş.	--	--	--	7,357,874
Other	2,033,035	5,807	112,935	715,006
Total	**209,200,606**	**3,775,899**	**232,193,307**	**174,069,310**

	31 December 2019		31 December 2018	
Current trade and other payables	**Trade**	**Other**	**Trade**	**Other**
Trade payables due to related parties	17,177,126	272,784	233,019,582	6,328,927
Total	**17,177,126**	**272,784**	**233,019,582**	**6,328,927**

	31 December 2019		31 December 2018	
	Trade	**Other**	**Trade**	**Other**
ATK Sigorta Aracılık Hizmetleri A.Ş.	11.479.357	--	8.318.008	--
Aksa Şanlıurfa Doğal Gaz Dağıtım Aş.	2.013.906	--	1.947	--
Aksa Jeneratör Sanayi A.Ş.	1.816.970	3.000	13.949	--
Kazancı Holding	1.580.435	269.188	--	6.328.927
Fırat Elektrik Perakende Satış A.Ş.	7.619	--	113.847.982	--
Çoruh Elektrik Perakende Satış A.Ş.	5.957	--	107.304.553	--
Elektrik Altyapi Hizmetleri ve Ltd. Şti.	--	--	306.195	--
Aksa Far East(Pte.)Ltd.	--	--	2.671.812	--
Other	272.882	596	555.136	--
Total	**17.177.126**	**272.784**	**233.019.582**	**6.328.927**

(Amounts expressed in Turkish Lira unless otherwise stated.)

35. RELATED PARTIES (continued)

Related party transactions

	1 January - 31 December 2019		1 January - 31 December 2018	
Sales to Kazancı Holding's associates and subsidiaries:	**Goods services**	**Other**	**Goods services**	**Other**
Aksa Elektrik Satış A.Ş.	394,435,113	--	120,535,007	--
ATK Sigorta Aracılık Hizmetleri A.Ş	577,389	19,421	--	--
Other	74,189	400	100,355	203,428
	395,086,691	**19,821**	**120,635,362**	**203,428**
Sales to Kazancı Holding's indirect investments and subsidiaries:	**Goods services**	**Other**	**Goods services**	**Other**
Çoruh Elektrik Perakende Satış A.Ş.	33,912,011	--	15,171,959	72,990
Fırat Aksa Elektrik Perakende Satış A.Ş.	27,695,634	--	14,662,377	--
Aksa Power Generation (Dubai)	2,436	--	7,433,416	--
Other	17,109	--	1,345	606
	61,627,190	**--**	**37,269,097**	**73,596**
Sales to Related Parties:	**Goods services**	**Other**	**Goods services**	**Other**
Koni İnşaat Sanayi A.Ş.	380,242	21,745	30,492,251	767,074
Other	--	--	--	11,768
	380,242	**21,745**	**30,492,251**	**778,842**
Total	**457,094,123**	**41,566**	**188,396,710**	**1,055,866**

(Amounts expressed in Turkish Lira unless otherwise stated.)

35. RELATED PARTIES (continued)

Related party transactions (continued)

	1 January - 31 December 2019		1 January - 31 December 2018	
Purchases from Kazancı Holding's associates and subsidiaries	**Goods & Services**	**Other**	**Goods & Services**	**Other**
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	46,978,709	--	36,633,933	--
Aksa Elektrik Satış A.Ş.	38,678,154	2,185	21,362,610	108,733
Kazancı Holding A.Ş.	12,496,850	267	340,458	6,532,053
Aksa Doğal Gaz Toptan Satış A.Ş.	8,773,378	--	4,098,024	--
Aksa Jeneratör Sanayi A.Ş.	242,494	207	11,612	496,155
ATK Sigortacılık Hizmetler A.Ş	720,822	5,363,258	238,265	6,619,805
Aksa Manisa Doğalgaz Dağıtım A.Ş.	--	--	15,284,747	--
Other	--	--	--	831
Total	**107,890,407**	**5,365,917**	**77,969,649**	**13,757,577**

Purchases from Kazancı Holding's indirect investments and subsidiaries	**Goods & Services**	**Other**	**Goods & Services**	**Other**
Fırat Elektrik Perakende Satış A.Ş.	9,079,274	--	6,901,292	--
Çoruh Elektrik Perakende Satış A.Ş.	2,944,047	--	2,321,778	--
Aksa Power Generation (Dubai)	1,208,679	--		
Other	57,045	24,364	10,195	22,407
Total	**13,289,045**	**24,364**	**9,233,265**	**22,407**

Purchases from related parties	**Goods & Services**	**Other**	**Goods & Services**	**Other**
Koni İnşaat Sanayi A.Ş.	4,117,449	192,734	542,820	2,548,340
Other	421,515	367,688	231,453	921,118
	4,538,964	**560,422**	**774,273**	**3,469,458**
Total	**125,718,416**	**5,950,703**	**87,977,187**	**17,249,442**

(Amounts expressed in Turkish Lira unless otherwise stated.)

35. RELATED PARTIES (continued)

Related party transaction (continued)

Financial Income from Related Parties

	1 January - 31 December 2019	1 January - 31 December 2018
Kazancı Holding's associates and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**
Aksa Elektrik Satış A.Ş.	54,482,753	36,655,886
Aksa Jeneratör Sanayi A.Ş.	1,490,325	1,214,986
Kazancı Holding A.Ş.	1,289,363	16,282,374
Other	8,470	912,080
	57,270,911	**55,065,326**
Kazancı Holding's indirect investments and subsidiaries:		
Çoruh Elektrik Parakende Satış A.Ş.	1,634,105	172,917
Fırat Elektrik Perakende Satış A.Ş.	347,832	26,477
Other	3,252	36,352
	1,985,189	**235,746**
Related parties		
Koni İnşaat Sanayi A.Ş.	8,050,997	5,927,426
Flamingo Bioyakıt Üretim ve Sanayi A.Ş.	185,068	--
Flamingo Enerji Üretim ve Satış A.Ş.	97,319	80,190
Other	2,052	--
	8,335,436	**6,007,616**
Total	**67,591,536**	**61,308,688**

(Amounts expressed in Turkish Lira unless otherwise stated.)

35. RELATED PARTIES (continued)

Related party transaction (continued)

Financial Expense to Related Parties

	1 January - 31 December 2019	1 January - 31 December 2018
Kazancı Holding's associates and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**
Kazancı Holding A.Ş.	529,240	--
Aksa Jeneratör Sanayi A.Ş.	276,538	30,685
Aksa Elektrik Satış A.Ş.	25,677	830,593
Aksa Havacılık A.Ş.	--	17,607
Aksa Manisa Doğalgaz Dağıtım A.Ş.	--	6,453
Other	2,468	7,265
	833,923	**892,603**
Kazancı Holding's indirect investments and subsidiaries:		
Çoruh Elektrik Perakende Satış A.Ş.	15,034,759	15,760,154
Fırat Elektrik Perakende Satış A.Ş.	13,000,881	14,115,900
Other	21,085	53,881
	28,056,725	**29,929,935**
Related Parties:		
Elektrik Altyapı Hizmetleri Ltd. Şti.	109,309	--
Koni İnşaat Sanayi A.Ş.	34,697	27,962
Flamingo Enerji Üretim Ve Satiş A.Ş	--	495,781
Diğer	--	58,731
	144,006	**582,474**
Total	**29,034,654**	**31,405,012**

(Amounts expressed in Turkish Lira unless otherwise stated.)

36. SUPPLEMENTARY CASH FLOW INFORMATION

Change of Group's liabilities from financing activities between 1 January – 31 December 2019 are presented below:

	1 January 2018	Cash inflows	Cash outflows	Non-cash transactions	31 December 2019
Financial borrowings	**3,745,498,591**	3,070,561,746	(3,303,602,341)	(249,002,017)	**3,263,455,979**
Total financial liabilities	**3,745,498,591**	3,070,561,746	(3,303,602,341)	(249,002,017)	**3,263,455,979**

	1 January 2018	Cash inflows	Cash outflows	Non-cash transactions	31 December 2018
Financial borrowings	**2,836,504,211**	2,898,822,734	(2,579,670,969)	589,842,615	**3,745,498,591**
Total financial liabilities	**2,836,504,211**	**2,898,822,734**	**(2,579,670,969)**	**589,842,615**	**3,745,498,591**

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

37. SUBSEQUENT EVENTS

An application has been filed with Turkish Electricity Transmission Corporation (TEIAS) to suspend electricity generation at the 147-MW Sanliurfa Natural Gas Combined Cycle Power Plant as it has diminished prospects for generating electricity at competitive prices on Turkish market. On 30 January 2020, the mentioned application has been accepted by TEIAS and the electricity generation operations has been suspended at the Plant.