aksa ENERGY

Annual Report 2019

Is an energy company's sole mission electricity generation?

CONTENTS

No.

At least not for us.
Because energy is a vital need; it is employment, development, happiness and continuity.
In short, Enerji is life.

However, around 1 billion people in the world live without power; and about 50% of these persons reside in Sub-Saharan Africa.

Just think...

By sending humanitarian material assistance, such as food and clothing, to the poverty-stricken areas of Africa, we deliver solutions to meet their basic needs to some extent. But how do we solve this urgent energy need?

We thought about that – a lot. We believe that we can resolve this problem by adding value to both the lives of people living in those countries and our national economy. As a result, we decided to go beyond our nation's borders with all our power. We moved some of our power plants from Turkey to countries in urgent need of energy.

We touch the lives of millions with every watt of energy we produce.

Just think: A hair dryer operating for **1 hour** consumes **360 watts** of energy.

For Ghanaian Kojo, **360 watts** means working for **16 hours** with his sewing machine and earning money to make a living...


GHANA IS LOOKING
INTO THE FUTURE
WITH HOPE.

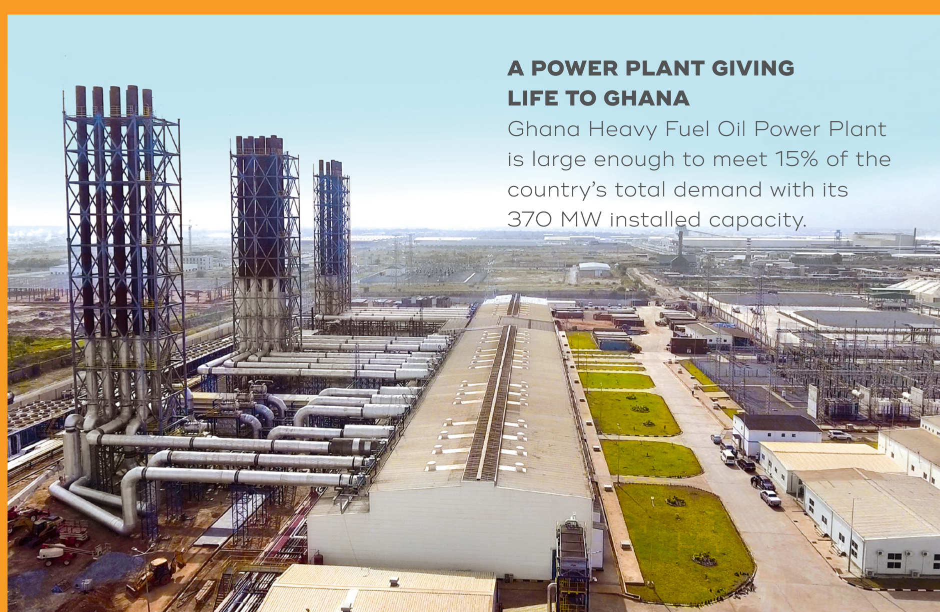
With a coastline on the Atlantic Ocean, Ghana has abundant gold and diamond resources and it is the world's second largest cocoa producer.

Due to the rich gold deposits in the country, former colonial power United Kingdom named Ghana the "Gold Coast" when it was a British colony.

Boasting one of the most dynamic economic environments in Sub-Saharan Africa, Ghana ranks among 10 biggest economies on the African continent.

In some settlement areas except the capital Accra, access to basic services such as road, water and electricity remains very limited. For this reason, Ghana's domestic economy is still primarily based on agriculture; the agricultural sector accounts for 55% of the country's employment. At the traditional Kakube and Kobine festivals, thousands of Ghanaians celebrate the end of the harvest season every year with dances and events.

Power outages decrease the country's efficiency in production, while also negatively affecting everyday life. Electricity is critically important to unleashing the country's potential.



A POWER PLANT GIVING LIFE TO GHANA

Ghana Heavy Fuel Oil Power Plant is large enough to meet 15% of the country's total demand with its 370 MW installed capacity.

Just think: A food processor operating for **1 hour** consumes **1,000 watts** of energy.

1,000 watts of energy allows Malian Modibo's workshop to produce for **1 week.**

A UNIQUE COUNTRY WITH HIGH POTENTIAL: **MALI**

With deserts covering 65% of its territory, Mali is the eighth largest country in Africa.

Home to one of the oldest civilizations in Africa, Mali is also the continent's largest cotton producer, boasting 725 thousand tons of cotton production each year. Also rich in natural resources, including gold, uranium and salt; it is a unique country with growth potential in every industry.

In Mali, 80% of the working population is employed in agriculture industry. The most productive agricultural area lies along the banks of the Niger River, which crosses the country from end to end.

However, Mali faces a major energy issue due to its rapidly expanding population. A majority of the country's populace cannot access electricity. This shortfall prevents Mali from realizing its potential and boosting its standard of living while also adversely affecting everyday life.

Whereas only 65% of Mali's urban population has access to electricity, this figure falls to about 20-25% in rural areas. Energy demand increases by an average of 12% each year in the country. More than half of Mali's electricity is generated by hydroelectric power plants and in a country where drought prevails for most of the year, power outages are frequent for this reason.

A POWER PLANT THAT CONNECTS MALI TO LIFE
Aksa Energy's Mali Heavy Fuel Oil Power Plant provides energy to the country with 40 MW installed capacity.

Just think: A vacuum cleaner operating for **1 hour** consumes **1,450 watts** of energy.

1,450 watts of energy means that Malagasy Adisa's medication can be preserved in the refrigerator for **1 more day...**

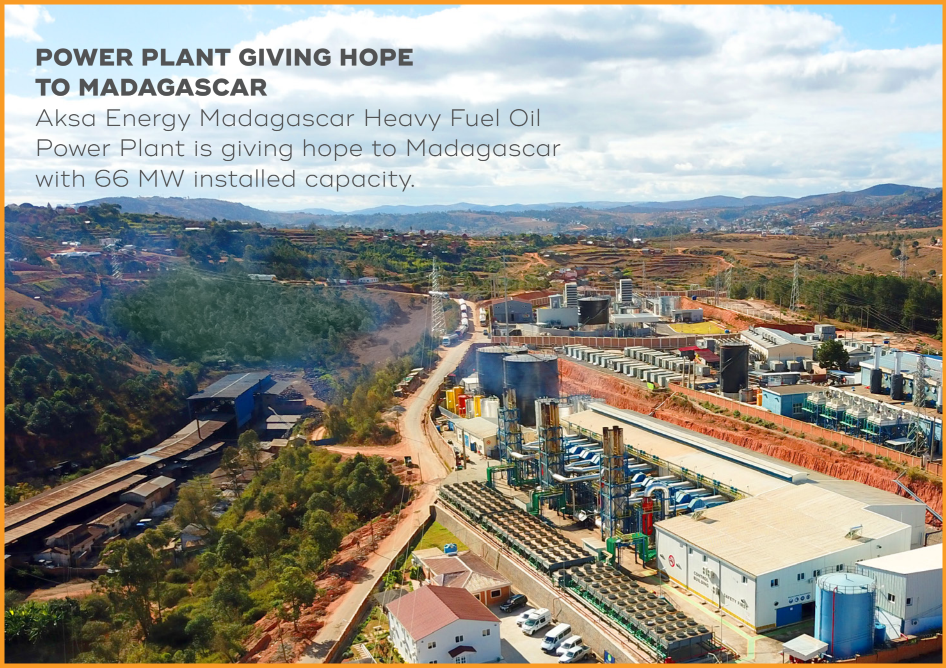
A BETTER FUTURE FOR **MADAGASCAR!**

Madagascar, one of the world's richest countries in terms of biodiversity, will have a brighter future when it has access to the energy it needs.

As the world's fourth largest island, Madagascar boasts many underground natural resources, especially natural gas, oil and water. The country is also the globe's leading vanilla producer. Coffee, cocoa and shellfish are major Madagascan export products.

In addition to its storied history, lush tropical climate, unique flora and fauna, Madagascar is one of the world's truly distinctive geographic zones and home to the exotic lemur. The rainforests of the country's Atsinanana region has been on the UNESCO List of World Heritage in Danger since 2010.

Madagascar, a standout with its natural riches, is not so lucky in terms of its economy. Near 70% of the population is living on less than USD 1 per day. Majority of the country's 26 million population has no or limited access to electricity. Therefore, electricity production is of crucial importance in the development of this high potential country.



POWER PLANT GIVING HOPE TO MADAGASCAR
Aksa Energy Madagascar Heavy Fuel Oil Power Plant is giving hope to Madagascar with 66 MW installed capacity.

AKSA ENERGY IN FIGURES

Production in 5 Countries on 2 Continents

Turkey
Antalya, Bolu, Şanlıurfa

TRNC
Kalecik

Ghana
Tema

Madagascar
Antananarivo

Mali
Bamako

907
Employees

1.34
TRY Billion Investment (2015-2019)

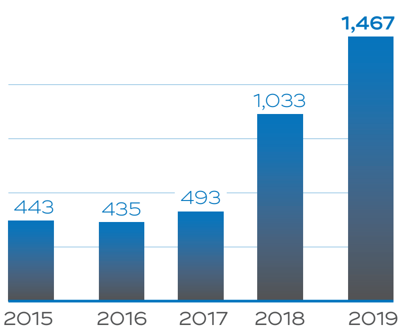
30+
Number of Plants Installed and Operated to Date


Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

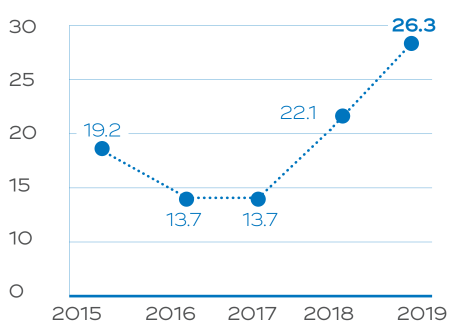
FINANCIAL AND OPERATIONAL INDICATORS

Aksa Energy managed to maintain its operational profitability in 2019 and to decrease its Net Financial Debt/EBITDA ratio to 2.1 from 3.6 in 2018, as a result of its operations in 2 continents and 5 countries.

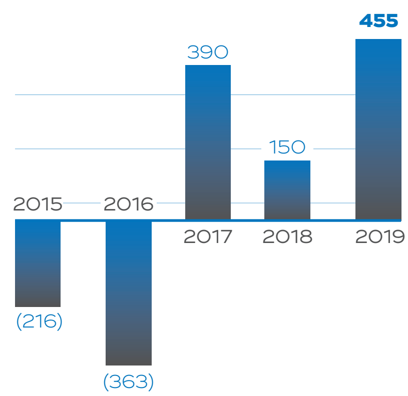
EBITDA (TRY Million)



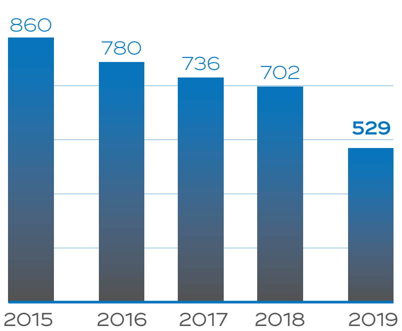
EBITDA Margin (%)



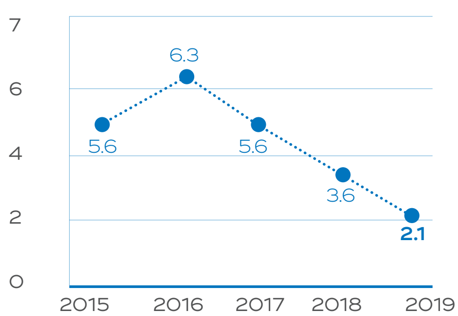
Net Profit (TRY Million)



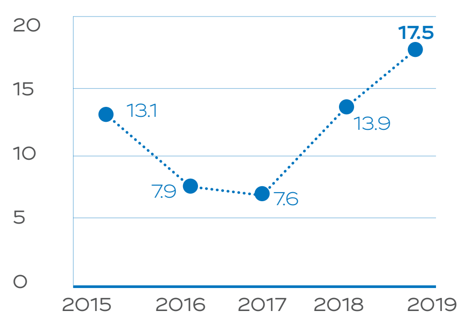
Net Financial Debt (USD Million)



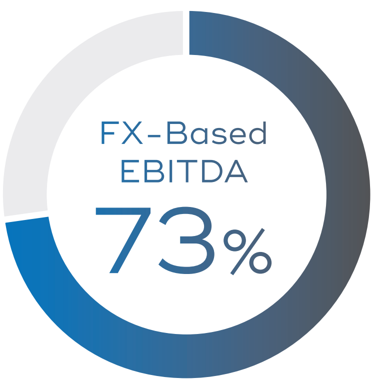
Net Financial Debt/EBITDA



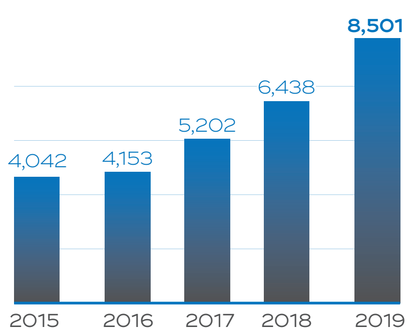
Operating Profit Margin (%)



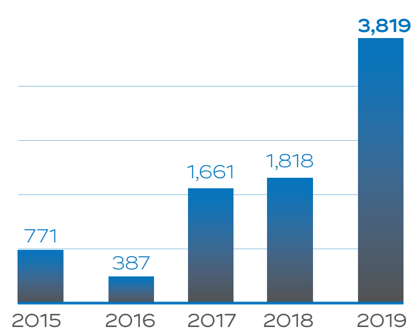
Consolidating 2019 with successful financial and operational results, Aksa Energy has increased its consolidated net profit by 203% to TRY 455 million and its total assets to TRY 8.5 billion with a growth of 32%.

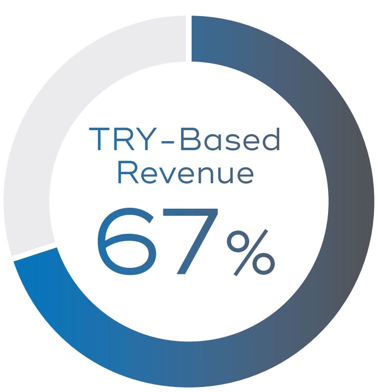


Assets (TRY Million)



Shareholders' Equity (TRY Million)





Key Financial Indicators

Consolidated (TRY Million)	2015	2016	2017	2018	2019
Revenue	2,307	3,178	3,599	4,669	5,579
Net Profit/Loss for the Period	(216)	(363)	390	150	455
EBITDA	443	435	493	1,033	1,467
Assets	4,042	4,153	5,202	6,438	8,501
Shareholders' Equity	771	387	1,661	1,818	3,819
EBITDA Margin (%)	19	14	14	22	26

MESSAGE FROM THE CHAIRMAN AND CEO

In 2019, we made great progress in boosting our profitability and reducing our debt. Thanks to our solid performance, we exceeded our financial and operational targets for the year.

455

TRY Million Net Profit

Aksa Energy achieved successful financial and operational results in 2019. We increased our consolidated net profit threefold compared to last year, posting the highest profits in the history of our Company.

2019 was a year when Aksa Energy exceeded all its performance objectives. We outperformed our financial and operational targets, while also maintaining our sustainable development in all the geographies where we operate. In addition, we fully met our environmental responsibilities and boosted social welfare in all our markets.

At Aksa Energy, we understand that successfully consolidating our market presence in an increasingly complex and competitive environment depends on quickly and effectively adapting to change. We also know that satisfying the expectations of all our stakeholders in our value chain in a timely, flexible and efficient manner requires a more agile organizational structure. To this end, we made major changes to our corporate governance in 2019 and appointed new proven, highly experienced colleagues as directors of the new departments established at the Company. Also, during the year, I was appointed as CEO by our Board of Directors. I am excited and proud to lead this very special family along new routes going forward.

As the Global Economy Slowed, Turkey Successfully Regained its Economic Balance

The delayed impact of tightening of US dollar liquidity, which started a year earlier, was one of the main reasons of global economic fluctuations in 2019, especially at the start of the year.

The intensifying trade war between the USA and China coupled with pressure caused by uncertainties surrounding the Brexit process on the European regional economy significantly decreased both global foreign trade and real sector confidence. New expansionary measures implemented quickly by developed country central banks may have prevented a major world crisis.

The Turkish economy entered 2019 in a rebalancing mode due to the negative effects of financial volatility, a sluggish global environment and geopolitical risks from the prior year. The strong performance in export and tourism revenues in second half of 2019 played a key role in the moderate economic recovery. Thanks to limited volatility in the local currency, Turkey's economy continued to stabilize and achieve significant improvements in core macroeconomic indicators, including inflation and the current account deficit.

2019 was a Challenging Year for the Turkish Energy Industry

Contractionary monetary policies, oil supply and price volatility in the first half of the year as well as depreciation of the Turkish lira over the previous year suppressed the performance of the domestic energy industry in 2019. In parallel, the Turkish energy market was also affected by high fuel and operating costs during the year.


As a global independent power producer with power plants in TRNC, Ghana, Mali and Madagascar besides Turkey; we continue our operations with a strong commitment to meeting the urgent demand for energy around the globe.

MESSAGE FROM THE CHAIRMAN AND CEO

At Aksa Energy, we do not see energy production as only a commercial activity. We are aware of our social responsibilities as a global independent power producer.

1.5

TRY Billion EBITDA

In 2019, our Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased 42% to TRY 1.5 billion.

Another development that materially impacted the Turkish energy agenda in 2019 was the expiration of the period granted to coal and lignite-fired thermal power plants to install flue gas filters by year's end.

As a Company that constantly monitors environmental sustainability across all business operations, we at Aksa Energy place great importance on using productive and environmentally-friendly technologies in our power plants. With this approach, we completed the necessary environmental investments at our Bolu Göynük Thermal Power Plant, commissioned in 2015, while it was still under construction. Boasting one of the first flue gas treatment systems in Turkey, our facility has been compliant with the European Union emission value target for 2018 since its commissioning in 2015. Thanks to this approach, our Bolu Göynük Thermal Power Plant continues to produce electricity without interruption while several plants were forced to suspend operations due to not having flue gas filters, which led to a decline in available capacity.

Our Performance in Fiscal Year 2019 Boosted the Value We Create for All Our Stakeholders

Aksa Energy's year-end financial results once again demonstrated that we are moving in the right direction on our journey toward our globalization objective. Our Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased 42% to TRY 1.5 billion. Meanwhile, our consolidated net profit reached TRY 455 million – the highest ever in our Company's history. Hard currency-based guaranteed sales made by our power plants in TRNC and Africa account for 73% of our EBITDA. Aksa Energy reduced its Net Financial Debt/EBITDA ratio to 2.1 at end-2019, down from 3.6 at end-2018. Furthermore, we have significantly decreased our net financial debt in recent years. Aksa Energy had reported net financial debt of USD 860 million in 2015, when we decided to expand abroad; and as at year-end 2019, we managed to reduce this figure to USD 529 million while making international investments in three countries during this period.

Today, Aksa Energy is a global independent power producer with electricity generation plants in TRNC, Ghana, Mali and Madagascar in addition to its facilities in Turkey. We boast the capability of realizing large-scale investments in different countries in a very short time thanks to our service approach that blends quality and responsibility. On our journey to become a global brand, we have adopted the slogan "Power Beyond Borders." We are working to further consolidate our solid brand reputation with new international investments. In January 2019, we reached full capacity at our power plant in Madagascar, for which we executed a foreign currency-based guaranteed sales agreement in 2018 in exchange for rehabilitation and operation of the plant for five years.

In line with our commitment to sustainable profitability, we plan to diversify our international investments. To this end, we have ongoing negotiations at various stages with countries that have an urgent energy need, especially in Africa. We have signed a 12-month Memorandum of Understanding with the Ministry of Water Resources and

Energy of Cameroon (MINEE) to develop a power generation project in Cameroon and a non-binding term sheet with Gaz du Cameroun S.A. for natural gas supply. During the year, we also received a 12-month pre-license for two natural gas-fired projects for electricity generation and sales in the Republic of Congo.

Sustainability is at the Heart of All Our Strategies

As science and technology advance at a dizzying pace, a sustainable development approach that focuses on economic benefits as well as social and environmental impacts has become increasingly important. Therefore, we place sustainability at the heart of all our operations as a business model; and we approach it holistically across all areas, from social and environmental effects to climate change and commercial sustainability.

At Aksa Energy, we believe in the power of collaboration to protect the natural environment. To this end, we develop projects to monitor endangered species and mitigate the negative effects in their natural habitats with various collaborations. In 2019, we initiated activities in Bolu for the protection of the brown bear (Ursus arctos) – the largest predator and the only bear species living in Turkey – in order to preserve biodiversity. With this effort, we aim to protect the species in its native habitat, as well as contribute to scientific literature on this topic.

Furthermore, in March 2019, we launched a social responsibility initiative called "Energy for Tomorrow" with all other Aksa companies under Kazancı Group. As part of the project, we visit village schools across Turkey and explain the concept of energy to middle school students. Under this effort, we have visited 19 provinces and 22 village schools, from the very East of Turkey to the West, in a nine-month period. During this short time, we have traveled more than 6,500 km and provided education on energy to more than 2,000 middle school students. In 2020, we aim to visit more village schools to introduce the topic of energy to students in a simple and comprehensible way, and reach out to a total of 4,000 children by the year end.

Madagascar Heavy Fuel Oil Power Plant

We will continue contributing to the advancement of social welfare everywhere we operate.

Our Global Objectives Determine Our Path Forward

As Aksa Energy, we aim to consolidate our global competitive edge and position among the leading brands in the energy industry by pursuing growth opportunities that create added value in the coming year. Furthering our globalization drive that we started in Northern Cyprus and Africa, we will continue efforts to increase the value we create for our stakeholders. We will actively pursue new low-cost investments, not only in Africa but also in all regions in urgent need of energy, by using equipment from our existing plants in Turkey. Remaining aware of our responsibilities to the community and the environment, contributing to the advancement of social welfare and creating value will continue to be our top priorities everywhere we do business.

Without question, our employees have played the most important part in our success by embracing our corporate culture and working with perseverance and dedication. I hereby would like to express my gratitude to all our stakeholders, especially our staff members, who have contributed to the strong results we achieved in 2019.

Best regards,

Cemil Kazancı
Chairman and CEO

ABOUT AKSA ENERGY

Founded as a Kazancı Holding affiliate in 1997, Aksa Energy is a global independent power producer operating in five countries on two continents, with its power plants in Turkey and abroad.

30+ Plants

Aksa Energy has built and operated more than 30 power plants to date using various energy sources.

Established in 1997, Aksa Energy is an affiliate of Kazancı Holding. With foundations dating back to the 1950s, Kazancı Holding is a global powerhouse, engaging in production activities on four continents, operating in 21 countries with more than 8,000 employees, and exporting to 173 countries around the world. Kazancı Holding ranks among the leading companies in the energy industry, with operations in energy production, electricity distribution and sales, natural gas distribution, and generator production via affiliates who are leaders in their own respective sectors. In addition to energy, the Group is also positioned as a leading player and a role model with business activities in agriculture and tourism.


Mali Heavy Fuel Oil Power Plant

Aksa Energy is a global energy concern with business operations in five countries on two continents. The Company performs all steps in plant installation – from project development to procurement, construction and installation – in-house with its highly skilled technical teams. Aksa Energy has built and operated more than 30 power plants using various energy sources to date, including coal, fuel oil, biogas, natural gas, wind and hydroelectricity. Taking its know-how on power generation overseas with power plant installations in countries in urgent need of energy, Aksa Energy provides fast and reliable solutions with long-term guaranteed sales agreements to meet the energy needs of countries.

Aiming to expand further abroad after TRNC, Aksa Energy took its first step toward globalization in 2015. Acting to transfer its efficiency and sustainability oriented approach to overseas markets, the Company's first target was Africa.
Aksa Energy entered the African market with power plants it has built and commissioned in Ghana, Madagascar and Mali in a very short time. Consolidating its presence in Africa with guaranteed energy sales agreements, Aksa Energy plans to expand its global service network further and closely monitors new investment opportunities in countries that have an urgent energy need.

In 2010, 21.4% of Aksa Energy's shares were listed on Istanbul Stock Exchange under the ticker AKSEN. The Company's stock is traded on the BIST 100 and BIST Sustainability indices.

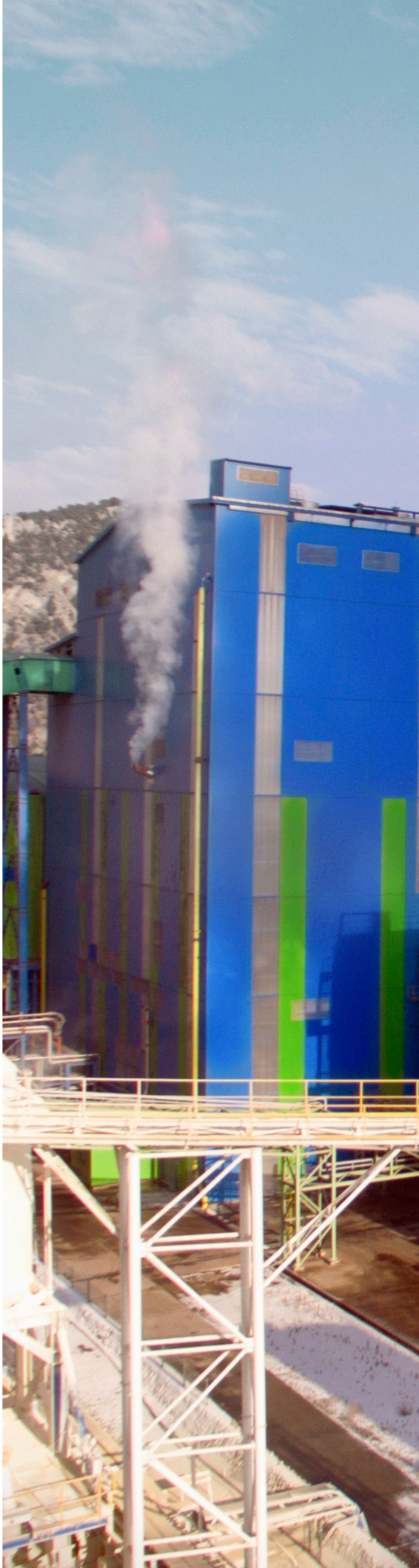
Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

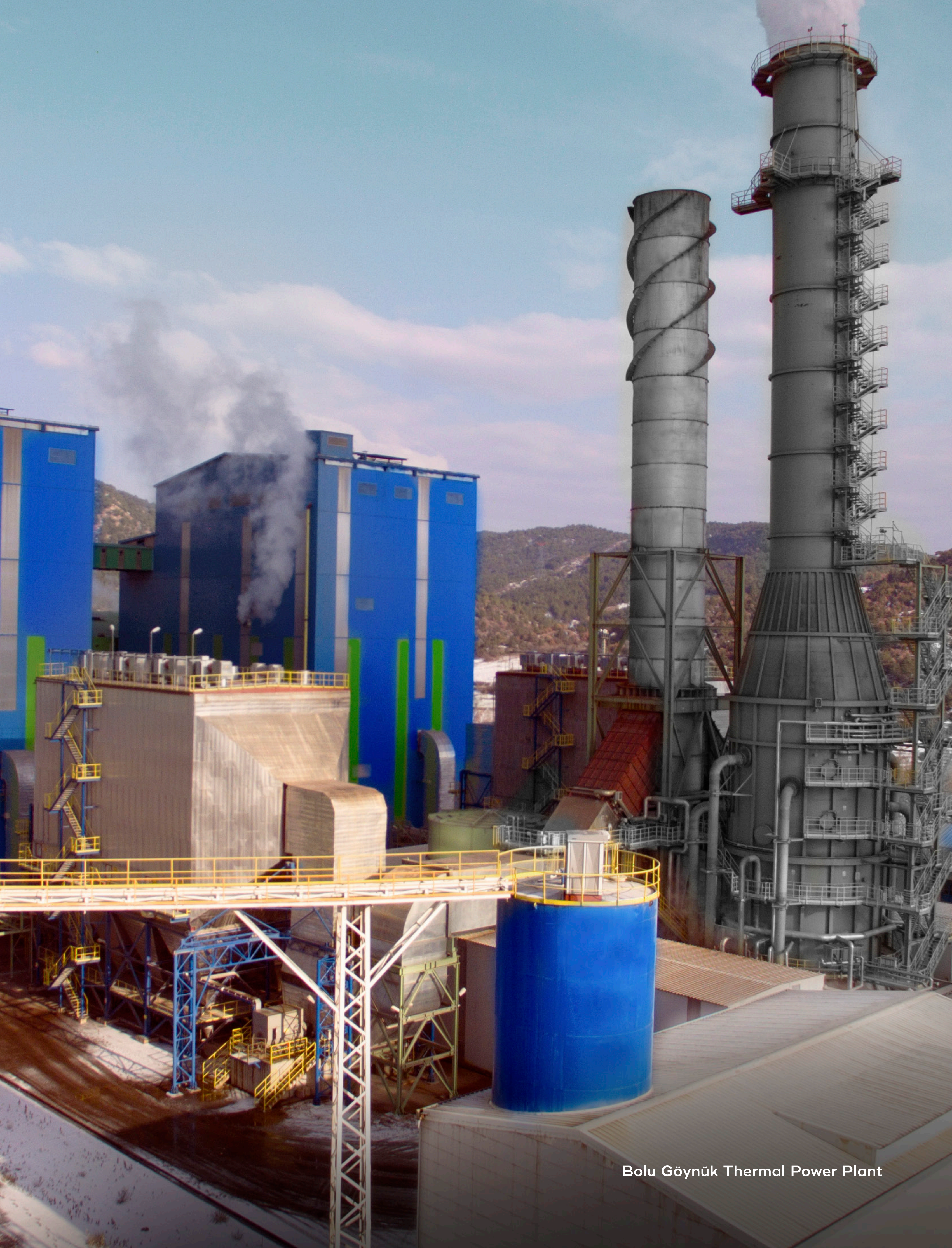
AKSA ENERGY'S VISION

To become the largest and the most reliable power in the region.

AKSA ENERGY'S MISSION

To capitalize on its deep experience and know-how in the energy industry in order to continue implementing high performance projects, with a focus on cutting-edge technologies and a well-educated, highly skilled workforce.




Bolu Göynük Thermal Power Plant

AKSA ENERGY'S SHAREHOLDING STRUCTURE

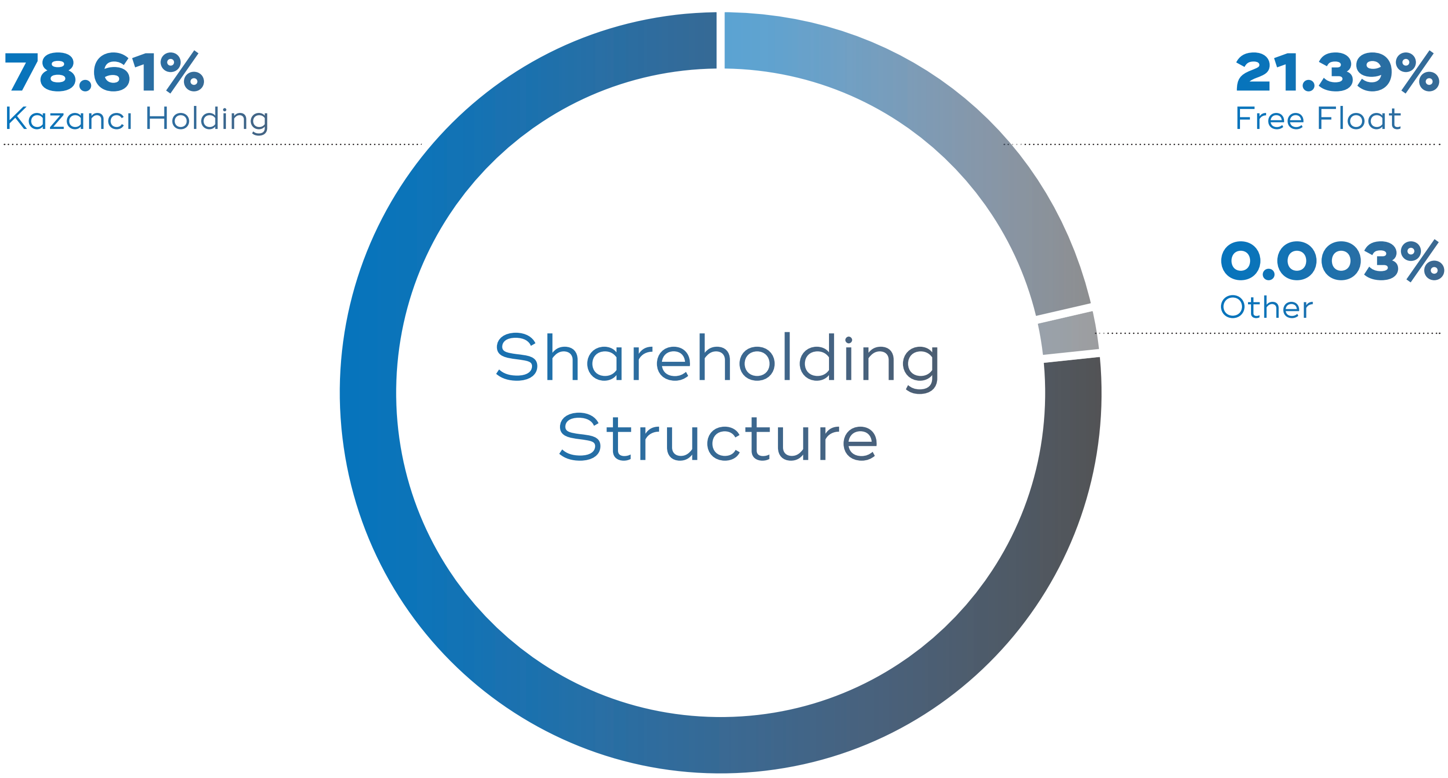
Aksa Energy's shares are classified in two groups: A and B. The Company's issued capital as of December 31, 2019 comprised a total of 613,169,118 shares – 293,896,220 Group A registered shares and 319,272,898 Group B bearer shares. Each share has a nominal value of TRY 1.

Share Group	Nominal Value (TRY)
A (Registered)	293,896,220
B (Bearer)	319,272,898
Total	**613,169,118**

Shareholder	Number of Shares	Share Group	Share (%)	Vote (%)
Kazancı Holding A.Ş.	293,876,970	A	47.928	47.928
Kazancı Holding A.Ş.	188,114,898	B	30,679	30,679
Total Kazancı Holding A.Ş.*	481,991,868		78.607	78.607
Ali Metin Kazancı	4,814	A	0.0008	0.0008
Ş. Cemil Kazancı	4,812	A	0.0008	0.0008
Tülay Kazancı	1	A	0.0000	0.0000
Mehmet Kazancı	4,812	A	0.0008	0.0008
Necati Baykal	4,811	A	0.0008	0.0008
Other (Free Float)	131,158,000	B	21.39	21.39
TOTAL	**613,169,118**		**100.00**	**100.00**

** Kazancı Holding A.Ş. purchased 4,958,962 shares on Istanbul Stock Exchange in 2012-2018. These shares are shown in the table above in the "Other" (Free Float) section. Including these share purchases from the free float, Kazancı Holding holds 486,950,830 shares of Aksa Energy in total, which accounts for 79.4% of the Company's capital.*

Ghana Heavy Fuel Oil Power Plant



AKSA ENERGY'S STRATEGY

Aksa Energy has successfully integrated effective change management and an innovative business model with the corporate values embedded in its DNA, which play a key role in its long-standing success.

1.34

TRY Billion Investment (2015-2019)

As of 2015, Aksa Energy moved some of the equipment from its power plants in Turkey and undertook significant investments overseas.

Aksa Energy is an independent power producer established as a subsidiary of Kazancı Holding, a leading group of companies in Turkey with long-standing experience across the entire power supply chain from production to distribution and sales. The Company enjoys advantages such as cross-selling, higher brand recognition, and integrated service alongside its horizontal and vertical integration with other Group companies.

Successfully blending innovative business model and effective change management with the corporate values embedded in its DNA, which have played a key role in its success to date, Aksa Energy has become into a global company in its field of activity.

Investment Strategy

Aksa Energy builds its investment strategy by closely monitoring global and local risks and opportunities. In 2015, the Company canceled the licenses of some of its natural gas and heavy fuel oil power plants with declining competitive advantages in Turkey, and undertook significant investments overseas.

Madagascar Heavy Fuel Oil Power Plant

Positioning energy-strapped Africa as a primary focus, the Company has become one of the major energy players on the continent with new investments. By completing the construction of new power plants in Ghana, Madagascar and Mali and commissioning them in a very short time, Aksa Energy boosted its profitability and hard currency-denominated sales, reducing FX rate exposure on its financials.

In 2015, Aksa Energy signed an agreement with the Republic of Ghana for the construction of a power plant, along with electricity generation and guaranteed electricity sales. Ghana Heavy Fuel Oil Power Plant started commercial operations with an installed capacity of 192.5 MW in March 2017 and the plant's installed capacity expanded to 280 MW in August 2017. In November 2018, with the commissioning of 90 MW equipment, the plant's installed capacity rose to 370 MW.

In 2016, Aksa Energy reached an agreement in the Republic of Madagascar for the construction of a power plant and the guaranteed sale of the electricity generated. In July 2017, the power plant was commissioned with an installed capacity of 25 MW. Upon the completion of the first phase in September 2017, the plant's installed capacity rose to 66 MW.

Aksa Energy executed its fourth overseas contract in Bamako, the capital of Republic of Mali, for construction of a power plant. As in previous international agreements, this contract includes guaranteed capacity payment and energy sales. First commissioned in August 2017, the plant has been fully operational with an installed capacity of 40 MW since September 2017.

In 2018, Aksa Energy undertook the rehabilitation and operation of a 24 MW power plant in Madagascar and commissioned 12 MW of the plant's capacity in December 2018. The power plant continues its commercial operations with an installed capacity of 24 MW as of January 2019.

In the construction of African power plants, Aksa Energy minimized total investment costs and significantly shortened the construction period by utilizing equipment from the existing plants in its portfolio.

Having transformed from a local energy company into a global powerhouse, Aksa Energy supports the Turkish economy with its hard currency revenues, and actively pursues new investment opportunities in overseas markets via ongoing negotiations with countries that have an urgent demand for energy.

Sales Strategy

Aksa Energy aims to increase the share of its foreign currency-denominated sales in total revenues to forestall potential effects of exchange rate differences. Relocating the power plants in its portfolio, which had diminishing competitive advantage in domestic market, to the high-potential African continent with low installation costs, the Company has accelerated its foreign currency based income and profitability with these investments.

Hard currency denominated sales from the HFO power plants in Ghana, Madagascar and Mali, which started operations in 2017, in addition to that of Kalecik HFO Power Plant in Turkish Republic of Northern Cyprus, constitute the main pillar of Aksa Energy's financial transformation. As at year-end 2019, 73% of Aksa Energy's Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) is denominated in hard currency.

Mali Heavy Fuel Oil Power Plant

Aksa Energy continued to focus on flexible and effective portfolio management, efficiency optimization and operational excellence in 2019.

Despite potential risks in overseas markets, including changing energy demands of each country, seasonality and electricity generation by renewable power plants; Aksa Energy's international power plant portfolio significantly contributes to the Company's profitability, as the guaranteed capacity payments constitute a larger portion in total overseas turnover. The guaranteed capacity is 332 MW out of 370 MW at Ghana Heavy Fuel Oil Power Plant; 60 MW out of 66 MW at Madagascar Heavy Fuel Oil Power Plant; 30 MW out of 40 MW at Mali Heavy Fuel Oil Power Plant; and 120 MW out of 153 MW at Northern Cyprus Kalecik Heavy Fuel Oil Power Plant.

Guaranteed capacity payments for CTA-2 Heavy Fuel Oil Power Plant, operated by Aksa Energy for five years from year-end 2018 until January 2024, are not collected on the basis of a guaranteed capacity but at a fixed monthly amount set forth in the contract.

Aksa Energy focuses on flexible and effective portfolio management, efficiency optimization and operational excellence. The Company pursues a sales strategy that prioritizes profitability rather than sales volume by operating combined cycle power plants in Turkey on days and hours when spot energy prices are high. In line with its risk management approach, Aksa Energy pivoted to spot energy sales by reducing the number of bilateral agreements compared to previous years.

The increase in spot energy prices has improved the profitability of the Company's local coal-fired Bolu Göynük Thermal Power Plant. Recording about half of its sales on the spot market, the Plant has sold the remaining portion of its electricity generation to Electricity Generation Company of Turkey (EÜAŞ) as part of the tender for the Purchase of Electricity from Private Companies Operating Only Domestic Coal-Fired Power Plants. The purchase price, partially pegged to the US dollar, was set at TRY 285/MWh for first quarter 2019, TRY 298/MWh for second quarter, TRY 317/MWh for third quarter, and TRY 316/MWh for the fourth quarter of 2019.

Furthermore, as part of the Regulation on the Electricity Market Capacity Mechanism issued by Energy Market Regulatory Authority (EMRA), EÜAŞ makes a capacity payment within the scope of its annual budget to the licensed power plants that meet the determined efficiency and age criteria. The payment is made to establish a sufficient installed power capacity, including the reserve capacity, ensuring supply security in the electricity market. In 2019, Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant received a total capacity payment of TRY 114,425,220. Both facilities were deemed eligible to benefit from the capacity mechanism in 2020.

GLOBAL ENERGY MARKET

Despite growing energy demand, global energy investment spending has not yet emerged from its downtrend of recent years.

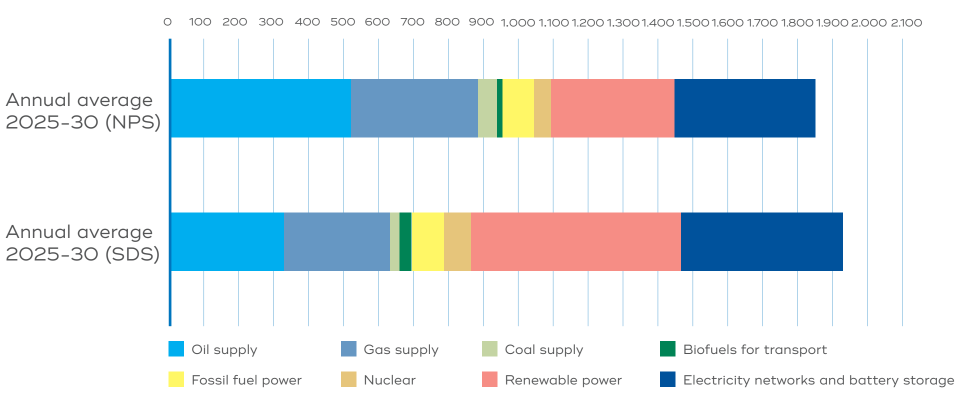
Energy investments in Africa constitute only 4% of the world total, despite an estimation indicating 530 million persons will not have access to electricity in 2030.

The dilemma between the expanding energy need in developing countries and steps to be taken to switch to a low carbon future continues to set the energy sector's agenda. When we add the difficulties caused by global trade wars, 2019 was a highly challenging year for the world energy industry.

Despite growing energy demand, global energy investment spending has not yet emerged from its downtrend of recent years. According to the World Energy Investments 2019 Report of World Energy Council, renewable energy technologies are leading new production capacity investments in the global market recently. Meanwhile, electrification of transportation is accelerating and the cost of battery technologies is falling rapidly. Despite these positive changes, generalization of renewable solutions is still low and energy efficiency uptake is not advancing at the desired pace. In fact, the International Energy Agency stated in its World Energy Outlook 2019 Report that despite progress in the renewable energy industry, the current energy system is far from achieving the targets set under the Paris Agreement.

The most interesting finding in the geographic distribution of investments made throughout the year is China's contracting energy investments due to its slowing economy. Even though China is still the leader in this area, the USA and India have narrowed the gap over the past three years. On the other hand, energy investments in Africa, where 17% of the world population resides and where an estimated 530 million persons will not have access to electricity by 2030, constitute only 4% of the world total.

2025-2030 Energy Investments*



**Energy investments forecasts under New Policy Scenario (NPS) and Sustainable Development Scenario (SDS).*

Source: IEA

Oil

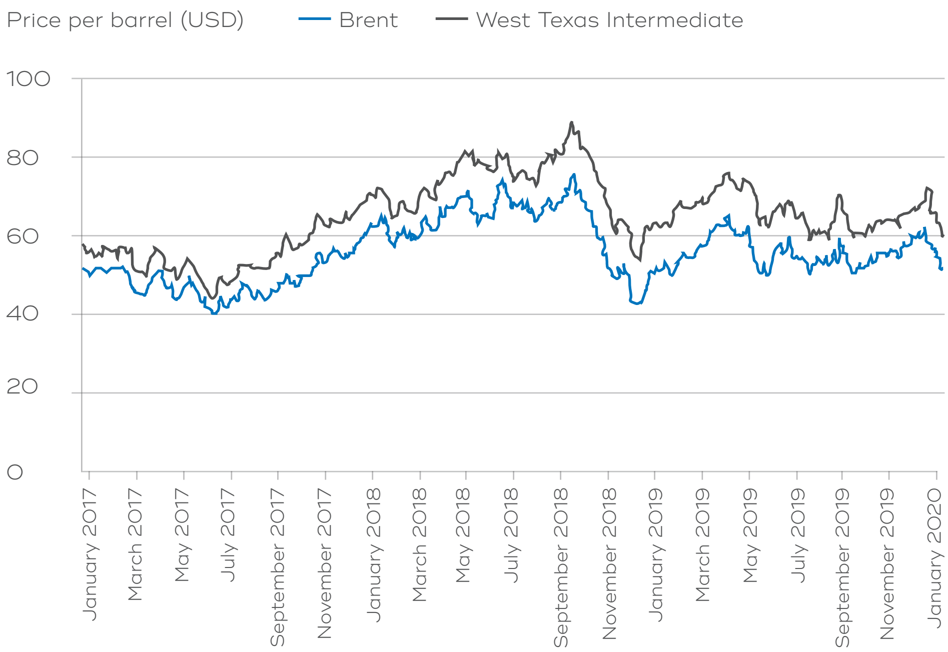
According to OPEC's Oil Market Report, issued in January 2020, global oil demand growth dropped by 0.05 million barrels/day to 0.93 million barrels/day in 2019. Raising its world oil demand forecast by 140 thousand barrels/day for 2020, OPEC estimates that growth in global demand will be 1 million 220 thousand barrels/day with total demand amounting to 100 million 980 thousand barrels/day.

Natural Gas

According to Energy Information Administration (EIA) data, demand for natural gas is expected to reach 3.8 trillion m^3 in 2020, compared to 3.7 trillion m^3 in 2019. The report also projects an annual 1.1% rise in natural gas demand, translating into a 43% increase by 2050 compared to current demand.

Most of the expanded natural gas consumption is expected to originate from Asia-Pacific countries, including China. According to IEA estimates, natural gas demand is expected to increase 4% annually over the mid-term and constitute 60% of the global demand increase by 2024.

Oil Prices 2017-2020



Source: Bloomberg

According to IEA's Market Report Series: Gas 2019 publication, other countries and regions driving demand upward will be the USA, Middle East and North Africa. While the closure of coal and nuclear power plants in Europe boosts demand for natural gas, the expanding renewable energy market and the declining need for heating are expected to curb demand growth on that continent.

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

GLOBAL ENERGY MARKET

Due to coal's competitive price and abundance, along with growing demand in Asian countries, demand for coal is expected to remain stable over the next five years.

IEA forecasts that global coal demand will reach an annual growth rate of 0.5% and total 5,624 megatons of coal equivalent (Mtce) by 2024.

Coal

According to Market Report Series: Coal 2019 by IEA, demand for coal expanded to 5,464 megaton coal equivalent (Mtce), up slightly in 2019. This modest rise was due to coal's competitive price and abundance, as well as growing demand in Asian countries. Demand for coal is expected to remain stable over the next five years.

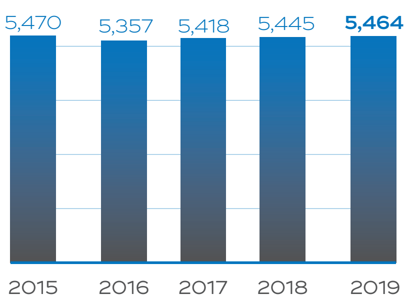
IEA forecasts global coal demand to post an annual growth rate of 0.5% and total 5,624 Mtce by 2024. According to the report, Europe plans to cease using coal while the USA aims to boost natural gas usage. Therefore, falling coal consumption in Europe and the USA will be offset by rapidly growing consumption in Asia.

Renewable Energy

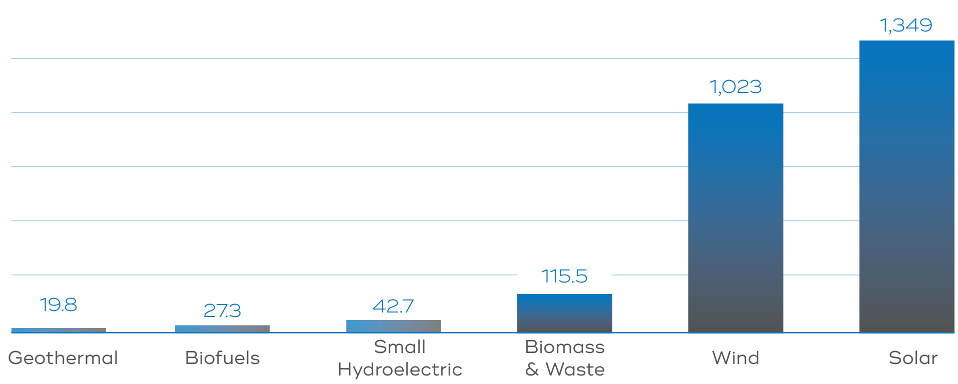
According to Bloomberg New Energy Finance (BNEF) data, USD 282.2 billion was invested in clean energy technologies in 2019, up 1% compared to the previous year.

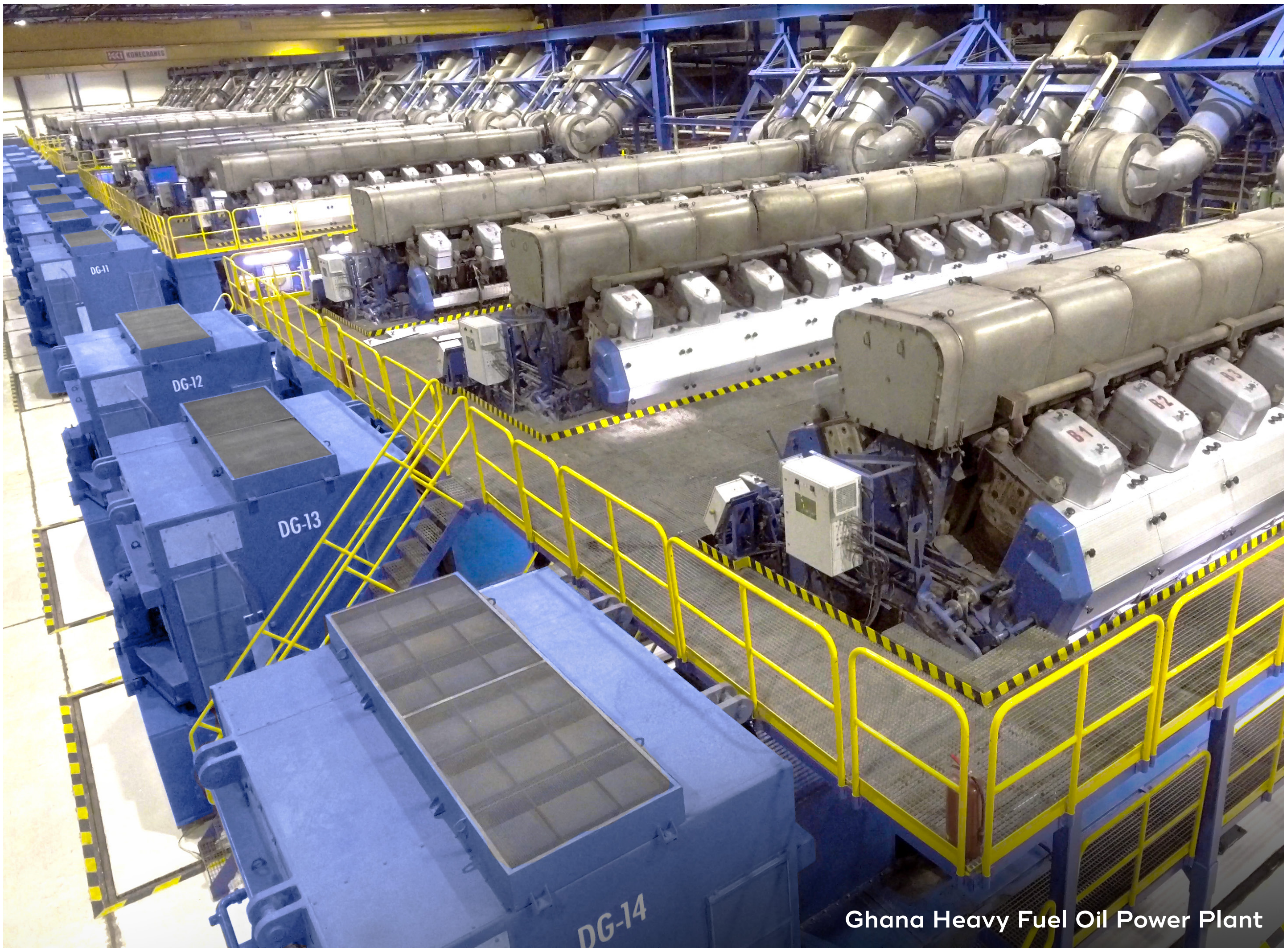
The slow pace of increase in clean technologies investments was partly the result of declining costs of all commercially used renewable energy production technologies. In addition, the BNEF report projects that half of global energy production will be made by wind and solar energy plants by 2050.

Global Coal Demand (mtce)



Renewable Energy Capacity Investments (2010-2019) (USD Billion)





Ghana Heavy Fuel Oil Power Plant

Nuclear Power

As of August 2019, 450 nuclear reactors are operational in 31 countries, while 52 reactors are under construction in 19 countries. Nine of the nuclear reactors under construction are located in China, seven are in India and six are located in Russia. In addition, construction of two nuclear reactors is underway in the USA, with four in United Arab Emirates, four in South Korea, and one each in France and Turkey currently being constructed.

The recent negative shift in sentiment away from nuclear energy in developed markets such as the USA and Europe limits the increase of production from this resource. However, 37 nuclear power reactors have gone into operation over the last five years. Additionally, 25 more countries are preparing to include nuclear power in their energy plans. The pressing need for low carbon electricity production to combat climate change also has the potential to bolster nuclear energy once again.

Prices Fluctuated throughout the Year

Starting 2019 with a rapid rise, energy raw material prices fluctuated due to major events and developments during the year. Concerns related to global demand in June caused prices to fall, with Brent oil declining to USD 58 in August. In mid-September, after the attack on Saudi Arabia's national oil company Saudi Aramco's facilities, the Brent barrel price trended upward and closed the year at USD 67. The annual average price was about USD 63 in 2019.

Coal prices fell significantly in 2019 due to a variety of reasons, including low demand and a strong preference for renewable energy. In 2020, coal prices are expected to recover driven by demand in Asian markets such as India.

282.2

USD Billion

According to Bloomberg New Energy Finance (BNEF) data, USD 282.2 billion was invested in clean energy technologies in 2019.

TURKISH ENERGY MARKET

In 2019, 38% of Turkish electricity production originated from coal, 31% from hydroelectric, 19% from natural gas, 7% from wind, 1% from fuel oil power plants and 4% from other sources.

91,352 MW

Turkey's installed capacity climbed to 91,352 MW at year-end 2019.

In addition to the contracting global money supply in 2019, oil supply and price fluctuations also negatively affected the Turkish energy market. Players in the sector with foreign currency denominated debt and whose operations are particularly affected by exchange rate volatility attempted to navigate this difficult environment with minimal damage. RES incentives helped reduce uncertainties related to the sector's financial sustainability. In addition, establishment of the Energy Venture Capital Fund under the New Economy Program (NEP) was another key development during the year. However, Turkey remained committed to becoming a regional energy power and transit hub with its energy bridges, and took further steps toward this end in 2019.

According to Turkish Electricity Transmission Corporation (TEİAŞ) data, Turkey's total installed capacity rose 2,826 MW to 91,352 MW in 2019. Solar energy accounted for the largest share of the increase contributing 919 MW. Lignite and coal investments followed with 727 MW and wind capacities contributed 534 MW. As of year-end, hydroelectric power accounted for 31% of the country's total installed capacity, followed by natural gas with 28% and coal with 22%.

The number of power plants in Turkey rose to 8,586 in 2019, up 1,144 compared to the previous year.

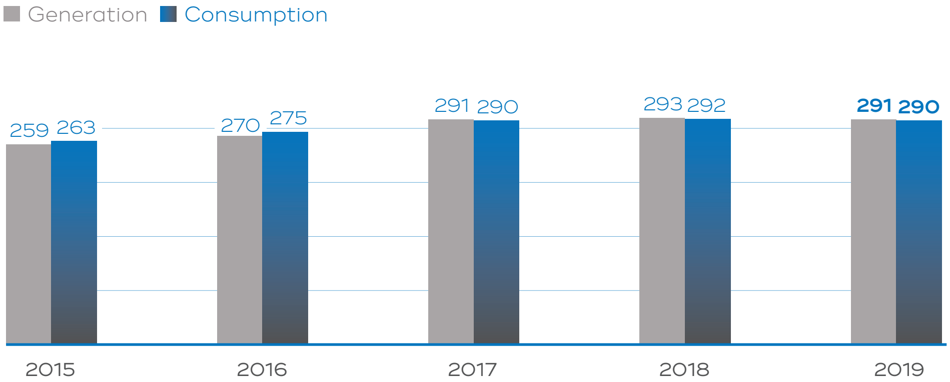
While unlicensed power plants account for the largest share in terms of number of power plants, independent production companies contribute 68% of Turkey's total installed capacity with 1,303 plants.

Natural Gas' Share in Electricity Generation is Falling Rapidly

Domestic natural gas production in Turkey, which borders countries with large natural gas reserves, cannot meet 1% of its annual consumption. While natural gas-fired power plants made a very limited contribution to Turkey's installed capacity increase; their share in the total electricity production decreased significantly due to the falling profitability of the natural gas-fired power plants as a result of the rising price of natural gas, almost all of which is imported. In 2019, the share of natural gas in installed capacity increased 234 MW year-on-year. Meanwhile, the share of natural gas in production has declined to its lowest level in recent years.

Electricity production and consumption in Turkey decreased around 1% in 2019 compared to the previous year. Due to higher natural gas costs and low profit margins, the share of natural gas in total electricity production decreased 39% in 2019. Meanwhile, the share of hydroelectric generation increased from 20% to 31%, as the country received more precipitation compared to the prior year. In 2019, 38% of Turkish electricity production originated from coal, 31% from hydroelectric power plants, 19% from natural gas, 7% from wind, 1% from fuel oil plants and 4% from other sources.

Electricity Generation and Consumption in Turkey (TWh)



Electricity generation in Turkey totaled 291 TWh as at end-of-year 2019.

Despite the drop in consumption, Turkey's natural gas sector recorded a highly dynamic year. Natural gas exploration activities ramped up, the TANAP and TurkStream projects moved forward, while storage and gasification capacities expanded with new facilities during an agenda-packed 2019.

Domestic Coal Comes to the Forefront for Energy Supply Security

Coal – a strategic energy source for Turkey – becomes increasingly important by the day. Recently, intensive studies have been conducted about the use of domestic coal under the National Energy and Mining Policy in Turkey. The Electricity Generation Company of Turkey (EÜAŞ) purchased 23 billion KWh electricity from private sector plants in order to support domestic coal in 2019.

In 2019, coal and lignite-fired thermal power plants also gained importance in terms of environmental sustainability. The period given to thermal power plants that have not installed flue gas filters to complete investments for compliance with environmental legislation and receive necessary permissions expired on December 31, 2019. As of the expiration date, five thermal power plants were completely closed down while one plant was partially shuttered due to lack of continuous emission measurement systems or these systems being idle and an inadequate waste site report presented to the Ministry of Environment and Urbanization. The total installed capacity of the closed plants is 3,407 MW.

Turkey's 67 coal-and lignite-fired thermal power plants – domestic coal, lignite, imported coal – have a combined installed capacity of 19,879 MW, 22% of the country's total installed capacity. Domestic coal-fired installed capacity accounts for a 12% share of Turkey's total installed power. In 2019, electricity produced from domestic coal accounted for 38% of total production in the country.

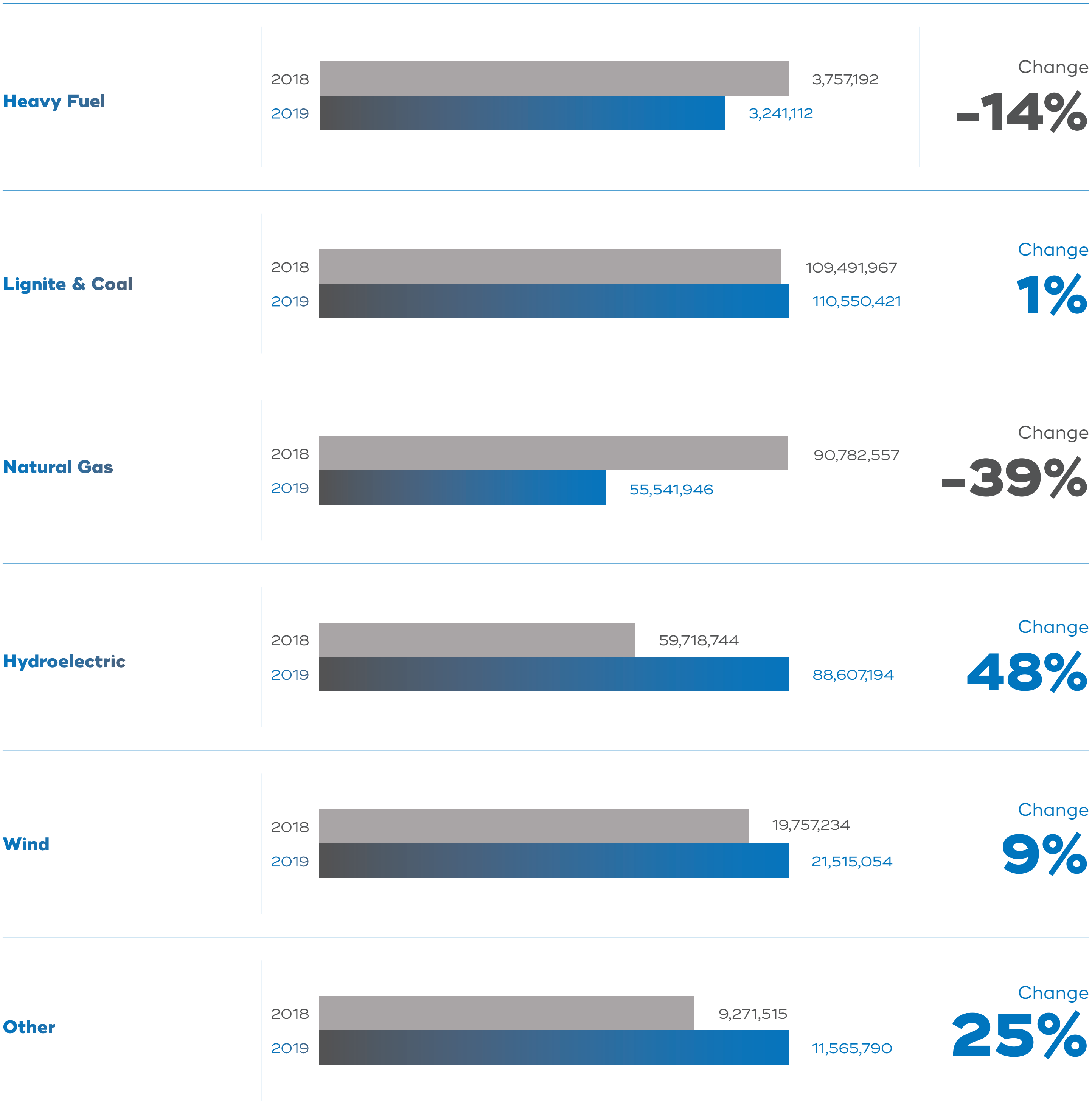
Hydroelectric Power Plants Dominate Electricity Generation

Hydroelectric power plants accounted for 31% of Turkey's installed capacity and 31% of total electricity production, up 9.6 points compared to the previous year. Boasting the largest share among renewable energy resources, hydroelectric power plants expanded only 202 MW in total installed capacity in 2019.

Bolu Göynük Thermal Power Plant

TURKISH ENERGY MARKET

Turkey's Electricity Production by Energy Source (MWh) (2018-2019)



Wind Keeps Blowing in Turkey

The number of wind power plants climbed to 275 in 2019, up from 176 in 2018, including unlicensed facilities. Total installed capacity of licensed wind power plants in operation reached 7,500 MW during the year.

In 2019, the Ministry of Energy and Natural Resources held the second 1,000 MW YEKA tender in four different regions in order to boost the value created from wind energy potential.

Solar Energy Investment Leads Turkey's Installed Capacity Increase

According to the Turkish Solar Energy Society (GUNDER), Turkey's potential to generate electricity from solar power is approximately 500,000 MW. Therefore, making efficient use of solar energy is critical to advancing the country's domestic energy drive. Furthermore, reduced costs of solar panels and increased efficiency have boosted solar energy investments.

In 2019, solar energy led Turkey's installed capacity expansion. As of year's end, the number of solar power plants in the country reached 6,901 while the share of solar energy in total installed capacity rose 18% year-on-year and totaled 5,987 MW.

Geothermal Energy on the Rise

Turkey maintained its position as the fastest growing country in the production of electricity from geothermal energy in 2019. The installed capacity of geothermal power plants jumped to 1,515 MW, up 20% year-on-year. Fifty-four geothermal power plants operate in the country.

Developments in 2019

TANAP's Europe Connection Opened

The European connection of the Trans-Anatolian Natural Gas Pipeline Project (TANAP), which will transport Azerbaijani natural gas to Europe through Turkey, was opened in 2019. The pipeline's entry point is Ardahan-Posof, located on the Georgia-Turkey border, and the exit point to Europe is Edirne-Ipsala located on the Turkey-Greece border. TANAP passes through 20 provinces across Turkey.

The TANAP mega project aims to strengthen the energy supply security of Turkey and Europe while contributing to economic stability and peace across the region. TANAP will connect to the Trans-Adriatic Pipeline (TAP) currently under construction. Gas transit and supply will commence after completion of the pipeline.

EÜAŞ Gives Support to Domestic Coal

During the year, EÜAŞ published an addendum related to Electricity Energy Sales Agreements (ESA). Under the agreements concluded, in order to incentivize domestic coal use, EÜAŞ will purchase 27 billion KWh electricity only from private companies that operate domestic coal-fired electricity production plants; and 1.1 billion KWh electricity from private companies that operate domestic coal and imported coal mix-fired electricity production plants within the 01.01.2020-31.12.2020 period.

39 Plants Received Incentives Under the TEİAŞ Capacity Utilization Mechanism

In 2019, 39 plants – 19 coal, 10 natural gas and 10 hydroelectric – received incentives under the Turkish Electricity Transmission Corporation's (TEİAŞ) capacity utilization mechanism. In 2020, a total of 45 plants – 20 coal, 15 natural gas and 10 hydroelectric – will be able to benefit from capacity mechanism support.

YEKA-2 Wind Tender Held

Nine companies participated in the tender held by the Ministry of Energy and Natural Resources for a total of 1,000 MW Wind Power Renewable Energy Zone (YEKA) in four geographic regions. YEKA-2 aims to establish a second 1,000 MW for Turkey, including 250 MW each in the Aydın, Muğla, Balıkesir and Çanakkale connection regions, following the success of the first 1,000 MW wind YEKA.

Energy Venture Capital Fund to be Established

As part of the new reform package to be implemented in conjunction with the New Economy Program (NEP) targets, the Energy Venture Capital Fund will be founded to extend financing to the energy industry. Doubtful loans will be transferred to the fund to support the financial sustainability of the industry. Domestic and foreign banks are expected to participate in the fund that reach up to USD 2 billion.

Projections for 2020

In the coming year, Turkish energy policies will continue to focus on reducing foreign energy dependency and addressing supply security issues. In 2020, the Energy Venture Capital Fund is expected to start up as soon as possible to ensure the domestic energy sector's financial sustainability. New incentive mechanisms are also widely anticipated in order to boost investment appetite in the market.

DEVELOPMENTS IN 2019

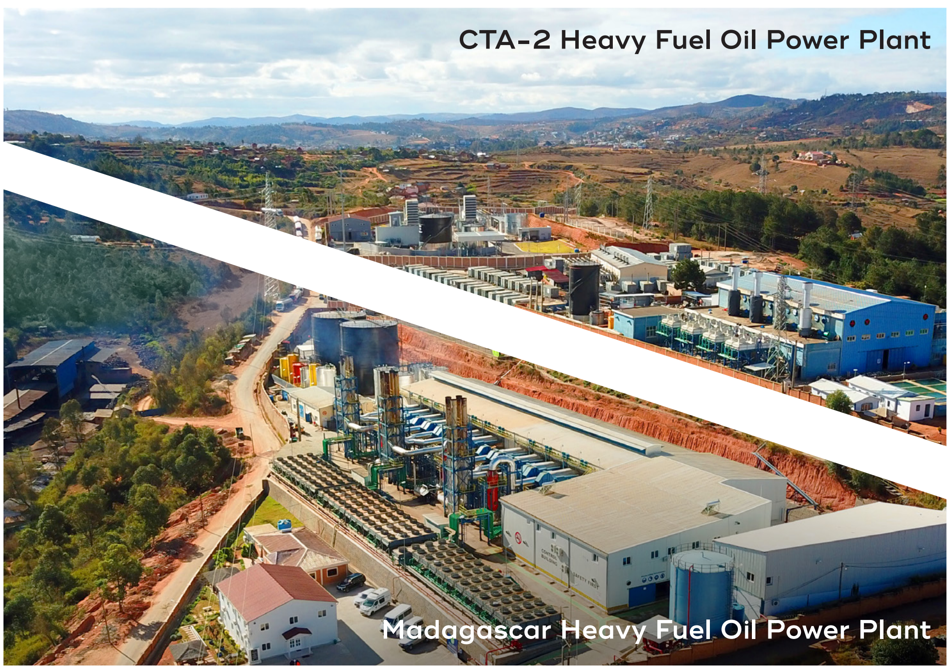
Aksa Madagascar, a 100% subsidiary of Aksa Energy, has acquired all shares of AKSAF Power, whose 41.65% share was owned by a foreign partner.

24 MW

As at January 2019, CTA-2 Heavy Fuel Oil Power Plant reached 24 MW installed capacity.

CTA-2 Heavy Fuel Oil Power Plant reached 24 MW Installed Capacity

In 2018, Aksa Energy signed a new agreement for the rehabilitation and operation of a 24 MW power plant, owned by Jirama, located next to Aksa Energy's fuel oil power plant running at 66 MW. After the commissioning of its 12 MW capacity in December 2018, the CTA-2 Heavy Fuel Oil Power Plant reached 24 MW installed capacity as of January 2019 after the commercial acceptance of its other engines by Ministry officials. Aksa Energy currently has a 5-year maintenance and operation agreement.


CTA-2 Heavy Fuel Oil Power Plant
Madagascar Heavy Fuel Oil Power Plant

Aksa Energy Acquired the Minority Shares of the Company in Madagascar

Aksa Madagascar B.V., which is a 100% subsidiary of Aksa Energy, has acquired all shares of AKSAF Power Ltd., whose 41.65% share was owned by a foreign partner, for USD 15 Million. Therefore, Aksa Energy became the sole owner of AKSAF Power Ltd., the owner of Madagascar power plant by acquiring the entire minority shares of the company in Madagascar.

Aksa Energy Pursues New Investments in Cameroon and the Republic of Congo

In 2019, Aksa Energy has established local companies in order to develop projects in Cameroon, and the Republic of Congo, where it has ongoing negotiations with different parties.

Aksa Energy has concluded a 12-month Memorandum of Understanding with the Ministry of Water Resources and Energy (MINEE) of Cameroon to develop a 150-MW natural gas-fired power plant in Cameroon and a non-binding protocol for natural gas supply with Gaz du Cameroun S.A, a fully owned subsidiary of Victoria Oil & Gas Plc. The Company has also received a 12-month pre-license for two natural gas-fired projects on electricity generation and sales in the Republic of Congo.

In order for these developments to become effective agreements in both countries, the parties must agree on various conditions such as tariff price, financial guarantee, project development, equipment to be used, and fuel supply during this period.

Bolu Göynük Thermal Power Plant Passed the Integrated Environmental Inspection with Zero Offense

As the period given to the thermal power plants for the completion of flue gas filtration investments have expired as of December 31, 2019, Bolu Göynük Thermal Power Plant, which previously made flue gas filter and all other necessary environmental investments, has not been included in this scope. Bolu Göynük Thermal Power Plant has "Environmental Permit and License Certificate" on air emission, wastewater discharge and landfill. Continuing its environmental monitoring activities in order to ensure the continuance of the certificate, the Power Plant has passed the Integrated Environmental Inspection made by the Bolu Provincial Directorate of Environment and Urbanization with zero offense.

License of Manisa Natural Gas Combined Cycle Power Plant Canceled

The electricity generation license of Aksa Energy's 115-MW Manisa Natural Gas Combined Cycle Power Plant was cancelled on April 30, 2019 with the application filed to the Energy Market Regulatory Authority (EMRA) for the cancelation of the plant's license.

The Company plans to use the equipment of the power plant, which can no longer generate electricity at competitive prices under free market conditions in Turkey, for potential projects abroad with foreign currency denominated returns and higher profit margins.

Aksa Energy in the Sustainability Index

Since 2015, Aksa Energy has been included in the Sustainability Index of Istanbul Stock Exchange, which incorporates publicly-traded companies with a high corporate sustainability performance. As one of the 14 companies that entered this list in 2015, Aksa Energy qualified once again for the Sustainability Index for the period November 2019-October 2020 as in November 2018-October 2019 period.

As in November 2018-October 2019 period, Aksa Energy qualified once again for the Sustainability Index for the period November 2019-October 2020.

PRODUCTION PORTFOLIO AND CHARACTERISTICS

Aksa Energy pursues new investment opportunities in all regions with an urgent need for energy, especially in Africa, with the aim of expanding its overseas portfolio.

Mali Heavy Fuel Oil Power Plant

1,946 MW

Aksa Energy's production portfolio consists of 7 power plants with a total installed capacity of 1,946 MW as at end of 2019.

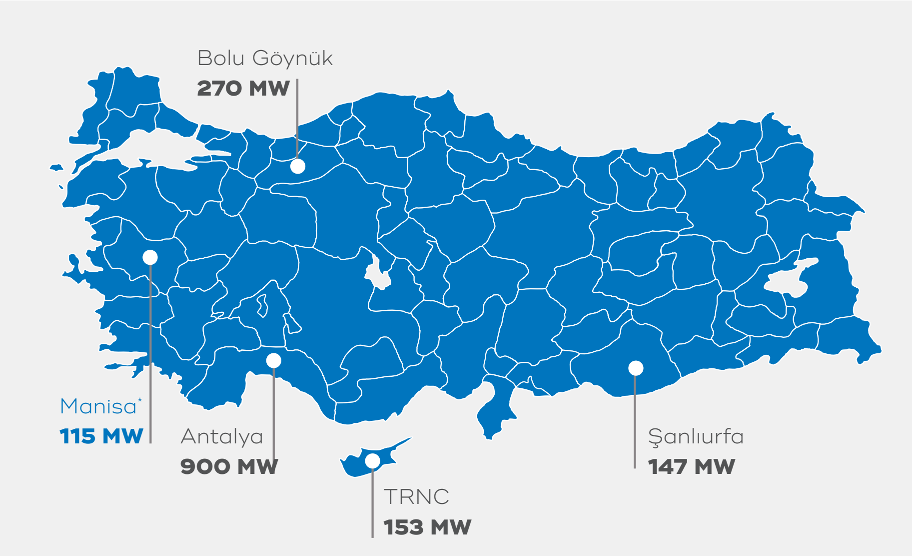
Aksa Energy's production portfolio consists of 7 power plants as at end-2019: 4 heavy fuel oil power plants, 2 combined cycle natural gas power plants and 1 lignite-fired power plant. The installed capacity of the Company is 1,946 MW as at the end of the year.

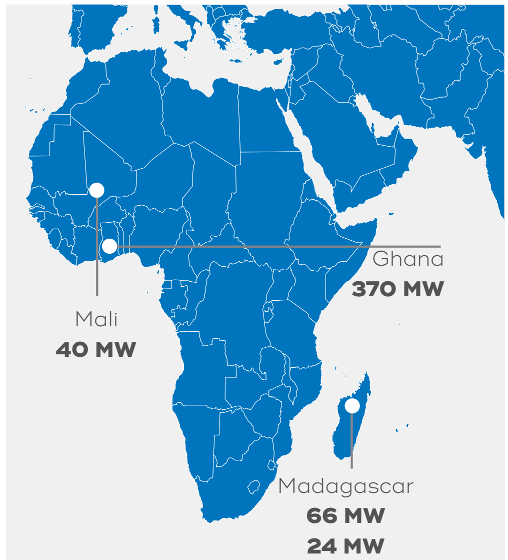
Aksa Energy canceled the licenses of some of its domestic power plants with declining competitive advantages, in order to use their equipment to construct power plants in African countries that have urgent energy demand. Completing the cancelation procedures of the electricity generation license of the 115-MW Manisa Natural Gas Combined Cycle Power Plant in 2019, the Company will be able to reactivate the plant with a license renewal in case the domestic market conditions improve or use the equipment of the plant in potential projects overseas with foreign currency denominated returns and higher profit margins.

The fact that the power plant projects in Ghana, Mali and Madagascar has been completed within a very short period of between 6-9 months demonstrates the capability of Aksa Energy to quickly respond to urgent demand for energy, and gives way to new investment opportunities in the region.

The Company has signed an operation and maintenance agreement with Jirama in April 2018 for the rehabilitation and operation of a 24 MW power plant, owned by Societe Jiro Sy Rano Malagasy (Jirama) and located next to Aksa Energy's 66-MW HFO power plant in Madagascar. The power plant, which was commissioned with 12 MW installed capacity in December 2018, reached 24 MW installed capacity in January 2019. With the commissioning of the plant, the generated electricity is being sold to Jirama for a period of 5 years in USD.

Aksa Energy pursues new investment opportunities in all geographies with an urgent need for energy, especially in Africa, with the aim of expanding its overseas portfolio. To this end, memorandums of understanding were concluded with Cameroon and the Republic of Congo; and negotiations are ongoing in both countries. Additionally, Aksa Energy has initiated contact with numerous countries in Latin America and Asia, besides Africa.





Number of Power Plants	**7**
Installed Capacity	**1.946 MW**
Antalya	900 MW
Bolu, Göynük	270 MW
Şanlıurfa	147 MW
TRNC	153 MW
Mali	40 MW
Ghana	370 MW
Madagascar	66 MW
Number of Power Plants Operated on Behalf of Madagascar	**1**
Installed Capacity Operated on Behalf of Madagascar	**24 MW**
Madagascar CTA-2	24 MW

**The production license of the Manisa Natural Gas Combined Cycle Power Plant was canceled in 2019.*

1

Thermal Power Plant

Bolu
270 MW

270 MW
Total Installed Capacity

2

Natural Gas Combined Cycle Power Plants

Antalya
900 MW

Şanlıurfa
147 MW

1,047 MW
Total Installed Capacity

4

Heavy Fuel Oil Power Plants

TRNC
153 MW

Ghana
370 MW

Madagascar
66 MW

Mali
40 MW

629 MW
Total Installed Capacity

1

Heavy Fuel Oil Power Plant

Madagascar
24 MW

24 MW
Installed Capacity Operated on Behalf of the Country

PRODUCTION PORTFOLIO AND CHARACTERISTICS

DOMESTIC POWER PLANTS

900 MW

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant started electricity generation in 2008, with the inauguration of its first gas turbine with an installed capacity of 43.7 MW. The plant reached a total installed capacity of 1,150 MW with the completion of more sections between September 2008 and October 2011.

The power plant, one of the largest natural gas power plants in Turkey, employs two SIEMENS SGT5-4000F gas turbines, each with a generation capacity of 300 MW; one SIEMENS SST5-5000F steam turbine with a generation capacity of 300 MW; four GE LM 6000 gas turbines, each with a generation capacity of 50 MW; and two GE Thermodyne steam engines, each with a generation capacity of 25 MW.

Reaching 59% thermal efficiency with combined cycle production groups, the plant's gas turbines have ultra-low NOx combustion systems. Due to ultra-low NOx levels and the close monitoring of the combustion temperature, carbon monoxide levels remain at single digits.

In October 2018, the license of the production unit, which did not contribute to actual energy generation in 2018, was canceled under the approval of the Energy Market Regulatory Authority (EMRA), thereby reducing the installed capacity from 1,150 MW to 900 MW and the production capacity from 9 billion KWh to 7 billion KWh.

147 MW

Şanlıurfa Natural Gas Combined Cycle Power Plant

Şanlıurfa Natural Gas Combined Cycle Power Plant was established in 2011 with an installed capacity of 120 MW. A Dresser-Rand steam turbine with a capacity of 11.5 MW was commissioned in 2012, and a capacity increase was undertaken in 2015. As a result, the plant's total installed capacity rose to 147 MW. The plant employs 12 Wärtsilä 20V34SG gas turbines, each with a capacity of 9.7 MW and has a state-of-the-art carbon monoxide oxidation system.*

** As of January 2020, the production of the power plant has been temporarily suspended.*

270 MW

Bolu Göynük Thermal Power Plant

Bolu Göynük Thermal Power Plant is Aksa Energy's first lignite investment. With construction started in 2012, the power plant became operational with 135 MW installed capacity in July 2015. The second phase of the power plant, 135 MW, was commissioned in January 2016. The power plant generates 2 billion KWh of energy per year.

Aksa Energy added lignite to its fuel mix for the first time at Bolu Göynük Thermal Power Plant, which was established with an investment of USD 390 million. Bolu Göynük Thermal Power Plant, one of the first privately owned power plants operating on domestic coal in Turkey, delivers added value to Turkey's economy by reducing foreign dependence on energy, as it produces electricity from a local resource.

Bolu Göynük Thermal Power Plant runs on lignite as a result of the very first royalty agreement signed between the General Directorate of Turkish Coal, which allows the use of lignite mines by the private sector.

Bolu Göynük Thermal Power Plant, which uses 1.8 million tons of domestic coal per year for electricity generation, extracts lignite from an open pit mine located 2 km from the plant. Therefore, the effect of the dust generated during the transportation of lignite to the environment is minimized. As of 31 December 2019, there are 30.3 million tons of lignite reserves with a thermal value of 2,450 kcal/kg in the field.

Bolu Göynük Thermal Power Plant has made important contributions to the region's economic and social development. Of the 1.200 persons employed during the project's construction phase, a large proportion are residents of Bolu Göynük and neighboring villages. The power plant contributes to the life and commercial cycle of the region by creating its own ecosystem, and operates in close cooperation and dialogue with the local population.

Thanks to its advanced technology, Bolu Göynük Thermal Power Plant produces energy in a low-cost, efficient and environmentally friendly manner.

The Plant was designed with fluidized bed combustion technology, which is an alternative to the pulverized coal combustion technology employed in most plants. Thanks to this technology, combustion is realized with solid fuel, consisting of coal and limestone, on the air cushion formed with the air under the combustion room due to the fluidized bed boiler. This process ensures that coal remains in the boiler combustion room for longer, enabling combustion reaction at lower temperatures. This technology reduces environmentally harmful NOx emissions to a minimum.

The desulphurization process is realized directly inside the boiler by using limestone during combustion. This technology both minimizes emission of the gases harmful to the environment and boosts the plant's efficiency, thus lowering the cost of power production.

The same conscientious approach is applied when eliminating ash created during the combustion of lignite. The ash generated in the power plant started to be stored in the Southern Regular Ash Storage Area, which received an environmental permit from the Bolu Provincial Directorate of Environment and Urbanization in 2017, instead of the temporary ash storage facility.. In 2019, rehabilitation of the Southern External Dump Site was completed; the site was delivered to the Ministry of Agriculture and Forestry. Around 140,000 saplings were planted at this site by the Ministry of Agriculture and Forestry.

Aksa Energy has made necessary investments to counter the negative effects of lignite coal on the environment and human health. To this end, the Company established a flue gas treatment system at Bolu Göynük Thermal Power Plant. Following expiration of the period given to lignite- and coal-fired power plants to complete their investments to install a flue gas treatment system as of December 31, 2019, facilities that have not completed their filter investment have been shut down while Bolu Göynük Thermal Power Plant continued its operation uninterrupted.

Bolu Göynük Thermal Power Plant has met all legal and regulatory requirements stipulated by environmental legislation since it was commissioned in 2015 thanks to its advanced combustion and treatment technologies. The facility has obtained the Environmental Permit and License Certificate on Air Emission, Waste Water Discharge and Regular Storage and conducts ongoing environmental monitoring efforts to ensure the continuance of the certificate. The facility has also passed the Integrated Environmental Inspection made by the Bolu Provincial Directorate of Environment and Urbanization - with zero offence.

PRODUCTION PORTFOLIO AND CHARACTERISTICS

OVERSEAS POWER PLANTS

153 MW

Northern Cyprus Kalecik Heavy Fuel Oil Power Plant

Kalecik Heavy Fuel Oil Power Plant in Northern Cyprus started production in 2003 with three units and a total installed capacity of 35 MW. More units were commissioned over time to meet the rising energy demand in a seamless fashion, thus bringing the total installed capacity up to 153 MW. The plant has six Wärtsilä 18V46 diesel turbines each with a capacity of 17.8 MW.

The plant's combined cycle conversion was completed in the third quarter of 2011, and six Aalborg boilers and one Dresser-Rand turbine with a capacity of 13.5 MW were commissioned. The plant has a DeSOx flue gas cleaning system.

The five-year contract signed in 2003 with KIB-TEK was extended in 2009 for 15+3 years until 2027. The power plant has been engaging in USD-denominated purchase guaranteed sales since 2003.

370 MW

Ghana Heavy Fuel Oil Power Plant

In 2015, Aksa Energy signed a power purchase agreement with the government of the Republic of Ghana for the sales of electricity generated for a duration of 6.5 years. As per the agreement, Samsun Natural Gas Combined Cycle Power Plant was converted into a fuel oil power plant and some of its equipment was transferred to Ghana. The construction of the power plant was completed in 9.5 months while saving on investment expenses by using the existing equipment.

Ghana HFO Power Plant started operations in March 2017, with an installed capacity of 192.5 MW. The plant reached an installed capacity of 280 MW in August. With the commissioning of additional engines, the power plant's installed capacity increased to 370 MW. Therefore, the guaranteed capacity rose from 223.5 MW to 332 MW; as of November 2018, the capacity fees are being charged over 332 MW.

Activities have been commenced to complete the conversion of the Plant's engines to dual fuel (HFO/ natural gas).

66 MW

Madagascar Heavy Fuel Oil Power Plant

Madagascar HFO Power Plant, whose construction started in the fourth quarter of 2016, was commissioned with a very low investment expenditure and in a very short time, due to the use of equipment from heavy fuel oil plants in the Company's portfolio. The power plant became operational in 7 months.

Madagascar HFO Power Plant consists of a total of 11 Wärtsilä engines relocated from the Hakkari, Siirt Akköy and İdil-2 power plants, whose licenses had been canceled.

The power plant's first engines, with an installed capacity of 25 MW, were commissioned on July 10, 2017. As a result, the installed capacity of the facility expanded to 36 MW on July 27, 2017. Madagascar HFO Power Plant's first phase, with a 66 MW installed capacity, was completed in September 2017. The plant conducts electricity sales at a tariff determined in US dollars.

40 MW

Mali Heavy Fuel Oil Power Plant

In line with the agreement signed with the government of Mali in 2016, construction of the power plant was completed and a 10 MW section was commissioned in August. The power plant reached a total installed capacity of 40 MW in September 2017.

Equipment from Mardin Power Plant was utilized at Mali HFO Power Plant, which runs on four Wärtsilä engines with a total capacity of 40 MW.

While reducing the investment cost by using existing equipment, the commissioning time was significantly shortened at the same time. The power plant, whose construction was completed in just six months, sells electricity to the Government of Mali as per the 3-year EUR-denominated guaranteed sales agreement.

24 MW

Madagascar CTA-2 Heavy Fuel Oil Power Plant

In 2018, Aksa Energy signed a purchase guaranteed sales agreement with Societe Jiro Sy Rano Malagasy (Jirama) for the rehabilitation and operation of a 24 MW power plant located next to Madagascar Heavy Fuel Oil Power Plant. The 12 MW section of the plant was commissioned in December 2018, and the power plant reached an installed capacity of 24 MW in January 2019. According to the agreement, electricity generated by the power plant is being sold to Jirama via guaranteed sales in US dollars for a duration of five years.

OPERATIONAL PERFORMANCE

Leaving a successful year behind in terms of operational performance, Aksa Energy achieved a total sales volume of 16.5 billion KWh in 2019.

455

TRY Million Consolidated Net Profit

As at end of 2019; Aksa Energy recorded a consolidated net profit of TRY 455 million.

Operational Performance in 2019

While showing a parallel trend with the previous year in terms of energy sales in 2019, thanks to the contribution of the high domestic spot energy prices and foreign exchange-based guaranteed sales in the TRNC and Africa, Aksa Energy's turnover rose by 19.5% compared to 2018 and reached TRY 5.6 billion.

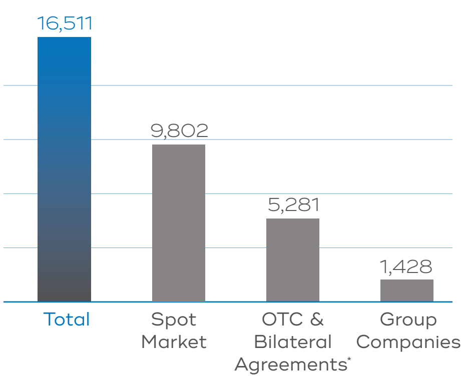
Despite the pressure of the increasing natural gas costs to the margins of the domestic power plants, the high profit margins of Bolu Göynük Thermal Power Plant and Africa and TRNC power plants continue to make a positive impact on EBITDA and net profit.

In 2019, Aksa Energy's EBITDA rose by 42% to TRY 1.5 billion and the Company closed the year with a net profit of TRY 455 million.

Turkey

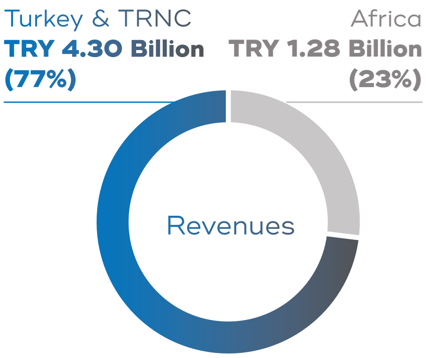
In 2019, Aksa Energy's total electricity sales volume generated through plants in Turkey has increased by 10% year-on-year to 14.8 billion KWh from 13.4 billion KWh. Operating its plants on the days and hours when spot energy prices are high with its flexible and effective portfolio management strategy, the Company pursues a strategy that prioritizes profitability rather than sales volume. 66% of the total sales volume of the Company in Turkey represents the

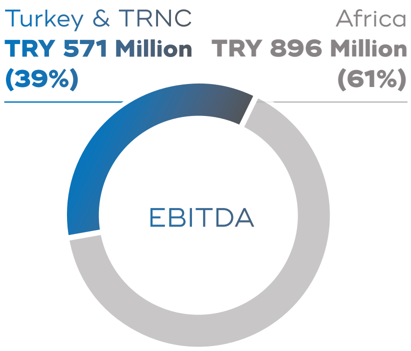
Sales Distribution (GWh)

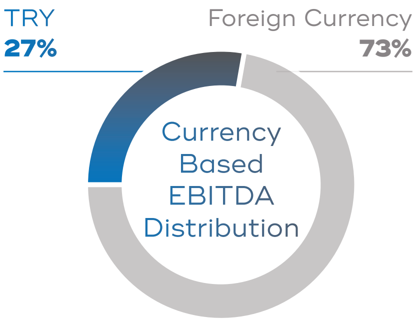


Includes all contracted sales, including the guaranteed sales by the Africa and Northern Cyprus power plants as well as Bolu Göynük Thermal Power Plant's sales to EÜAŞ.


Madagascar Heavy Fuel Oil Power Plant







spot market sales while 24% accounts for bilateral agreements and OTC, and the remaining 10% represents the sales to group companies.

The spot price increase of 14% has improved the profitability of the local coal-fired Bolu Göynük Thermal Power Plant. Realizing about half of its sales to the spot market, the plant has sold the remaining portion of its generation to EÜAŞ as part of the tender for the "Purchase of Electricity from Private Companies Operating Only Domestic Coal-Fired Power Plants." The purchase price, partially pegged to the US dollar was determined as TRY 285/MWh for the first quarter of 2019, TRY 298/MWh for the second quarter, TRY 317/MWh for the third quarter and TRY 316/MWh as of fourth quarter 2019.

EÜAŞ purchased around 23 billion KWh electricity from private companies operating domestic coal-fired power plants; and it has announced that it shall purchase approximately 27 billion KWh electricity in 2020.

Furthermore, as part of the Regulation on the Electricity Market Capacity Mechanism issued by the Energy Market Regulatory Authority (EMRA), EÜAŞ makes a capacity payment within the scope of its annual budget to the licensed power plants that meet the determined efficiency and age criteria, in order to establish a sufficient installed power capacity, including the reserve capacity, for the assurance of supply security in the electricity market. In 2019, Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant received a total capacity payment of TRY 114,425,220.

Africa and TRNC

Aksa Energy owns four power plants abroad in Northern Cyprus, Ghana, Madagascar and Mali. In addition, the rehabilitation of a 24-MW power plant (CTA-2) in Madagascar has been made on behalf of the country and the energy generated is being sold to Jirama within the framework of a 5-year operation & maintenance agreement.

The sales tariffs of Aksa Energy's overseas plant are in foreign currency and consist of two components:

The first component is the guaranteed capacity tariff that yields a fixed income on the basis of a guaranteed capacity held at disposal for electricity generation on behalf of the country. This component, called capacity payment, yields a fixed income through guaranteed payments received based on the contracts of individual power plants, regardless of their actual energy production or the country's current energy needs. The guaranteed capacity is 332 MW out of 370 MW in Ghana, 60 MW out of 66 MW in Madagascar and 30 MW out of 40 MW in Mali. In CTA-2 Heavy Fuel Oil Power Plant, which will be operated by Aksa Energy on behalf of the Government of Madagascar for five years until January 2024, the guaranteed capacity payments are made as a fixed capacity payment determined within the scope of the agreement rather than the available capacity.

The second component of the tariff is set up in the same way in all overseas power plants, including Northern Cyprus and CTA-2. This component encompasses the sale of electricity generated at the hard currency-denominated price set in the contracts signed with each country. Production dispatch sent to the power plants varies according to the energy needs of the countries, seasonality or the electricity generation of their renewable power plants. Therefore, this component of the tariff generates a variable income.

Since the capacity prices in Aksa Energy's tariffs constitute a larger value within the total, the contribution of all overseas power plants to the profitability of the Company continues to be high despite the potential negative impacts that may occur due to the fluctuations in the production orders. The Company has made 1.7 billion KWh sales from its plants in the TRNC and Africa, and therefore 73% of its EBITDA was realized in foreign currency.

DEVELOPMENTS AFTER THE REPORTING PERIOD

With the decision to suspend production at Şanlıurfa Natural Gas Combined Cycle Power Plant, nearly 90% cost savings will be achieved in transmission expenses.

Suspension of Production at Şanlıurfa Natural Gas Combined Cycle Power Plant

An application was filed with Turkish Electricity Transmission Corporation (TEİAŞ) to suspend electricity generation at the 147-MW Şanlıurfa Natural Gas Combined Cycle Power Plant as it has diminished prospects for generating electricity at competitive prices on Turkish market. The Plant's application for "Leaving the Transmission System Temporarily" was accepted; and its operations were suspended as of January 25, 2020.

Şanlıurfa Natural Gas Combined Cycle Power Plant operated with a 13% capacity utilization rate in 2019.

The application was made to suspend the production activities only -not to cancel the plant's license. Therefore, the Plant is able to resume production in a short time if/when favorable market conditions arise. With the decision to suspend production, nearly 90% cost saving is expected in the plant's transmission expenses.

Şanlıurfa Natural Gas Combined Cycle Power Plant

SUSTAINABILITY APPROACH OF AKSA ENERGY

Aksa Energy conducts its global energy operations in line with a sustainable business model and a holistic approach.

As one of the signatories of the United Nations Global Compact since 2017, Aksa Energy carries out its operations in compliance with the 10 principles of this contract and manages its all environmental, social and economic impacts.

The energy industry plays one of the largest roles in accomplishing the goal of shaping a secure future and ensuring a more livable world. For the companies who have not established their strategy and business model in line with a vision integrated with their economic, social and environmental aspects, it is now impossible to become a permanent player.

Aksa Energy has adopted sustainability, which it approaches with a holistic approach, as its business model while maintaining its steady progress towards achieving its global goals with visionary investments. In this context, the Company does not only implement responsible and sustainable development principles in its activities and operations, but also extends its impact to its stakeholders by creating common value with the environmental and social initiatives it realizes.

The strong organizational structure and the effective governance model created by Aksa Energy's years of experience in the sector underpin the Company's financial achievements, as well as its superior social, environmental and economic performance. Sustainability goals set by senior management in line with company strategies have been conveyed to all levels of the Company with an effective communication. The performance of Aksa Energy in relation to these targets are monitored with multi-stakeholder audit practices as well.

Aksa Energy voluntarily supports sustainable development in all areas, both locally and globally. As one of the signatories of the United Nations Global Compact since 2017, Aksa Energy carries out its activities in compliance with the 10 principles of this contract and manages its all environmental, social and economic impacts.

Additionally, the Company contributes to 7 of the Sustainable Development Goals that have been set in 2012 within the scope of the United Nations Sustainability Conference.

Thanks to its solid sustainability performance, Aksa Energy successfully passed the assessment processes conducted by London-based EIRIS (Ethical Investment Research Services), qualifying for the Borsa Istanbul's Sustainability Index once again in 2019.

CHAIRMAN AND CEO	
Sustainability Committee	**Sustainability Coordination and Working Group**
Chief Operating Officer (COO)	Environment & Energy Systems
Chief Financial Officer (CFO)	Quality & Social Responsibility
Investor Relations & Corporate Communications Director	Occupational Health & Safety
Domestic Power Plants Operation & Maintenance Director	Human Resources
Human Resources Director	Financial Affairs / Budget & Reporting
Supply Chain Director	Investor Relations & Corporate Communications
Risk & Control Director	Supply Chain
Internal Audit Director	Risk and Control
Environment & Energy Legislation Executive	Internal Audit

Committed to making sustainability an integral part of its business operations and long-term strategic perspective, Aksa Energy issued its first GRI-approved Sustainability Report at international standards in 2016. Continuing to issue Sustainability Reports every year since 2016, the Company will voluntarily issue its Sustainability Report in 2020, as well.

Sustainability Committee

To coordinate its sustainability initiatives, Aksa Energy established the Sustainability Committee, which reports directly to the Chairman of the Board of Directors and CEO. The Committee contributes to the reporting of sustainability performance, as well as to the management and integration of sustainability-related matters with the Company's business processes, with a more holistic approach.

Members of the Sustainability Committee play a primary role in the management of key and prioritized sustainability issues that fall within their respective areas of expertise. Sustainability risks and opportunities related to key and prioritized issues are evaluated by the relevant units, and the utmost care is taken to analyze the environmental, social and economic impacts of these actions in an integrated manner.

The Sustainability Coordination and Working Group established under the Sustainability Committee assists the Committee in carrying out these tasks.

Aksa Energy has issued sustainability reports on a voluntary basis every year since 2016, and will continue to voluntarily report its sustainability performance also in 2020.

ENVIRONMENTAL SUSTAINABILITY

Aksa Energy runs its operations in an environmentally-conscious manner for a sustainable future and aims to continuously improve its sustainability performance.

1.96

TRY Million Environmental Investments

Aksa Energy accelerated its continued investments on environment in 2019 to reach a noteworthy level of TRY 1.96 million.

With the principle of "producing maximum energy with minimum resources," Aksa Energy runs its operations in an environmentally-conscious manner for a sustainable future and aims to continuously improve its sustainability performance. Aksa Energy leads the sector not only through its exemplary efforts to minimize the environmental effects of energy generation operations, but also through environmental management practices that cover every step of the value chain.

Aksa Energy has adopted an environmental policy to ensure that this understanding is institutionalized and embraced by all stakeholders. The Environmental Policy of Aksa Energy is based on four main pillars: climate change, natural resource management, waste management and conservation of biodiversity.

Establishing a Framework Environmental Management System in order to determine the objectives and targets related to the Environmental Policy, and to manage, monitor and control the activities in accordance with this policy, the Company holds the following certifications: ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 50001 Energy Management System, ISO/IEC 27001:2013 Information Security Management System* and OHSAS 18001 Occupational Health and Safety Management System. In addition to the headquarters, Bolu Göynük Thermal Power Plant and Şanlıurfa Natural Gas Combined Cycle Power Plant are also within the scope of ISO/IEC 27001:2013 Information Security Management System.

In October 2017, the Company initiated efforts to extend the Integrated Management Systems practices (ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 50001 Energy Management System and OHSAS 18001 Occupational Health and Safety Management System), which are already in effect at the headquarters, to the power plants. This initiative started with Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant. As of end-2019, documentation has been completed by 95% and it is planned to obtain the certification in the first half of 2020 by developing field practices. As of 2020, activities in Ghana Heavy Fuel Oil Power Plant has commenced within the scope of ISO 140001 Environmental Management System and ISO 45001 OHS Management System.

Aksa Energy continues without respite to analyze the impact of its existing production units on the environment. Also, the Company regularly conducts environmental impact assessments for new production facilities to be built.

Aksa Energy actively encourages responsible environmental management processes among all stakeholders, especially employees. To this end, the Company administers training programs to its employees and raises awareness among suppliers.

Received for Kazancı Holding; also covers the Aksa Energy Headquarters as well as the power plants specified.

Aksa Energy accelerated its continued investments on environment in 2019; and carried its environmental investments to a noteworthy level of TRY 1.96 million. The Company will continue making these investments in the future to minimize its environmental impact and increase its performance.

Climate Change

Climate change is one of the most critical challenges facing the world today. Aksa Energy is keenly aware of the energy sector's impact on the environment and its potential effect on climate change. The Company is also cognizant of its own corporate responsibilities in this regard. Since 2015, Aksa Energy has regularly prepared Greenhouse Gas Emission Reports in order to track greenhouse gas emissions from its current power plant portfolio. After approval is received from the independent verification firm, the reports are presented to the Ministry of Environment and Urbanization. Preparations for the 2019 Greenhouse Gas Emissions Report commenced at the beginning of the year; the report will be submitted to the Ministry of Environment and Urbanization by April 2020.

As another sign of its transformation into a sustainable and socially responsible company, Aksa Energy has signed The Trillion Tonne Communiqué, which is a declaration to the world from companies that are sensitive to climate change and demand measures to combat it, and the Company designs its energy investment in this context. Aksa Energy considers energy efficiency a crucial component of its environmental policy to minimize the environmental impact of its activities and reduce greenhouse gas emissions. With the combined cycle power plant technology, the Company utilizes the heat of waste gas emitted during production to generate energy for internal consumption, thereby cutting its energy consumption by 10% per unit. The Company generates energy from waste heat at all of its natural gas power plants and at Northern Cyprus Kalecik Heavy Fuel Oil Power Plant. Another effort to curb greenhouse gas emissions is the use of Oxicat filters at natural gas power plants.

Aksa Energy also monitors and strives to reduce emissions other than greenhouse gases. Emissions are controlled on a real time basis through continuous emission measurement systems installed in power plants and the air emissions of domestic power plants are monitored online by the Ministry of Environment and Urbanization.


Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

Aksa Energy considers energy efficiency a crucial component of its environmental policy to minimize the environmental impact of its activities and reduce greenhouse gas emissions.

Natural Resource Management

At Aksa Energy, innovative initiatives for efficient water use constitute the main practices for the conservation of natural resources, which are declining at an alarming rate. The Company, which shapes its operations with an effective management system to minimize water consumption, uses water from various sources, including network, surface and ground, depending on the region in which the Company's power plants are located.

In this context, the decarbonization systems in Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant help conserve water in production processes.

With a EUR 5.3 million investment, Aksa Energy installed decarbonization facilities at Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant. With these facilities, over 272,000 m^3 of water was saved in the plant in Antalya, and over 1.8 million m^3 of water in the plant in Bolu in 2019.

Moreover, Çatak Pond was created through a TRY 17.5 million investment at Bolu Göynük Thermal Power Plant. In addition, a seawater desalination system was installed at Northern Cyprus Kalecik Heavy Fuel Oil Power Plant. This system meets 100% of the plant's water requirements.

Greenhouse Gas Emissions (tons CO_2 equivalent)	2016	2017	2018	2019
Total	4,211,836	4,888,820	4,446,485	4,098,787

ENVIRONMENTAL SUSTAINABILITY

Aksa Energy regularly recycles hazardous and non-hazardous waste from its production processes in accordance with the Waste Management Regulation.

37,000 Tons

Aksa Energy recycled 37,000 tons of hazardous waste in 2019.

Aksa Energy 2016 Biodiversity Project - Hatay/Kırıkhan

Waste Management

All waste is disposed of in keeping with applicable laws, rules and regulations, and in line with the Company's Environmental Policy.

Aksa Energy's activities to recycle hazardous and non-hazardous waste from production processes are carried out in the periods specified in the Waste Management Regulation. Hazardous waste released by the operation processes is stored in temporary waste storage areas on the plant sites, where its contact with the external environment is cut off to prevent jeopardizing human health and the environment. Later, these materials are transported in licensed vehicles to recycling or disposal facilities, at regular intervals. Packaging waste is sent to recycling companies contracted by municipalities in the regions where the facilities are located. Aksa Energy had 37,000 tons of hazardous waste recycled in 2019.

At Bolu Göynük Thermal Power Plant, the resulting ash waste is kept, not in temporary ash storage areas, but in the Southern Regular Ash Storage Area, which received an environmental permit from the Provincial Directorate of Environment and Urbanization in 2017. Before the plant became operational, more than 6 thousand saplings were planted around the site to prevent erosion and enrich the local environment. The Southern External Dump Site, which has completed its lifetime as of 2019, has been rehabilitated and delivered to the Ministry of Agriculture and Forestry. Around 140,000 saplings have been planted to this site by the Ministry of Agriculture and Forestry.

Protection of Biodiversity

Carrying out its operations with environmental risk analyses that start from the investment decision, Aksa Energy embraces an approach that takes into account its possible impacts on species living in its areas of operation. The Company monitors, evaluates and reports the impact of its operations on biodiversity.

In this context, Aksa Energy has been cooperating with the Nature Conservation Association of Turkey (TTKD) since 2015.

Aksa Energy 2019 Brown Bear Project - Bolu/Yedigöller

Within the scope of this collaboration, Aksa Energy first sponsored a Conversation Project for Hatay Mountain Gazelles to support conservation of the mountain gazelles and their habitats in Turkey. Afterwards, the Company contributed to the project for the determination of the current status of the striped hyenas residing nearby Kırıkhan Gölbaşı village in Hatay and obtaining information about living spaces and their ecology in 2016 and 2017. Photo- traps were placed in the animals' habitats to be able to observe the striped hyenas. Thanks to this initiative, it was also confirmed that the rock gerbil (Gerbillus dasyurus), which was thought to be extinct, still lived in Turkey.

As part of the project undertaken in cooperation with TTKD in 2018, a study was carried out to determine the presence and ecology of red deer (Cervus ephalus) in the vicinity of Yedigöller National Park. The project helped identify the species' population size and density, distribution, habitat, nutrition and food resources, social behavior, relationship with humans, and the elements that pose a threat to the species, as well as the measures to be taken to protect them. The study also presented notes to raise awareness among the public, and to preserve and sustain the population of red deer, the symbol of the region's biological diversity.

In 2019, Aksa Energy initiated activities in Bolu for the conservation of the brown bear (Ursus arctos), the biggest predator and the only bear species living in Turkey. This initiative aims to preserve biodiversity in the region and seeks to identify the threatening factors in the geographic areas that the species inhabits while establishing protection measures in the Yedigöller region of Bolu province. In addition, the project aims to raise awareness of the public on the plight of the species. As part of protection efforts, informational signage is planned to be placed in strategically important areas. These key areas include where road networks are located, tourism activities are conducted and where ecological bridge passages have been identified. Additionally, measures taken to protect the species were reported to the Bolu Branch of the Nature Conservation and National Parks.

In 2019, Aksa Energy initiated activities in Bolu for the conservation of brown bear (Ursus arctos), the biggest predator and the only bear species living in Turkey.

SOCIAL RESPONSIBILITY

Aksa Energy employs the human resources required in its regions of operation locally; therefore creates employment opportunities in those communities and regions.

With a strong sense of social responsibility arising from its position as an energy company, Aksa Energy defines its stakeholders as all persons who benefit from the electricity it generates, and who are directly or indirectly affected by its business operations.

With this perspective, Aksa Energy considers creating value for every component in its wide stakeholder network as its ultimate goal, and carries out activities on contributing to the economic, cultural and social development of the local residents in the regions where it operates.

The human resources required in the Company's regions of operation are recruited locally, creating job opportunities in those communities and regions. As of the end of 2019, the rate of the Company's local employees is 60% in Ghana, 60% in Madagascar, 63% in Mali and 85% in Northern Cyprus.

Bolu Göynük Thermal Power Plant's staff was recruited from the villages of Bölükcekova, Himmetoğlu and Karaardıç, in the vicinity of the plant. When additional services are needed at the power plants, sub-contracting companies are selected from the region to contribute to the expansion of the local labor market, thus creating a source of income for the local population.

Furthermore, Aksa Energy creates lasting value through infrastructure operations and maintenance projects that bolster the development of the local economy in these regions. Complaints and requests are evaluated through feedback mechanisms that are customized for the unique needs and demands of stakeholders and local populations. Aksa Energy has made donations of TRY 264,603.78 in order to meet various local requirements in places where it conducts business. In addition, the Company donated a total of TRY 411,853.78 to various associations, including TRY 147,250 to the Nature Conservation Association of Turkey, sports clubs and schools.

Aksa Energy aims to contribute to the development of young people through technical trips and trainings organized as part of the Company's social responsibility efforts. In this framework, Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant, Bolu Göynük Thermal Power Plant and Şanlıurfa Natural Gas Combined Cycle Power Plant have hosted many people from various schools and institutions. The following plant visits were organized during the year:

Date	Plant	School/Department/ Company	Number of Participants
09.01.2019	Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant	Yedi İklim Anatolian High School	18
16.01.2019	Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant	Private Lara Bahçeşehir Anatolian High School	39
26.03.2019	Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant	Istanbul Technical University	26
11.04.2019	Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant	Suleyman Demirel University	23
29.04.2019	Şanlıurfa Natural Gas Combined Cycle Power Plant	Harran University Mechanical Engineering Faculty	25
30.04.2019	Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant	Private Altınkanatlar Aviation Anatolian Vocational Technical High School	22
28.05.2019	Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant	Adana TEİAŞ	4
26.11.2019	Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant	Afyon Kocatepe University	44
16.12.2019	Bolu Göynük Thermal Power Plant	Düzce University Faculty of Engineering	26
Total Participants			**227**

6,500+ Km

With the “Energy for Tomorrow” project, we have visited 19 provinces and 22 village schools and traveled more than 6,500 km to reach 2,000 elementary school students.

Committed to establishing transparent and effective communication channels with all its stakeholders, Aksa Energy conducts its relations with the companies and suppliers with which it has business relations on the basis of sustainability.

As of end-2019, Aksa Energy collaborates with 1,112 suppliers in 15 countries across 4 continents, including sub-contractors, brokerage houses and consulting firms operating in energy generation and mining. In 2019, the Company’s purchases from these suppliers in 9 main and 9 sub-merchandise groups amounted to a total of TRY 634.8 million.

Energy for Tomorrow

In 2019, Aksa Energy teamed up with Aksa Natural Gas, Aksa Electricity and Aksa Power Generation – Kazancı Group companies – for a major social responsibility project: “Energy for Tomorrow.” Under this initiative, employee volunteers from participating Group companies travel across Turkey and provide training sessions on energy in village primary schools.

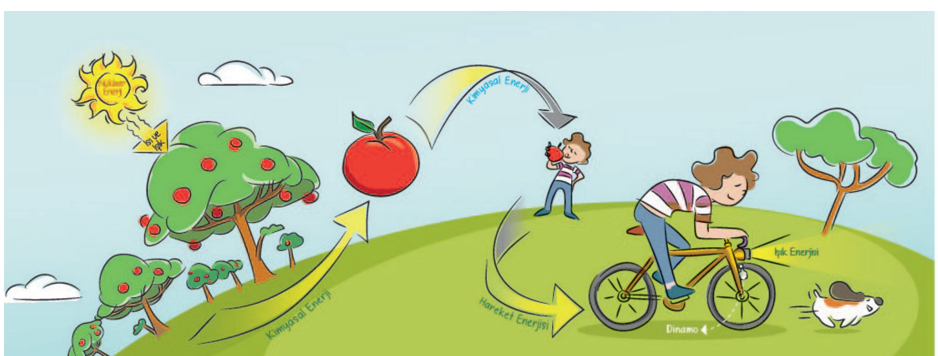
Formed by corporate communication staff of Group companies, the Energy for Tomorrow team traveled more than 6,500 km and delivered energy instruction to more than 2,000 elementary school students in 22 village schools across 19 provinces from March, when the project started, until the end of the year. The team visited village schools in Van, Ağrı, Elazığ, Malatya, Balıkesir, Çanakkale, Trabzon, Rize, Amasya, Tokat, Ordu, Giresun, Zonguldak, Düzce, Bolu, İzmir, Manisa, Bursa and Bilecik in only nine months. Comprehensive trainings on energy were provided to 5th, 6th, 7th and 8th grade students.

During the training sessions, Energy for Tomorrow team members provide students with useful information on many energy-related subjects, including energy resources, energy efficiency, conscious use of energy, clean energy concept and energy production, in addition to their own areas of occupational expertise.

Energy for Tomorrow reinforced the information and concepts presented with an entertaining energy-themed math game developed specifically for the initiative as well as various experiments. At the end of the events, Energy Encyclopedia -a specially designed illustrated book on energy, backpacks and various school supply related items were given to the student participants as gifts. By year-end 2020, Aksa’s Energy for Tomorrow team aims to administer energy instruction to at least 4,000 students at village schools across Turkey in the second year of this unique effort.

Aksa Fotofest 2019

Aksa Energy holds a photography contest named Aksa Fotofest regularly in order to contribute to the world of culture and art in Northern Cyprus as well as to support the photograph artistry. Thanks to the competition organized with a different theme every year, amateur artists from Northern Cyprus have the opportunity to represent the local culture in different environments with their works. The theme of the competition which is held for the 4th time in 2019 was determined as Cyprus Culture. At the end of the competition, 11 black-and-white and 11 color photographs were considered worthy to be exhibited. The award ceremony and exhibition opening of the competition were held in Çayırova Village Lefkara House with the participation of TRNC Prime Minister Ersin Tatar and the Minister of National Education and Culture Nazım Çavuşoğlu.



Energy Encyclopedia – Conservation of Energy

HUMAN RESOURCES

Aksa Energy has modern human resources systems and practices in place, aligned with the Company's strategic objectives and its mission of being the employer of choice in the industry.

907 Employees

As at end-2019, Aksa Energy has 907 employees.

Aksa Energy has modern human resources systems and practices in place, aligned with the Company's strategic objectives and its mission of being the employer of choice in the industry. To that end, the Company prioritizes advancing with a dynamic, experienced and highly-qualified workforce that embraces the corporate values, business priorities and professional spirit of Kazancı Group and adopts the common goals of the Company.

Aksa Energy offers a workplace environment that respects employees' rights, supports training and development, and allows the Company to create a competent, best-in-class team and continue its sustainable growth.

Human Resources Policy

Aksa Energy embraces an approach best summarized as "Our most valuable asset is our human resources," which serves as the cornerstone of its Human Resources Policy.

Human resources at Aksa Energy has adopted the mission of supporting all the Company's management staff and personnel; ensuring continuity of a creative, dynamic, highly motivated, effective, and efficient corporate team; and establishing human resources systems in coordination with the related units. Aksa Energy provides employees with every kind of opportunity for career development. A range of training opportunities are made available for all staff members to meet their career and personal development needs; fulfill occupational requirements occurring over time; and achieve the Company's targets and strategies. Training sessions are conducted to develop the technical, occupational knowledge and personal skills required for individuals to perform efficiently and effectively in their respective roles and departments.

Aksa Energy understands that it will reach its ambitious targets by attracting and retaining the most qualified human capita; and prioritizes employing well educated, talented and successful individuals. In terms of employment, Aksa Energy evaluates not only its current needs for personnel vacancies, but also its long term objectives.

Staffing needs are primarily met internally, from the Company's current workforce. To fill vacancies that cannot be met internally, via promotion or transfer, Aksa Energy uses external resources to facilitate new staff recruitment. The Human Resources Policy, which includes the Company's recruitment criteria, is publicly disclosed on the corporate website under the heading "Corporate Governance." The Board of Directors takes an active role in developing a succession plan for key management positions at the Company.

Aksa Energy embraces the fairness principle, which is implemented in all rights provided to employees. Department managers are responsible for informing staff members of all decisions or developments that concern them via email.

Job definitions of the Company's employees are detailed in written form in compliance with ISO 9001 Quality Management Systems. Staff salaries and other benefits are determined on

the basis of performance and efficiency. Aksa Energy has no plans to have its employees become shareholders of the Company.

Aksa Energy has not appointed a representative to exclusively conduct employee relations. The Company manages employee relationships via the Human Resources Department, which is staffed by human resource professionals who have specific responsibilities within this functional area. In addition, the Human Resources Department is to be consulted by employees in case of a conflict with management. Staff members are duly informed of the Department's role in this regard. Aksa Energy takes all necessary measures to prevent discrimination on the basis of race, religion, language or gender at the Company. Any attitudes toward employees that could physically, mentally or emotionally affect them are not tolerated. No complaint was submitted by employees with respect to discrimination on the basis of race, religion, language or gender in 2019, or prior.

2 Continents, 5 Countries, 907 Employees

As of 31 December 2019, a total of 907 people are employed at Aksa Energy. 19% of the employees are white collars and 81% are blue collars. 6% of the company employees work at the Headquarters and 94% are employed at power plants and establishments.

Aksa Energy has 418 employees in Turkey, 83 in the TRNC, 191 in Ghana, 76 in Mali and 139 in Madagascar. Company employs 60% of its 406 employees in the African countries from the local communities. At all the domestic and overseas power plants, utmost care is taken to recruit local residents in order to contribute to the development of local communities.

In line with its vision of becoming the employer of choice among energy companies, Aksa Energy shapes its human resources approach around the core values of right person for the right job, management of diversity, equal opportunities for all, and personal and professional development.

Aksa Energy's firm target is to recruit well-educated, talented, tech-savvy and innovative individuals who can add value to the Company and possess a strong sense of business ethics; who keep a close watch on the global marketplace; and who embrace the Company vision and work diligently with an open mind to achieve this vision. When the need for a new position in the Company arises, internal and external resources are evaluated by considering the characteristics required by the job definition and the job itself.

Aksa Energy is aware that the success of its employees translates into the satisfaction of its stakeholders. Employee satisfaction and engagement are the unwavering principles of the Company's human resources vision. To this end, Aksa Energy develops and implements policies that foster the commitment of its workforce.

Aksa Energy's human resources approach consists of values such as; right person for the right job, management of diversity, equal opportunities for all, and personal and professional development.

HUMAN RESOURCES

Aksa Energy places special importance on the personal and professional development of its workforce. For this purpose, the Company supports its employees with training programs organized at regular intervals.

Aksa Energy believes that diversity and respect for different beliefs and opinions enrich the corporate culture while achieving business objectives, and provides employees with frequent opportunities to strengthen their competencies.

Aksa Energy employees are dynamic, open to innovation and change, and aware of their potential to develop themselves and their work. From the day of recruitment onwards, they are members of a team that cultivates development and creativity, rewards efforts and appreciates achievements.

Aksa Energy believes that diversity and respect for different beliefs and opinions enrich the corporate culture while achieving business objectives, and provides employees with frequent opportunities to strengthen their competencies. Aksa Energy and its subsidiaries are firmly against discrimination based on race, religion, language, gender or sexual orientation, in any stage of its business operations including the nomination, recruitment and promotion processes. Committed to universally accepted human rights principles, the Company is strongly opposed to child labor and forced labor.

Remuneration and Side Benefits

Aksa Energy is focused on providing optimum conditions for its people in every area, including remuneration and side benefits that are meaningful for employees and sustainable for the Company.

In parallel with the Company's objective of being the employer of choice within the industry, Aksa Energy implements a remuneration policy that is competitive, sensitive to the market, and which aims to improve the quality of life of its staff.

Remuneration at Aksa Energy is primarily based on performance. In addition to performance, the Company closely monitors general macroeconomic conditions, the current inflation rate in Turkey and industrial trends to guarantee an appropriate and fair remuneration policy for its employees. Aksa Energy's Remuneration Policy is continually reviewed in line with the following principles of;

- Fairness,
- Transparency,
- Measurable and balanced performance targets,
- Sustainable success,
- Compliance with the Company's risk management principles.

Personal and Professional Development

Aksa Energy recruits its current and potential human capital via talent management efforts. Career paths are created on a common ground that benefits both employees and the Company, enabling staff members to improve their skills and help the Company achieve its corporate goals.

Aksa Energy places special importance on the personal and professional development of its employees. The Company supports its staff with training programs organized at regular intervals.

These training programs aim to help staff members gain new skills and develop their performance and competencies, as well as to stay abreast of developments in the energy sector where continuously developing technology is at the forefront.

Aksa Energy provided its workforce with a total 21,621 man-hours of training throughout the year.

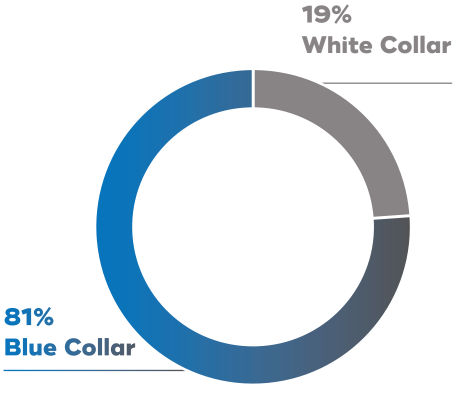
In 2019, Aksa Energy provided its employees with 21,205 man x hours of OHS, technical and occupational trainings as well as 416 man x hours of training under Aksa Academy, the internal training platform of Kazancı Holding.

Breakdown of Employees	2015	2016	2017	2018	2019
Men	746	745	935	890	821
Women	33	37	84	87	86
Total	**779**	**782**	**1,019**	**977**	**907**

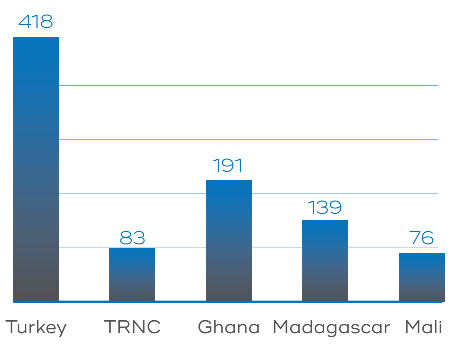
Education	2015	2016	2017	2018	2019
Bachelor's, Master's and Doctorate	169	168	221	217	256
Vocational College	144	159	184	172	124
Vocational High School, General High School or Below	466	455	614	588	527
Grand Total	**779**	**782**	**1,019**	**977**	**907**

Median Age	2015	2016	2017	2018	2019
	35.47	34.84	35.06	36.41	36.07

Trainings	Total Man x Hours Participation
Professional/Technical	906
Occupational Health and Safety	20,229
Quality Management Systems	70
Aksa Academy Training	416
Total	**21,621**



Headcount by Country



OCCUPATIONAL HEALTH AND SAFETY

Aksa Energy adopts an occupational health and safety management approach which undertakes compliance with local and international regulations in order for its employees to work in a healthy and safe environment.

20,229

man x hours

Within 2019, a total of 20,229 man x hours of Occupational Health and Safety training has been provided in the plants of Aksa Energy, including those located overseas.

While conducting its business operations at home and abroad, Aksa Energy adopts an occupational health and safety management approach that is committed to complying with applicable local and international laws, rules and regulations in order to provide a healthy and safe work environment for its human capital. To this end, the Company implements pioneering occupational health and safety practices and ensures the continuous improvement of its performance in this area.

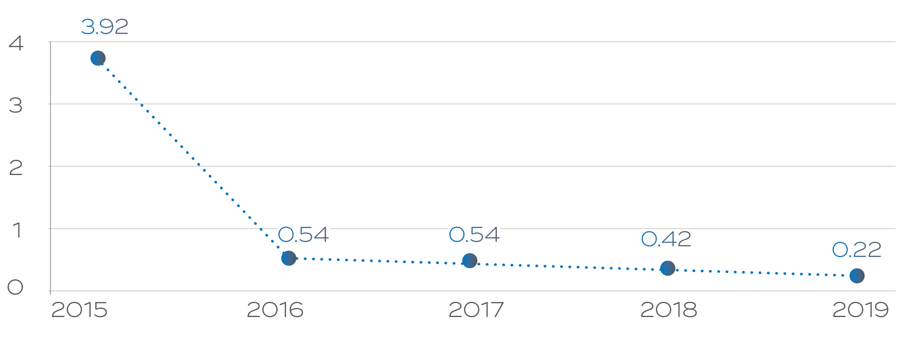
In order to create these conditions, Aksa Energy maintains its efforts in the area of Occupational Health and Safety (OHS). The Company carries out all OHS activities with the goal of "zero work accidents," puts in place all necessary safety precautions, and takes actions to prevent occupational diseases.

In 2019, the Company carried out a total of 3,413,675 man x hours of work and administered a total of 20,229 man x hours of OHS training in its domestic and overseas power plants.

In 2019, the Company recorded 4 work accidents with minor injuries (injuries requiring outpatient care or first aid only) and 1 accident with severe injuries at its domestic power plants while 3 accidents with minor injuries occurred at the overseas power plants. The Company completed 2019 with no fatal work accidents.

In 2019, there are 7 lawsuits raised against the Company regarding liability for work accidents; 1 lawsuit filed in 2018 for fatal work accident is still ongoing.

Aksa Energy Accident Frequency Rates (All Power Plants)



Madagascar Heavy Fuel Oil Power Plant – Applied Fire Extinguishing Training

In 2019, Aksa Energy continued its efforts to improve the health and safety conditions of its employees and reduce occupational accidents and diseases in its domestic and overseas power plants. Maintaining a downward trend in its accident frequency rates since 2015, the Company has reduced this rate by 48% at the end of 2019.

The Company fully complies with OHS laws, rules and regulations. It also goes beyond its legal obligations and implements the latest OHS practices and international standards.

Aksa Energy has internalized effective management processes related to occupational health and safety, thanks to the OHSAS 18001 Occupational Health and Safety Management System certification.

The Company is committed to implementing OHS measures at all its facilities throughout Turkey, its subcontractors' facilities, and all related organizations.

As with all strategic issues within the Company, all OHS hazards and risks are identified, assessed, and classified by analyzing the issue from a risk perspective. Through such an approach, comprehensive measures are taken to reduce risks to a minimum. The OHSAS 18001 notification directive is implemented in recording all data on employee health and safety; the data collected is compared with statistics from Turkey and Europe to conduct assessment and development activities.

Assessment and improvement activities related to OHS are carried out by the OHS Committee at Aksa Energy.

The Committee is comprised of Aksa Energy employees and represents the entire Company workforce.. The Chairman of the OHS Committee reports directly to the Chief Operating Officer (COO).

Aksa Energy has ensured the continuity of the following certifications it holds, which have been successfully internalized in the corporate culture.

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- OHSAS 18001 Occupational Health and Safety Management System
- ISO 50001 Energy Efficiency Management System
- ISO/IEC 27001:2013 Information Security Management System*

**Received for Kazancı Holding; also covers Aksa Energy Headquarters, Bolu Göynük Thermal Power Plant and Şanlıurfa Natural Gas Combined Cycle Power Plant.*

BOARD OF DIRECTORS

Cemil Kazancı
Chairman and CEO

Cemil Kazancı began his professional career working in Kazancı Group companies. His first managerial position was in generator manufacturing and sales. He subsequently played an active role in the formation of Aksa Energy, which was set up to expand the Group's operations in the energy industry and to generate electricity starting from 1997. Acting as a Member of the Board of Directors at Kazancı Holding and the Group companies in addition to his duty as the Chairman of the Board of Aksa Energy, Cemil Kazancı was assigned as the CEO of Aksa Energy in July 2019.

Serdar Nişli
Vice Chairman

Serdar Nişli graduated from Middle East Technical University, Department of Mechanical Engineering, earning Bachelor's and Master's degrees. Subsequently, he began his professional career at TEK Çayırhan Thermal Power Plant and worked in various private sector positions for 18 years prior to joining Kazancı Holding in 1996. Nişli, who previously served as the Company's General Manager, holds the Vice Chairman position on the Board of Directors at Aksa Energy.

Ömer Muzaffer Baktır
Board Member

Ömer Muzaffer Baktır graduated from Istanbul Technical University, Department of Mining Engineering in 1986. He started his professional career at Pamukbank. Baktır went on to serve in various management roles in the banking sector, including Assistant General Manager in charge of Marketing at Halkbank; CFO and Executive Board Member of Electricity Distribution Companies at Cengiz Holding; and Assistant General Manager in charge of Marketing and Transformation at Ziraat Bank. Ömer Muzaffer Baktır also served as Chairman of the Board at Ereğli Group. He was appointed as a Member of the Board at Kazancı Holding on February 5, 2018. Mr. Baktır has been a member of Aksa Energy's Board of Directors since July 30, 2019.

Tülay Kazancı
Board Member

Tülay Kazancı is a Member of the Board of Directors at Kazancı Holding as well as at Aksa Havacılık A.Ş., Aksa Turizm İşletmeleri A.Ş. and Aksa Aksen Enerji Ticareti A.Ş. She has been serving as a Board Member at Aksa Energy since April 2010.

Mehmet Akif Şam
Board Member

Mehmet Akif Şam received his Bachelor's degree from Anadolu University, Faculty of Communication Sciences, Department of Journalism. After starting his career as a Media Planner at Pronto Public Relations & Consultancy, he worked as an Advisor at the Ministry of Environment and Urbanization, Ministry of Transport, Ministry of Communications and Maritime Affairs, and Ministry of Energy and Natural Resources. Şam served as Board Member at EÜAŞ Kemerköy Electricity Generation Inc. and joined Kazancı Holding in 2011. Continuing his duties as Board Members in Kazancı Holding Ankara Representative Office and Aksa Natural Gas Distribution Companies, Aksa Göynük Enerji Üretim A.Ş., Çoruh Elektrik Dağıtım A.Ş. and Fırat Elektrik Dağıtım A.Ş., Şam was assigned as a Member of Aksa Energy's Board of Directors as of 2017.

Erkin Şahinöz
Independent Board Member

Erkin Şahinöz graduated from the Mechanical Engineering department of Boğaziçi University, and received his Master's degree on economy at the University of Nebraska in the USA. Started working as a Research Assistant in 1999; Şahinöz worked as a consultant in Business Development Center, a USA-based consultancy firm. In 2002, he was transferred as an economist to the US Federal Reserve and appointed as Director of the Economic Research Group. In 2007, Şahinöz established the Strategy Coordination and Business Development Department at Arıkanlı Holding. In 2009, he was appointed as General Manager of Erste Bank Turkey, establishing the operations of the Bank from the ground up. He has served as a strategy, business development and economy advisor for many companies and institutions, including the Istanbul Chamber of Industry. Within Tim Consultancy, Mr. Şahinöz also provides training and consultancy services to banks and real sector companies in a wide range of fields. Şahinöz has served as an Independent Board Member at Aksa Energy since July 2019.

Murat Yeşilyurt
Independent Board Member

Murat Yeşilyurt received his Bachelor's degree from Istanbul University, Faculty of Economics, and completed his MBA at Istanbul Commerce University. He started his career in the banking sector in Treasury departments and went on to work as a fund manager at finance companies. His role as an educator has come to the forefront, thanks to the experience he has gained in finance over the years. He works as strategic advisor and provides training to corporates and banks in Turkey. Yeşilyurt has authored various articles published in finance magazines. He is also the author of the book "Dünya ve Türkiye'de Altın ve Altın Bankacılığı (Gold Banking in Turkey & The World)." Yeşilyurt has served as an Independent Board Member at Aksa Energy since July 2019.

İlhan Helvacı
Independent Board Member

İlhan Helvacı graduated from Galatasaray High School in 1983 and from Istanbul University, Faculty of Law in 1987. Helvacı received his Master's degree from Istanbul University, Social Sciences Institute, Department of Private Law in 1989; he started work as Research Assistant at Istanbul University, Faculty of Law, Department of Civil Law in the same year. Prof. Dr. İlhan Helvacı served as Lecturer at various universities between 2004 and 2010. He currently works as Arbitrator both at Istanbul Chamber of Commerce and independently regarding disputes in his area of expertise. Serving as Attorney-at-Law since 1991 under Istanbul Bar Association, Helvacı is also Founder and Manager of Att. Prof. Dr. İlhan Helvacı Law Office. Helvacı has served as Independent Board Member at Aksa Energy since July 2019.

SENIOR MANAGEMENT

Cemil Kazancı
Chairman and CEO

Please refer to page 64 for background information.

Cem Nuri Tezel
Vice President, Chief Financial Officer (CFO)

After graduating from Marmara University, Cem Nuri Tezel earned his Master's degree in Management from University of Leeds and started his professional career in the Audit Department at Arthur Andersen Istanbul in 1996. He worked as a Senior Manager at Ernst & Young in 2002 and as Internal Audit Manager at Sabancı Holding between 2004-2005. In October 2005, he was appointed as CFO of ENKA Marketing. He also served as the CFO of Istanbul Sabiha Gökçen Airport, Soyak Holding and Assan Alüminyum A.Ş. He was appointed as the CFO of Aksa Energy in December 2018. Tezel is a member of the Istanbul Chamber of Certified Public Accountants (ISMMMO) and DEIK Bahrain Business Council, as well as the founding member of the Corporate Risk Management Association (KRYD).

Soner Yıldız
Vice President, Chief Operating Officer (COO)

Soner Yıldız graduated with a bachelor's degree in Mechanical Engineering from Yıldız Technical University and earned his MBA from Yeditepe University. He started his professional career as a Mechanical Engineer at Çolakoğlu Metalurji A.Ş. in 1998 and served as Chief of Maintenance in the same organization between 2000-2004. He then worked as Chief Mechanical Engineer at ENKA; Senior Business Development Engineer at E.ON Holding; Operations and Maintenance Senior Manager at RWE Turkey; Thermal Power Plant Manager at Vito A.Ş. and Business Development Director at Acwa Power. before he was assigned as COO at Enda Enerji Holding in 2016. Yıldız was appointed as Chief Operating Officer (COO) responsible for investments and operations at Aksa Energy in October 2018.

Murat Kirazlı
Vice President, CEO of Aksa Energy Trading and Sales

Murat Kirazlı graduated from Middle East Technical University (METU), Department of Electrical and Electronic Engineering, and earned his Master's degree in Finance at Bilkent University. He started his professional career as Founding Partner at CCM Ltd. Şti., and then worked as an Energy Industry Senior Consultant at Deloitte and as Energy Trade Director at Espe Enerji San. ve Tic. A.Ş. subsequently, he served as Energy Trade Director at Limak Energy Group. In September 2014, Kirazlı joined Aksa Energy as Energy Trade Director and was later appointed as Vice President in charge of Energy Trade and Sales.

Senlav Güner
Operation and Maintenance Director in Charge of Domestic Power Plants

Senlav Güner graduated from Yıldız Technical University, Mechanical Engineering Department and started his professional career in 1997. Mr. Güner worked for Enka İnşaat Sanayii A.Ş. as Piping Engineer and as Commissioning Engineer at the Bursa Natural Gas Combined Cycle Power Plant; at Intergen-Enka Adapazarı Gebze Power Plant as Piping Coordinator, Operations Engineer and Mechanical Maintenance Engineer; at ENKA Rijmond Holland Natural Gas Combined Cycle Power Plant as Commissioning Engineer; at Exxon Mobil on Russia's Sakhalin Island as Commissioning Director; at Enka-Russia Nizhnevartovsk Natural Gas Combined Cycle Power Plant as Engineering Director; at Enka-Russia Berezniki Natural Gas Power Plant as Commissioning Director; at Enka-Erbil Natural Gas Plant as Deputy Project Manager; and on the Gama Zakho and Hartha projects as Project Manager. Mr. Güner started working for Aksa Energy in 2017 as Engineering and Turbine Power Plant Director, and continues to serve as Operation and Maintenance Director in charge of Domestic Power Plants.

Özlem McCann
Investor Relations and Corporate Communications Director

A graduate of Izmir American College, Özlem McCann graduated from Middle East Technical University, Department of Economics. With 24 years of capital markets experience, McCann initially worked as a senior analyst in various brokerage houses before taking investment banking positions in Paris and London. She served in managerial positions in the International Sales (ICM) departments of HSBC Securities and Eczacıbaşı Securities. McCann holds Capital Market Activities Advanced Level License, Corporate Governance Rating Specialist License and FCA (UK) license. Having joined Aksa Energy in December 2013 as Investor Relations Manager, she became Head of Investor Relations and Corporate Communications in 2015. She was appointed as Investor Relations and Corporate Communications Director of Aksa Energy and Kazancı Holding in July 2016.

SENIOR MANAGEMENT

Mustafa Kızıltunç
Investments and Engineering Director

Mustafa Kızıltunç graduated from Uludağ University, Mechanical Engineering Department and currently continues his postgraduate education in Energy Technologies and Management at Sabancı University. In 1998, he commenced his professional career at various energy companies in the area of investments and engineering. Kızıltunç served as Assistant Project Director and Engineering Manager at Acwa Power between 2014-2015 and as Investments Project Manager at Limak-İçtaş Enerji between 2015-2019. As of November 2019, he was appointed Investments and Engineering Director at Aksa Energy.

Hikmet Apaydın
Central Coordination Director

Hikmet Apaydın graduated from Yıldız Technical University, Electrical Engineering Department. He went on to receive his Master's degree in Electrical Engineering from the same institution. Apaydın started his professional career at Enka Power as Operation Maintenance Engineer. Subsequently, he served as Project Manager at ABB Elektrik, Operations Manager at Akenerji, Engineering Coordinator at Limak Enerji and Project Group Manager at Karadeniz Holding. Apaydın was assigned as Risk and Control Manager at Kazancı Holding in January 2018. He was appointed as Central Coordination Director at Aksa Energy as of July 2019.

Cevdet Yalçın
Financial Affairs Director

Cevdet Yalçın graduated from Celal Bayar University, Business Administration Department. After completing a certificate program at Long Island University (New York, USA), he started work at BankPozitif Kredi ve Kalkınma Bankası A.Ş. as Corporate Marketing Specialist. Yalçın served as Senior Auditor at Deloitte between 2010-2013 and Audit Manager at Ernst & Young between 2013-2017. He worked as Senior Financial Affairs Manager at Assan Alüminyum A.Ş in 2018. Yalçın was appointed Financial Affairs Director at Aksa Energy as of January 2019.

Murat Çaptuğ
West Africa Coordination Director

Murat Çaptuğ graduated from Kocaeli University, Mechanical Engineering Department. He joined Aksa Energy as Project Engineer at Cyprus Fuel Power Plant in June 2002. Subsequently, Çaptuğ worked as Northern Cyprus Fuel Oil Power Plant Manager between 2003-2015 and Ghana Country Manager between 2015-2016. In September 2017, he was appointed West Africa Power Plants Coordinator. Murat Çaptuğ has served as West Africa Coordination Director at Aksa Energy since July 2019.

ASSESSMENT OF THE BOARD OF DIRECTORS

Risks and Assessments of the Board of Directors

Aksa Energy's Board of Directors is responsible for determining and monitoring the overall risk management framework of the Company. The Board of Directors formed the Early Risk Assessment Committee to oversee the development and monitoring of the Company's risk management policies.

Aksa Energy pursues an effective risk management policy to prevent and mitigate all risks. Aksa Energy's risk management philosophy is based on the core principles of protecting asset value, ensuring operational safety and pursuing sustainability.

Risk management policies at the Company are designed to identify and analyze potential risks; determine suitable risk limits; establish controls; monitor risks as well as the correlation between risks and risk limits. Risk management policies and systems are regularly reviewed in order to reflect changes in the Company's activities and evolving market conditions.
By administering trainings and adhering to management standards and procedures, Aksa Energy aims to develop a disciplined and productive control environment where all employees understand their respective roles and responsibilities.

Financial risks faced by the Company are managed in a centralized fashion. Aksa Energy's financial risks and opportunities are effectively managed via policy revisions, when deemed necessary. Hedging instruments are purchased when appropriate, in line with policies determined by upper management to minimize risk exposure.

The Early Risk Assessment Committee, which convenes two times a year under the chairmanship of the Independent Board Member, also carries out efforts to identify risks and take due measures. The Committee executes activities to identify and implement the necessary measures regarding potential risks, to manage these within the framework of the risk management system, and to report the results to the Board of Directors.

Operating in an investment-intensive sector, the Company finances its investments through bank loans. Therefore, liquidity, currency and interest rate risk positions and market developments are monitored regularly.

The Company continues analyzing and prioritizing market risks, using methodologies in compliance with its strategic objectives, in order to reach its operational and financial profitability targets.

Operationally, the Company carries no foreign exchange risk. However, the project financing loans used for investments are in foreign currency, which can lead to foreign exchange difference expenses. To reduce foreign currency-denominated project finance loans and to create financing for projects with higher profit margins that will generate EBITDA in foreign currency, the sales process of our renewable power plant portfolio has been completed and the financial debt burden of our Company has been reduced.

The low level of profit margins due to rising costs in the Turkish energy market is another factor with a negative impact on the Company's operations. For this reason, the licenses of our power plants whose competitiveness has decreased in the last 3 years, have been canceled and three power plants have been commissioned in Ghana, Mali and Madagascar in 2017 using the equipment of these power plants. In addition to the USD-based revenues of Northern Cyprus Kalecik Heavy Fuel Oil Power Plant, the energy generated by the Ghana, Madagascar and Mali power plants in Africa are sold via guaranteed contracts denominated in foreign currency. As well, the use of equipment from the power plants, which had become less competitive on domestic market, in the construction of the African power plants, kept the total investment amount very low and shortened the construction process considerably.

In 2019, the license of the Manisa Natural Gas Combined Cycle Power Plant was canceled due to its loss of competitiveness. As a result, flexible and effective management of the portfolio was achieved.

Assessment of the Board of Directors on the Internal Control System and Internal Audit Practices

Aksa Energy has an Internal Audit Unit that performs risk-based assessments in order to evaluate and develop the control and governance processes of the Company. Internal Audit reports its activities to the Board Member responsible for Internal Audit. Audits are conducted relating to the reliability of the financial reporting system; compliance of the Company's investments and operations with legal requirements and in-house regulations; effectiveness and efficiency of its operations; and the security and reliability of IT systems. To this end, centralized internal audits as well as on-site power plant audits were carried out in 2019.

As a result of these audits, the effectiveness of the risk management, internal control and governance processes were deemed satisfactory. Furthermore, necessary action recommendations have been presented to the Management and it was meticulously monitored whether these actions were implemented in a timely fashion or not.

Assessment of the Board of Directors on Financial and Operational Results

When comparing the fiscal year 2019 performance of our Company with the previous year, we see the positive impact of reducing financial expenses due to the decrease in indebtedness as well as the overseas power plants making guaranteed sales pursuant to capacity payments. As of year-end 2019, revenues increased 20% compared to the previous year despite the decline in production volumes at domestic power plants. Aksa Energy recorded total revenues of TRY 5.6 billion in 2019. With the positive impact of effective portfolio management and the solid performance of the overseas power plants, consolidated net profit increased threefold to TRY 455 million. In addition, gross profitability rose 38% to TRY 1 billion, operating profit jumped 53% to TRY 976 million and EBITDA increased 42% to TRY 1.5 billion.

Aksa Energy reduced its net financial debt to TRY 3.14 billion at year-end 2019 from TRY 3.69 billion at year-end 2018. Some 51% of the Company's financial debt is denominated in foreign currency. Therefore, when compared in USD, the financial debt of USD 702 million as of end-2018 was reduced to USD 529 million by end-2019. As a result, Aksa Energy cleared USD 173 million of debt in 2019. This successful performance was reflected in the Company's net financial debt/EBITDA ratio, which was 2.1 at end-2019, down from 3.6 at end-2018.

Assessment of the Board of Directors on the Committees

Audit Committee, Corporate Governance Committee and Early Risk Assessment Committee report directly to the Board of Directors.

The Audit Committee convenes at least four times, to be at least once every three months in the Company headquarters while Corporate Governance and Early Risk Assessment Committees gather twice annually.

The Committees closely examined and discussed key issues such as audit, corporate governance, risks and strategies, and presented recommendations on these to the Board of Directors.

Board Members were reappointed for a period of three years at the General Assembly held on July 30, 2019. In 2019, the Committees were reorganized to benefit from the members' experience in an optimal manner, and the necessary statutory notifications were made.

For detailed information on the committees and their working principles, please visit:
www.aksainvestorrelations.com

COMMITTEES AND POLICIES

Audit Committee

The Audit Committee was established to oversee the operation of the Company's accounting and reporting systems in line with applicable laws, rules and regulations, the public disclosure of financial information, and the effective functioning of the independent audit and internal control systems.

The Committee notifies the Board of Directors in writing of its evaluations on the factuality and accuracy of the annual and interim financial statements and their compliance with the Company's accounting principles, taking into account the opinions of the Company's management and independent auditors.

The Committee's responsibilities include:

- Conducting assessments for the selection of the independent audit company, making a recommendation and presentation to the Board of Directors;
- Evaluating compliance of financial statements and their footnotes to be disclosed to the public with legal and regulatory requirements and international reporting standards;
- Monitoring the operation and effectiveness of the Company's accounting system, public announcement of financial information, independent audit, and the internal control system;
- Examining and finalizing complaints related to the Company's accounting, internal control system, and independent audit.

The Audit Committee consists of at least two members who are elected from among Independent Board Members. Members of the Audit Committee are the Independent Board Members Erkin Şahinöz and Murat Yeşilyurt. Mr. Şahinöz is also the Chairman of the Committee.

The Audit Committee convenes at least once every three months upon the invitation of the Chairman of the Committee. When deemed necessary, the managers, internal and independent auditors are also invited to the meeting to provide information. The Committee may also decide to receive consultancy services from third parties outside of the Company. The Committee expenses are covered by the Board of Directors. The Audit Committee may notify specific issues to the Company's General Assembly, if deemed necessary.

In meetings held during 2019, the Audit Committee received information about periodically conducted audit activities, decided whether to expand or narrow the scope of audit activities and made resolutions on amendments to the annual plan. The Committee also provided support to the Board of Directors during the selection of the independent audit firm.

Corporate Governance Committee

The Corporate Governance Committee aims to;

- Ensure the independence and effectiveness of the Board of Directors within the framework of the Corporate Governance Principles,
- Ensure that the Corporate Governance Principles are embraced and applied by the Company's Board of Directors, and across the Company,
- Enhance the Corporate Governance Principles within the Company,
- Ensure compliance with the Company's code of ethics, and control behavior and conduct in this respect,
- Make recommendations on the functioning, structure and effectiveness of the Board of Directors and affiliated committees.

The Corporate Governance Committee convenes at least twice per year. to fulfill these tasks. In 2019, the Committee oversaw the Company's compliance with the Corporate Governance Principles set forth in the Communiqué on the Determination and Implementation of the Corporate Governance Principles; investigated the reasons for non-compliance with certain principles; identified the incompatibilities resulting from incomplete compliance; took remedial measures; and provided information to investors and the general public.

At Aksa Energy, the duties of the Nomination Committee and the Remuneration Committee are performed by the Corporate Governance Committee. The Committee supports the Board of Directors with respect to the determination and evaluation of the appropriate candidates for Board membership and managerial positions with executive function. The Committee also makes periodic evaluations on the Board's structure and efficiency and recommends to the Board any possible changes regarding these issues.

The Corporate Governance Committee took its final form with the resolution of the Board of Directors dated September 30, 2019. According to this resolution, the Committee consists of Independent Board Member Murat Yeşilyurt, Board Member Mehmet Akif Şam and Investor Relations and Corporate Communications Director Özlem McCann; and it is chaired by Murat Yeşilyurt.

Early Risk Assessment Committee

The Early Risk Assessment Committee, which reports to the Board of Directors, is responsible for determining at an early stage all the operational, strategic, financial and compliance risks that may jeopardize the Company's existence, development and continuity; taking the necessary measures concerning the risks thus identified; developing the necessary policies to execute the risk management processes; managing and reporting risks in accordance with the Company's risk taking profile.

The Committee is established and authorized by the Board of Directors in accordance with the Company's Articles of Association and applicable legislation. The Committee, which convenes at least two times a year, evaluates the situation in its reports to the Board of Directors, points out any threats and recommends solutions.

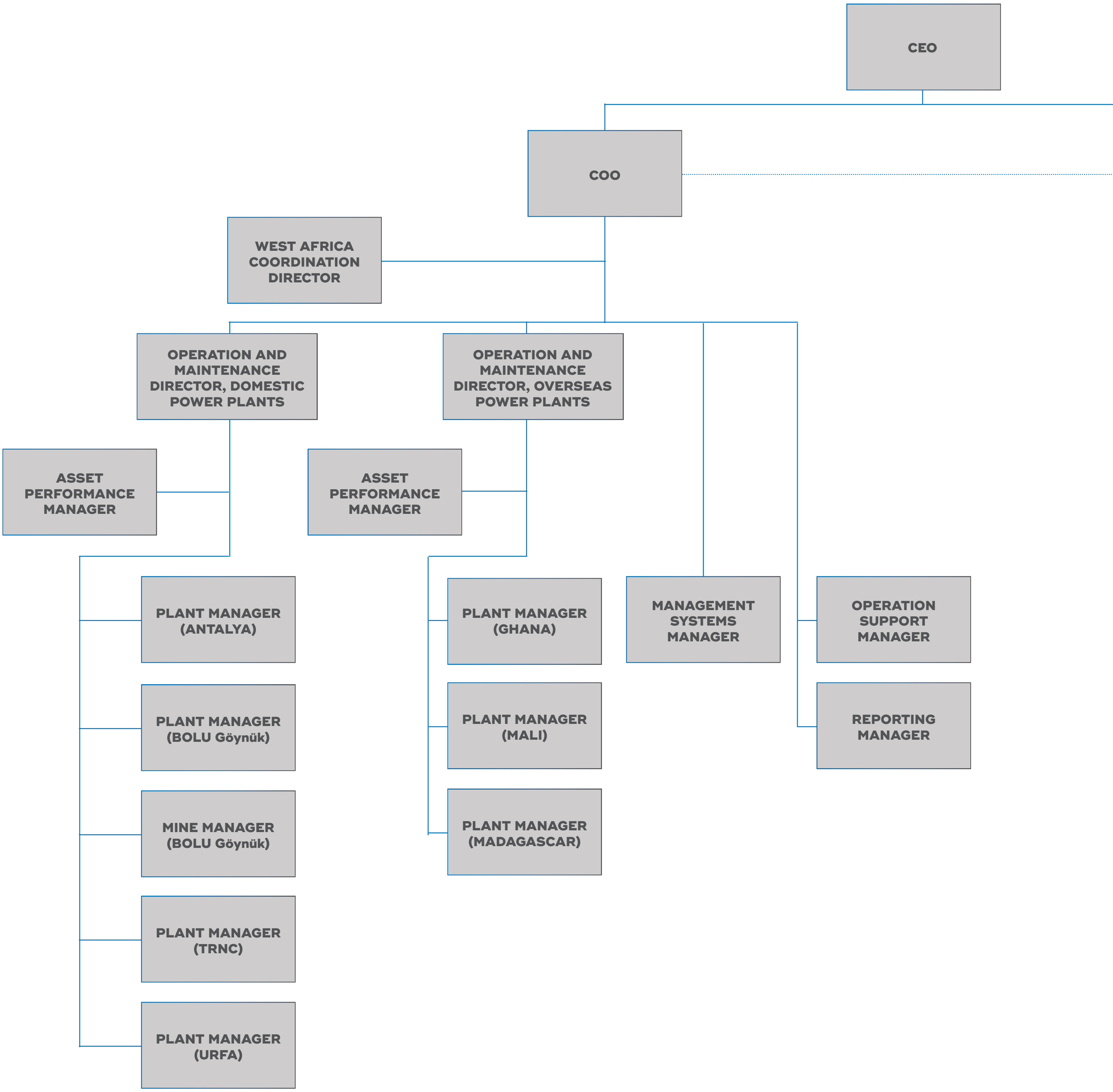
The Early Risk Assessment Committee consists of Independent Board Members İlhan Helvacı and Erkin Şahinöz, who is also the Chairman of the Committee.

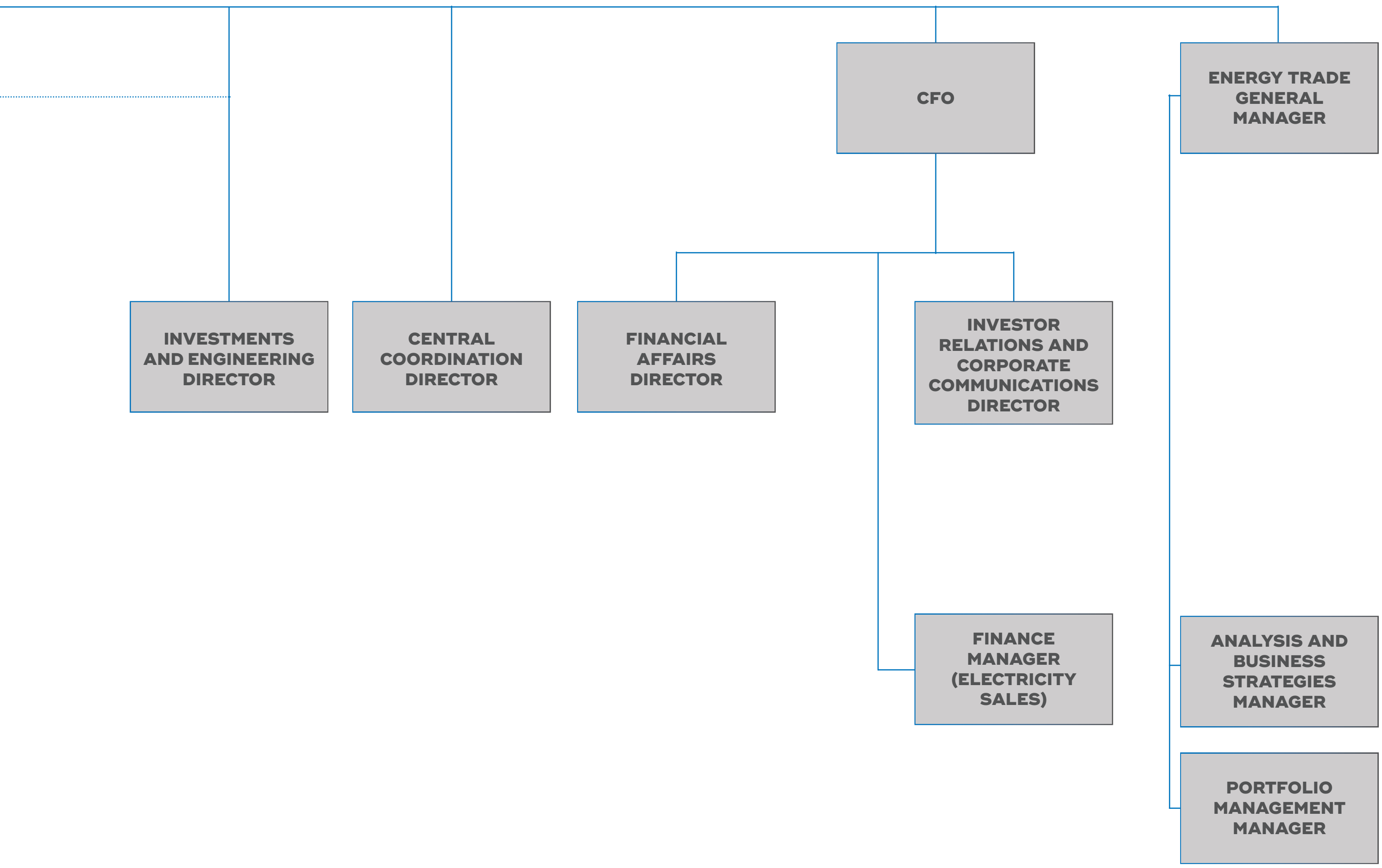
POLICES AND CODE OF ETHICS

For detailed information on the policies and principles below, please visit the Corporate Governance page under www.aksainvestorrelations.com.

Public Disclosure Policy	http://www.aksainvestorrelations.com/corporate-governance/public-disclosure-policy/
Donations and Charities Policy	http://www.aksainvestorrelations.com/corporate-governance/donations-and-charities-policy/
Remuneration Policy	http://www.aksainvestorrelations.com/corporate-governance/remuneration-policy/
Anti-Bribery and Anti-Corruption Policy	http://www.aksainvestorrelations.com/corporate-governance/anti-bribery-and-anti-corruption-policy/
Dividend Distribution Policy	http://www.aksainvestorrelations.com/corporate-governance/dividend-distribution-policy/
Human Rights Policy	http://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/
Code of Ethics	http://www.aksainvestorrelations.com/corporate-governance/ethical-principles/

ORGANIZATIONAL CHART




CFO
ENERGY TRADE GENERAL MANAGER
INVESTMENTS AND ENGINEERING DIRECTOR
CENTRAL COORDINATION DIRECTOR
FINANCIAL AFFAIRS DIRECTOR
INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS DIRECTOR
FINANCE MANAGER (ELECTRICITY SALES)
ANALYSIS AND BUSINESS STRATEGIES MANAGER
PORTFOLIO MANAGEMENT MANAGER

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with Corporate Governance Principles

Within the framework of the Corporate Governance Principles publicly issued by the Capital Markets Board (CMB), the Compliance Report of Aksa Enerji Üretim A.Ş. (referred to as the "Company" or "Aksa Energy" hereinafter) concerning the minimum elements requested by the Capital Markets Board to be included in annual reports on compliance for the reporting period ending on December 31, 2019 is presented below.

Acting upon the conviction that good corporate governance is fundamental to the sustainability of companies, Aksa Energy takes the necessary actions in the area of corporate governance. The Company has always worked to abide by the four principles of corporate governance: (i) transparency, (ii) fairness, (iii) responsibility, and (iv) accountability.

The Company embraces compliance with the requirements of the Corporate Governance Principles as a strategic goal and has achieved complete compliance with the obligatory principles in line with the Capital Market Law.

In addition, among the non-obligatory corporate governance principles, the Company has adopted regulations that would not have a negative impact on the Company's competitive strength and business confidentiality, and which would ensure a flow information in order to prevent inequalities between shareholders. Efforts to apply the requirements of the stated principles in compliance with the Company's own dynamics and to improve the current management systems against the backdrop of the principles still continue. It is possible for the Company to adapt to some of these changes right away. In order to adapt some of these changes, some infrastructure and regulation activities are necessary and require a longer period. In the periods to follow, efforts will continue, to the best ability of the energy industry, to ensure compliance with matters of those Corporate Governance Principles that have not yet been adopted by the Company. The principles that have not yet been implemented have not resulted in any conflicts of interest among stakeholders to date. Information concerning the Corporate Governance Principles, compliance with the principles and justifications for the principles that have not yet been implemented are set out below.

SHAREHOLDERS

2. Investor Relations Department

The Investor Relations Department at Aksa Energy performs duties concerning relations with stakeholders. The Department started up operations as of May 21, 2010, the Company's first transaction date on Borsa Istanbul. Investor Relations Department reports to the Chief Financial Officer (CFO).

In 2019, the Investor Relations Department undertook a number of activities; these included informing shareholders, facilitating the exercise of shareholders' rights, organizing the Annual General Assembly Meeting, and issuing statements in accordance with the Public Disclosure Policy. The Company made a total of 56 material event disclosures in 2019.

In accordance with the Company's Public Disclosure Policy, the Investor Relations Department is responsible for providing accurate and complete information in a timely manner on financial and other (non-financial) matters (except for confidential data and trade secrets) as required by applicable laws and regulations, without affecting the value of the capital market instruments issued by the Company, or compromising the equality of opportunity among shareholders in accordance with the CMB's Corporate Governance Principles.

To this end, the contact details of the Investor Relations Department are shared with the public through the Company's website, Annual Reports and the Public Disclosure Platform (PDP) in order to allow stakeholders to obtain information concerning the Company in related matters. For information requests from stakeholders, the Department has established telephone, e-mail and fax communication channels.

Developments concerning the Company's strategy and business activities, as well as the industry that the Company operates in and the laws, rules and regulations that the Company is subject to, are presented to analysts and investors in meetings organized as prescribed by applicable law. Company representatives participate in investor conferences held by intermediaries both in Turkey and abroad. Moreover, the Company holds teleconferences and/or meetings on a quarterly basis following the announcement of the Company's financial statements in order to inform investors and analysts of operational and financial developments.

In order to ensure an accurate, clear and reliable flow of information, the Investor Relations Department prepares presentations regarding quarterly announced financial statements; publishes these presentations on the Company's corporate website; sends them to investors and analysts by e-mail; and shares them with the financial community by organizing teleconferences. Oral and written questions directed to the Investor Relations Department are answered orally and/or in written form as soon as possible, within the limits of publicly disclosable information. The disclosure of material events is conducted in coordination with the Investor Relations Department in compliance with applicable laws and regulations and as required by the Company's Public Disclosure Policy.

With the conferences at home and abroad as well as the direct visits made in 2019, the Investor Relations Department held a total of 81 face-to-face meetings, 9 teleconferences with analysts and investors in addition to 1 portfolio managers meeting. In the same period, the Investor Relations Department received around 1,000 inquiries for information; these inquiries were answered via phone and e-mail within the limits of information disclosed to the public.

4 teleconferences were held during the year to share the quarterly announced financial statements with the general public and inform investors and analysts.

With respect to the 2019 Annual General Assembly Meeting, all necessary steps were taken to ensure that the meeting was held in compliance with relevant laws, rules and regulations. The Ordinary General Assembly Meeting of the Company for fiscal year 2018 was duly held on July 30, 2019 in compliance with applicable legislation, the Company's Articles of Association, and the General Assembly Directive.

All Group B shares of the Company are bearer shares. Hence, shareholding registrations are recorded at the Central Registry Agency (CRA).

The Investor Relations Department has informed the shareholders of their rights as per Capital Markets Board's regulations. Similarly, shareholders were informed of the exercise of their rights (e.g. dividend, attendance at the Annual General Assembly Meeting, and the like). No dividend was distributed in 2019; related actions were undertaken pursuant to the Company's Articles of Associations as well as CMB and Central Registry Agency regulations. The required declarations and statements on the matter were completed within the legally prescribed time limit.

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3. Exercise of Shareholders' Right to Obtain Information

Utmost care is exercised to present equal information and to allow shareholders the opportunity to review and evaluate this information, during the process of sharing information (except that containing trade secrets) with shareholders.

During the reporting period, the Investor Relations Department received and responded to around 1,000 inquiries for information, mainly relating to the Company's strategy, operations and financial performance, ongoing and planned investments, developments in the sector, Africa projects, stock performance etc. In accordance with Capital Markets Board requirements, such requests cannot be answered when the relevant information has yet to be made public. Information disclosed to the public, on the other hand, is made accessible to shareholders.

All information publicly revealed is presented for the use of stakeholders in the Investor Relations section of the Company's website **(www.aksainvestorrelations.com)** in order to provide easy and equal access to information related to the Company for stakeholders.

Although the Articles of Association do not govern the right of individual shareholders to demand a special auditor, under Article 438 of the Turkish Commercial Code, one may be requested from the General Assembly in order to clarify certain events even if the issue is not on the agenda. This request can be made if it is necessary for every shareholder to be able to exercise their shareholder rights, and if the right to receive and evaluate information concerning the events in question has been previously exercised. Following the 2018 Ordinary General Assembly held on July 30, 2019, a lawsuit was filed by an investor regarding the appointment of a special auditor for the review of 2018 amortization accounts profit/loss statements. The relevant lawsuit was dismissed by a court order on February 12, 2020. The Company's activities are audited by an Independent Audit Company elected at the General Assembly.

4. Annual General Assembly Meetings

Aksa Energy conducted the Ordinary General Assembly on the activities of fiscal year 2018 simultaneously physically and online on July 30, 2019.

As required by applicable law, the Ministry of Customs and Trade, Energy Market Regulatory Authority, Capital Markets Board and Istanbul Stock Exchange are all notified of the Annual General Meeting.

The meeting announcements were published in the pages 764 and 765 of the Turkish Trade Registry Gazette No. 9867 and dated July 11, 2019 for the Ordinary General Assembly as well as on the Public Disclosure Platform (PDP) **(https://www.kap.org.tr/tr/Bildirim/771214)** and the Company's website at **www.aksainvestorrelations.com** on 03.07.2019 pursuant to Article 414 of Turkish Commercial Code No. 6102; Article 10 of the Communique on the Rules and Standards of General Assembly Meeting of Corporations and the Representatives of the Ministry of Customs and Trade Attending these Meetings; Article 29 of Turkish Capital Market Law No. 6362; Capital Markets Board's Corporate Governance Communique No. II-17.1; and the Company's Articles of Association. At the same time, invitations were submitted within the legally prescribed period through the announcement of the meeting date and agenda on the Public Disclosure Platform (PDP) and Central Registry Agency's Electronic General Assembly System (EGAS). Documents related to the General Assembly are submitted to the shareholders in Turkish.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

For the shares which are not within the context of exception mentioned in Article 29 Paragraph 2 of the Capital Market Law, written notifications regarding the Ordinary General Assembly held on July 30, 2019, were made on July 4, 2019 via registered and reply-paid correspondence for those who posted their mailing addresses. Since there is no Group B registered share certificate of the Company, no other type of invitation was made.

The announcements of the Annual General Assembly Meeting included the meeting date and time; meeting location; agenda; a statement that the invitation was extended by the Board of Directors; and the procedures to follow for shareholders to attend the Annual General Assembly Meeting. Furthermore, the Information Document, including all relevant information about the General Assembly, was made available to all stakeholders together with invitations to the assembly. The Information Document features information on the total number of shares and voting rights reflecting the Company's shareholding structure; the number of shares and voting rights representing each class of preferred shares if there are preferred shares in the Company's capital; changes in the management or activities of the Company or its major subsidiaries or affiliates that transpired in the previous reporting period or that are planned for the coming period which may have a significant impact on the Company's operations as well as the justifications for these changes; annual reports and annual financial statements for the last two fiscal years of all entities that are party to such changes; the justification for any discharge or change as well as information on the persons who will be nominated for a seat on the Board of Directors if the General Assembly meeting agenda includes the release, replacement or election of Board Members as well as the justifications for release and replacement; information on individuals nominated to the Board of Directors; the resolution of the Board of Directors related to the amendment of the Articles of Association included in the agenda as well as the old and new versions of the amendments; background information on the individuals nominated to the Board of Directors, the positions they have held in the last ten years and the reasons for leaving these positions, the nature and material level of their relationship with the Company and its related parties, and whether they meet the criteria for independent Board Members and information on other related matters that could potentially affect the Company operations if they were elected Board Members. The above referenced information was disclosed to the general public on the date the General Assembly announcement was placed.

No request was made by shareholders, the Capital Markets Board (CMB) and/or other public institutions or organizations, with which the Company is concerned, to include any item on the agenda of the General Assembly Meeting. Financial statements and reports and agenda items for the Annual General Assembly Meeting were made available to shareholders, beginning from the date of announcement of the invitation to the Annual General Assembly Meeting, on the Public Disclosure Platform, at the Company's headquarters, and on the corporate website in such a way that these materials may be accessed easily.

While preparing an agenda for the Annual General Assembly Meeting, each agenda item is added under a different title; expressions that are suggestive and open-ended are actively avoided in drawing up agenda items. Terms such as "other" and "miscellaneous" are actively avoided in agenda items; the information to be provided prior to an Annual General Assembly Meeting is stated by referring to the related agenda items.

The Annual General Assembly Meetings are held in a manner that avoids any inequalities between shareholders while ensuring participation of the shareholders with a minimum cost in order to increase the level of participation by shareholders; thus, as stated in the Articles of Association, the meeting is organized at the Company's headquarters or at a suitable location in the city the Company is headquartered in. As per Article 1527 of Turkish Commercial Code, the shareholders can attend the Annual General Assembly Meetings electronically. The Company acquires services from Electronic General Assembly systems that allow shareholders to participate in electronic meetings, announce their opinions, make suggestions and vote electronically in accordance with the provisions of the Regulation on General Meetings to be held in Electronic Environment in Joint Stock Companies. In all General Assembly meetings, it is ensured that the shareholders and their representatives can exercise their rights stated in the provisions of the said Regulation.

Pursuant to the Turkish Commercial Code, applicable law, rules and regulations, the Meeting Chair undertakes preparations and obtains the necessary information related to holding a general assembly meeting.

Proposal for a sub-agenda item was given by the shareholders during the Ordinary General Assembly meeting held on 30.07.2019 and the relevant item has been included as the sub-item 4.1 of the item 4 of the General Assembly agenda. Additionally, the questions asked by the shareholders, listeners and those present at the meeting were answered by the Vice Chairman of the Board of Directors, Chief Financial Officer (CFO) and the Chief Operating Officer (COO) in detail and the right to ask questions have been practiced.

At the Annual General Assembly Meeting, issues on the agenda are communicated to shareholders in an impartial, thorough, clear and understandable manner such that they may express their views under the same conditions and are offered an opportunity to ask questions. All questions asked by the shareholders during the Ordinary General Assembly meeting held on 30.07.2019 and the answers given to these questions were announced to the public on the Company's website.

The participation of the members of the Board of Directors, other related parties, officers responsible for preparing the financial statements and auditors at the Annual General Assembly Meeting was ensured in order to provide information concerning agenda items as prioritized and to answer questions.

According to Article 1527 of Turkish Commercial Code, Law No. 6102, the preparations for the Electronic General Assembly of the Company have been carried out in accordance with legal requirements. On July 30, 2019, out of a total of 613,169,118.00 shares, 1,503,033 shares corresponding to TRY 1,503,033 in capital were represented in person, 26,344,875 shares corresponding to TRY 26,344,875 in capital were represented by appointed representatives, 486,965,268 shares corresponding to TRY 486,965,268 in capital were represented by other representatives and 514,813,176 shares corresponding to TRY 514,813,176 were attended by proxy at the Ordinary General Assembly Meeting, which was held with a quorum of 84% simultaneously physically and online, open to the public, including stakeholders and media, without the right to speak. No press members participated in the Ordinary General Assembly meeting; there were 2 non-media participants.

Information was given on the donations made during the year at the Ordinary General Assembly Meeting. A separate agenda item has been included in relation to these donations. Pursuant to capital market law, upper limits were designated by the Annual General Assembly Meeting regarding donations and charitable contributions to be made in 2020. The Donation and Charity Policy of the Company is available under the heading "Donation and Charity Policy" under the Corporate Governance section of the Investor Relations website.

A lawsuit was filed regarding the appointment of a special auditor for the review of 2018 amortization accounts profit/loss statements. The relevant lawsuit was dismissed by a court order on February 12, 2020.

A list of attendees and the minutes of the Annual General Assembly Meeting are made available at the Company's headquarters, posted on the Company's website **(http://www.aksainvestorrelations.com/general-assembly/)** and published on the Public Disclosure Platform (PDP) **(https://www.kap.org.tr/tr/Bildirim/777942)** for the review and consideration of shareholders.

5. Voting Rights and Minority Rights

The Company's shares are divided into Group A and Group B shares. The number of Board Members elected by Group A-registered shareholders cannot exceed the half of total Board Members. Accordingly, four members of the eight Board of Directors are chosen from among the candidates nominated by Group A shareholders.

At Annual General Meetings, the Company avoids practices that inhibit the exercise of voting rights. As a result, there is no share that is deprived of voting rights. As required by the Articles of Association, each TRY 1 nominally valued share carries one vote.

There are no privileged shares in the Company's shareholder structure.

Kazancı Holding A.Ş. has 78.607% of equity stake and is the largest shareholder of the Company.

All shareholders including those outside Turkey are given the opportunity to exercise their voting rights in the easiest and most convenient manner possible. The Company's Articles of Association do not contain any provision that complicates the use of voting rights or restricts the exercise of shareholders' voting rights for a certain time period following the acquisition date of the shares.

There are no provisions set out in the Articles of Association that prevent individuals who are not shareholders from voting as representatives by proxy.

At General Assembly Meetings, shareholders may have themselves represented by other shareholders or an externally appointed deputy. Shareholder deputies are authorized to exercise the votes held by the shareholder they represent in addition to their own votes. The Board of Directors appoints and announces the form of authorization documents in consideration of relevant CMB regulations. Furthermore, the rules set forth in the capital markets legislation with respect to proxy voting are abided by.

The cumulative voting method is not included in the Articles of Association.

The Company's share capital does not involve any cross-shareholdings.

There is no regulation set out in the Company's Articles of Association concerning the exercise of minority rights. Matters not covered by the Articles of Association are regulated according to the relevant provisions of the Turkish Commercial Code and the Capital Market Law. The Company accepts that the related regulations concerning the exercise of minority rights are sufficient.

6. Right to Dividends

The Dividend Distribution Policy Approved by the General Assembly can be found in the Annual Report and on the investor relations website. The Company reaches its dividend distribution decisions by taking into account the Turkish Commercial Code, Capital Market Law, Capital Markets Board Communiqués and Resolutions, the Tax Laws and provisions of other related laws and regulations, as well as the Company's Articles of Association.

The Dividend Distribution Policy contains the minimum information that will allow shareholders to anticipate the procedures and principles of the distribution of the profit the Company will earn in the years ahead.

Principles concerning dividend payments are regulated in Article 17 of Company's Articles of Association. Accordingly, minimum 50% of the distributable net profit for the relevant period – which is calculated after deducting losses of previous years from the Company's net

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

profit for the period which was determined according to the provisions set forth in the Turkish Commercial Code and the Capital Market Law and in conformity with generally accepted accounting principles – shall be distributed in cash or as gratis shares which shall be issued by means of adding such an amount to the share capital subject to a resolution to be rendered by the General Assembly or through the use of both methods at specific rates. The General Assembly is authorized to decide on the completion of the distribution processes within the legally prescribed time periods.

The resolution on dividend distribution shall be evaluated and prepared by the Board of Directors based on the Company's long-term strategies, financing needs, short-term financial liabilities, conditions set forth in the contracts made with creditors and the Company's profitability; and it shall be presented for the approval of the General Assembly. The procedures and principles set forth in the Company's Articles of Association shall be applied during dividend distribution.

The annual profit shall be distributed equally to all existing shares as of the accounting period of the dividend, irrespective of issuing and acquiring dates of shares. There is no privilege authorized in the Company's Articles of Association with respect to dividend rights. In the event that the Board of Directors proposes to the General Assembly that the profit not be distributed to shareholders, information on the reasons for such a recommendation and how the retained earnings will be used are provided in the agenda item pertaining to profit.

Accordingly, at the Board of Directors meeting held on 08.05.2019, it has been declared that the "(Consolidated) Net Profit" is TRY 150,478,434, while the profit attributable to the main company is TRY 26,094,071 as per the 01.01.2018-31.12.2018 consolidated financial statements prepared in line with Capital Markets Legislation. During the Board of Directors meeting held at the Company headquarters; taking into consideration the capital requirements, investment and financing policies, profitability and cash position of our Company and its subsidiaries, with the decision No. 428 and dated 08.05.2019, it has been unanimously decided to submit the proposal to set aside the profit for the period of 2018 to extraordinary reserves and not to make any dividend payments for 2018 to the General Assembly in the 2018 Ordinary General Assembly. The proposal was unanimously approved by the General Assembly. The minutes of the Ordinary General Assembly Meeting that include the approval for the proposal of no dividend distribution are shared with the shareholders on the Public Disclosure Platform **(https://www.kap.org.tr/tr/Bildirim/684285).**

7. Transfer of Shares

The transfer of Company shares is unrestricted in accordance with the rules and regulations of the Turkish Commercial Code, Capital Markets Law and Electricity Market Legislation. The Company's Articles of Association do not contain any provisions that would inhibit shareholders' ability to freely transfer their shares.

The acquisition of shares representing 5% or more of the Company capital by an individual or a corporate entity directly or indirectly and share transfers that result in any change of the control in the cooperation structure of the legal entity independently of any above mentioned capital share transfers, each and every such transfers are subject to the approval of the Energy Market Regulatory Authority prior to the transactions.

DISCLOSURE AND TRANSPARENCY

8. Public Disclosure Policy

Respecting the points in the context of the Capital Markets Board's Communiqué on Material Events No. II-15.1, the Public Disclosure Policy of Aksa Energy is formulated within the framework of the provisions of applicable capital markets laws and regulations in order to share necessary information and explanations (provided they do not include trade secrets) with local and foreign stakeholders, investors, securities and exchange market specialists, all related parties and financial intermediaries in a simultaneous, fair, complete, clear, correct, understandable and easily reachable manner.

For public information, the Capital Market Law, Turkish Commercial Code, Istanbul Stock Exchange regulations, and the other related laws, rules and regulations are all taken into account, targeting effective, active, and transparent communication with the investment community.

The Public Disclosure Policy includes all kinds of information, documentation, electronic records and data related to the Company's activities (provided they do not include insider information or trade secrets) as known by members of the Board of Directors, senior management, and employees, the disclosure of which is not legally dubious.

The Company's Public Disclosure Policy is formulated and approved in decisions by the Board of Directors in the context of the Capital Markets Board's Communiqué on Material Events No. II-15.1. The composition, follow up, review, update and improvement of the Public Disclosure Policy is under the responsibility of the Board of Directors. The Board of Directors works with the cooperation of the Corporate Governance Committee and the Investor Relations Department and solicits their opinion. The Corporate Governance Committee informs and makes suggestions to the Board of Directors about the matters related to the Public Disclosure Policy, and assists the Board of Directors in the implementation of the Public Disclosure Policy. Amendments to the Public Disclosure Policy are published on the Company's website following the approval of the Board of Directors and are presented for the information of shareholders at the first General Assembly Meeting to be held.

The Public Disclosure Policy was revised upon a Board of Directors resolution dated April 11, 2014. The revised version was submitted to the shareholders at the General Assembly in 2014 and disclosed to the public.

9. Company Website and Its Contents

In addition to its own website, Aksa Energy has an additional website in order to ensure that stakeholders have regular and easy access to all kinds of detailed information from a single point. Both websites are being updated with new contents on a regular basis. Furthermore, activities have been commenced as of the end of 2019 to improve both websites and are planned to be completed in 2020.

The Company's website, **www.aksainvestorrelations.com**, is used effectively in order to ensure access to announced current and historical information, and public disclosures. The website is prepared with the content required by the CMB's Corporate Governance Principles, in both Turkish and English. In 2019, necessary updates about the operations were made in the web sites; PDP announcements, financial statements and annual reports were announced on the web site simultaneously with the Public Disclosure Platform.

In addition to information whose disclosure is prescribed by legal and regulatory requirements, the Investor Relations website also features pertinent information, such as trade registry data; current shareholding structure and management; detailed information on preferred shares; the final version of the Company's Articles of Association; material event disclosures; financial reports; annual reports; registration statements and public offering circulars; agendas of the Annual General Assembly meetings; their lists of participants and minutes; documents for voting by proxy; documents required in case of stock and proxy collection by tender calling and other such forms; the Company's Dividend Distribution Policy; Public Disclosure Policy; Remuneration Policy; Code of Ethics; Anti-Bribery and Anti-Corruption Policy; and sustainability approach. The current information and documents featured on the Company's website are considered to be sufficient. The Company's website completely includes all the documents and announcements as required by the Capital Markets Board. The website is regularly updated in order to reflect the latest status of the shareholding and management structure. The Company promptly answers any request for information corresponded through the internet site and all explanations publicly announced by the Company may be reached on the website.

Material event disclosures that need to be made public, IFRS financial statements including footnotes, the Company's trade registry information, the latest status of shareholding structure, information related to the Board and prospectuses and public offering circulars, as well as the Company's profit distribution policy are disclosed in English as well as in Turkish under the Investor Relations section of the Company's website.

The list of real and legal persons with shares representing 5% or more of the Company's capital is shared with the shareholders under the "Shareholder Structure" page of the Company website at **www.aksainvestorrelations.com** and in the same section of the annual report.

10. Annual Report

Each year, a detailed annual report is prepared and presented by the Board of Directors of the Company in printed form to ensure that stakeholders of the Company are kept informed prior to the Annual General Assembly Meetings. The annual report is also available on the corporate website. Furthermore, such reports are also prepared and announced to the public on a quarterly basis in accordance with Communiqué No. II-17.1 (Communiqué Series: XI No. 29 for reports of previous periods).

The Board of Directors prepares the annual report in a manner that ensures the public has access to accurate, precise information about Company's operations. The Company pays maximum attention to ensure that activity reports contain detailed information pertaining to the Company's operations. In addition, the Company takes every effort to ensure that the information provided is consistent with the Company's financial statements and operational results.

The "Corporate Governance" section of the company's annual report contains the shareholder structure, the date and number of the trade registry gazette, the latest version of the company's articles of association including the date and number of the trade registry gazette in which the amendments were made public, the number of material disclosures, consolidated financial statements and independent auditor's report, the agenda of the General Assembly meetings, dividend policy, information policy, ethical principles, anti-bribery and anti-corruption policy.

The annual reports prepared by our Company provide information on the activities of Board members or managers outside the Company and statements of Board members concerning their independence.

Information on the structure and membership of committees formed among Board members is presented in the activity reports. These reports also include information on the number of Board of Directors meetings held within each year and the list of participants at said meetings.

According to the Company's Articles of Association, regulations of the Turkish Commercial Code and of other related laws are abided by with respect to the Board's meeting and decision quorums.

Since the founding of the Company, none of the Board members have been sentenced to any penal procedure or sanctions at a material level. In the event of such a situation in the future, the Company acknowledges that it (within the framework of its importance) should be announced publicly as a matter of principle.

It is accepted as a principle that information will be disclosed to the public in the event of any change in legislation (within the framework of its importance) that would affect the Company's operations to a significant extent.

Information concerning any significant legal action filed against the Company and possible outcomes are expressed in the footnotes of the financial statements prepared by the Company. These footnotes are also included in the annual report under the section under the section "Financial Information," subsection "Consolidated Financial Statements and Independent Auditor's Report," paragraphs "Provisions" and "Contingent Assets and Liabilities," in the Annual Report.

Since the Company's founding, there have been no instances of conflicts of interest between the Company and any institutions that have provided investment advisory or rating services to the Company. The Company's Code of Ethics, formulated in 2014, sets the guidelines for relations with commercially related individuals; entities and corporate bodies; media; public authorities; and stakeholders. The Ethics Committee was formed in order to resolve potential conflicts in this regard. The Ethics Committee is responsible for investigating and solving the complaints and notifications if Aksa Energy Code of Ethics are violated. Reporting to the Aksa Energy Chairman of the Board of Directors, the Ethics Committee consists of the Internal Audit Director, General Counsel and the Human Resources Director. There were no complaints or notifications in 2019 concerning the violation of the Code of Ethics.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Despite this procedural framework, it is accepted as a principle that in the event of such a situation arising in the future, public disclosures will be issued, provided that such disclosures do not affect the competitiveness of the Company or include any trade secrets of the Company (within the framework of its importance).

Footnotes to the financial statements of the Company include information concerning the Company, its affiliates and subsidiaries. Furthermore, these footnotes are also provided in the Company's annual reports.

The "Human Resources" section of the Company's annual reports provide information pertaining to employee and social benefits and vocational training. The Company's Corporate Social Responsibility Approach is presented in the "Social Responsibility" section of the annual report.

Each year, information is provided at the Ordinary General Assembly Meeting with regards to the issues regulated by the Corporate Governance Principles, Articles 1.3.6 and 1.3.7, which are also explained in the annual reports.

STAKEHOLDERS

11. Informing Stakeholders

The Company continues to serve as an institution of trust for its partners, employees, clients, suppliers, and the community, always creating and conveying value. The Company has established a special department charged with energy sales to Eligible Consumers and reachable by clients at any time. The Company works to ensure the compliance of contractors and suppliers with quality commitments insofar as it may affect quality. Informational meetings are organized to raise the quality awareness of contractors and suppliers; in addition, maximum care is taken to foster effective communications between the parties. The Company's efforts to develop client satisfaction are ongoing in tandem with the importance it places on production, service and quality. Moreover, important events and developments of interest to clients and suppliers, together with legal and regulatory changes, are shared with these key stakeholders through the most rapid communication channels.

Necessary measures are taken on the website to inform interested parties and every type of information related to the Company is presented to interested parties in line with Corporate Governance Principles.

In the event of requests from investors and financial intermediaries, the Company organizes face to face or group meetings with these institutions; participates in investor conferences held by intermediaries both in Turkey and abroad; and shares developments concerning the sector and Aksa Energy with investors. Additionally, the Company holds teleconferences and/or meetings on a quarterly basis following the announcement of the Company's financial statements in order to inform investors and analysts of operational and financial developments. In order to ensure accurate, clear and reliable flow of information, the Investor Relations Department prepares presentations regarding quarterly announced financial statements; sends these to investors and analysts by email and website; posts the information on the website; and shares the results with the financial community by organizing teleconferences. All questions and requests related to the Company's activities and sector developments (excluding trade secrets) are directed to the Investor Relations Department and are answered by telephone or email.

Protecting stakeholder rights with respect to the Company's activities and informing stakeholders concerning the Company's policies and procedures are fundamental principles embraced by the Company. For this purpose, providing information for shareholders, employees, suppliers, customers and the public is effectively carried out as stipulated by the Company's Public Disclosure Policy.

The Company's internal communication channels are accessible for all stakeholders; contact details are also available on the Company's website. Stakeholders are entitled to communicate with the Corporate Governance Committee or the Audit Committee without any interference from the Company. Stakeholders are also entitled to reach these committees through all communication channels.

The Company aims to protect the rights of each and every stakeholder independently by pursuing a well-balanced policy in the event of possible conflicts of interest between stakeholders or the participation of any stakeholder in more than one interest group. The Company's Code of Ethics, formulated in 2014, sets the guidelines for relations with commercially related individuals; entities and corporate bodies; media; public authorities; and stakeholders. The Ethics Committee was formed in order to resolve potential conflicts in this regard. The Ethics Committee is responsible for investigating and solving the complaints and notifications if Aksa Energy Code of Ethics are violated. The alert mechanism is accessible via **etik@aksa.com.tr** or the **Ethics Hotline at 0 850 511 11 12**. Complaint/Report Boxes are also available on the floors. Reporting to the Aksa Energy Chairman of the Board of Directors, the Ethics Committee consists of the Internal Audit Director, Legal Counsel and the Human Resources Director.

The Company's Compensation Policy is regulated in accordance with the provisions of the labor law and related legislation. The policy is presented to the stakeholders within the Remuneration Policy under the Corporate Governance section of the Investor Relations website. A "Management Liability Insurance" has been procured as a guarantee against the losses that the Company's Board Members and executives may cause to the Company due to their faults during their duties with a coverage amount of USD 25 million.

There are 6 judicial decisions ruled against the Company due to violations of Employee Rights.

12. Stakeholders' Participation in the Management

The Company does not have a formal model or mechanism for stakeholders to participate in management. However, the Independent Board Members represent all stakeholders – as well as the Company and the shareholders – in the Company's management. The Company heeds the opinions and suggestions of its employees, suppliers, various non-governmental organizations and all other stakeholders as well as participants of customer satisfaction surveys. Although it is not stated in the Articles of Association, the Company has paid attention not to assign the Chairman of the Board of Directors and the General Manager as the same person until 2019. However, in order to increase the competitive power in the sector and accelerate growth of the Company, Aksa Energy Chairman Cemil Kazancı was appointed to the CEO position in Aksa Energy, which was vacated by the end of 2018, with the Resolution of the Board of Directors No. 435 dated 25.07.2019. No one at the Company has unlimited decision-making authority.

In order to ensure that personnel at different levels of the organization participate in the management, Executive Committee meetings are held in various departments, with the participation of the relevant department executives as well as the senior management. A variety of issues are discussed at these meetings. In addition, the requests and expectations of personnel, customers and suppliers are collected during these meeting and delivered to senior management. The departments implement the decisions thus made. Personnel are informed of all activities and processes of the Company linked to procedures that are established according to the ISO 9001 Quality Management Systems. The Articles of Association contains no stipulations regarding the participation of employees.

13. Human Resources Policy

The approach best summed up as “Our most valuable asset is our human resources” is embraced by the Company and serves as the cornerstone of the Human Resources Policy.

The mission of human resources is to support all the Company’s management staff and personnel; to ensure the continuity of a creative, dynamic, highly motivated, effective, and efficient corporate team; and to establish human resources systems in coordination with the related units. The Company provides its employees with every kind of opportunity for career development. Different training opportunities are provided to all staff members in order to meet their career and personal development needs; fulfill occupational requirements occurring over time; and achieve the Company’s targets and strategies. Training sessions are carried out to develop the technical, occupational knowledge and personal skills required for individuals to perform efficiently and effectively in their respective roles and departments.

The Company prioritizes the employment of well educated, talented and successful individuals, understanding that it will reach its ambitious targets by employing the most qualified human capital. In terms of employment, the Company evaluates not only its current needs for personnel vacancies, but also its long term objectives.

As a rule, personnel needs are met primarily from within the Company’s current workforce. In order to fill vacancies that cannot be met internally via promotion or transfer, external resources are used to facilitate new staff recruitment. The Human Resources Policy, which includes the Company’s recruitment criteria, has been publicly disclosed on the corporate website under the heading “Human Resources Policy.”

The Board of Directors takes an active role in developing a succession plan for key management positions.

Fairness is embraced and implemented by the Company as a principle in all rights provided to employees. Department managers are responsible for informing staff members of all decisions or developments that concern them via email.

Job definitions of the Company’s employees are detailed in written form in compliance with the ISO 9001 standard on Quality Management Systems. Staff salaries and other benefits are determined on the basis of performance and efficiency. The Company has no plans to have its personnel become shareholders in the Company.

There is no representative appointed exclusively to conduct employee relations. The Company manages personnel relationships through the Human Resources Department, which is staffed by human resources professionals who have specific responsibilities in this department. In addition, the Human Resources Department is the designated department to be consulted by employees in case of a conflict with the management. Staff members are duly informed of the Department’s role in this regard. The Company takes all precautions to prevent any discrimination on the basis of race, religion, language or gender as well as any attitudes towards employees that could physically, mentally or emotionally affect employees. No complaint was submitted by employees with respect to discrimination on the basis of race, religion, language or gender either in 2019 or prior. In 2019, there are 7 lawsuits raised against the Company regarding liability for work accidents; 1 lawsuit filed in 2018 for fatal work accident is still ongoing.

14. Code of Ethics and Social Responsibility

As an institution well aware of its obligations to uphold the law as well as environmental values, Aksa Energy has undertaken various efforts in the area of social responsibility. The Company also firmly believes in the necessity of leaving a sustainable planet to future generations. Aksa Energy takes this approach into account at every step of its operations and applies it accordingly.

Establishing a Framework Environmental Management System in order to determine the objectives and targets related to the Environmental Policy, to manage, monitor and control the activities in accordance with this policy, the Company has been granted the following certifications: ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 50001 Energy Management System, ISO/IEC 27001:2013 Information Security Management System and OHSAS 18001 Occupational Health and Safety Management System. In addition to the headquarters, Bolu Göynük Thermal Power Plant and Şanlıurfa Natural Gas Combined Cycle Power Plant are also within the scope of ISO/IEC 27001:2013 Information Security Management System.

As part of its social responsibility efforts, the Company engages in various activities under the coordination of Kazancı Holding and provides scholarships to students.

The Code of Ethics for the Company and employees went into effect in 2014, and was revised by the Board of Directors on January 7, 2016. The Code of Ethics is available on the website and have been shared with Company employees.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The Aksa Energy Ethics Committee is responsible for investigating and resolving complaints and notices regarding the violation of the code of ethics. In 2019, all business units in the Company ensured full compliance with the Anti-Bribery and Anti-Corruption Policy and Program, and no non-compliance was reported to the Ethics Committee or the senior management. Likewise, no complaints regarding bribery or corruption were received from the employees or those acting on behalf of the Company. For the notification of violations of the Policy and Program, a system is established whereby the identity of the informed is kept confidential. The email address **etik@aksa.com.tr** has been brought into force, communicated to all employees and publicly disclosed on the Company's website under the heading "Ethical Principles." Compliance with the Policy and the Program was internally audited in 2019 and their effectiveness was also reviewed. The Corporate Governance Committee also presented a report on compliance to the Board of Directors in addition to the internal audit. In line with our Human Resources Policy, it is planned to provide training to our employees in 2020 within the scope of Anti-Bribery and Anti-Corruption Policy.

BOARD OF DIRECTORS

15. Structure and Formation of Board of Directors

Aksa Energy's Board of Directors governs and represents the Company by making strategic decisions; maintaining an optimal balance between risk, growth and return; pursuing a rational and prudent risk management approach; and placing a priority on the Company's long-term plans. The Board of Directors defines the strategic objectives of the Company; determines the workforce and financial resources to be required by the Company; and monitors the management performance.

The Company's Articles of Association was amended in 2014 and approved by the General Assembly on August 5, 2014. With these amendments, the number of members of the Board of Directors was increased from seven to eight. Half of the members are selected among candidates nominated by a capital majority of Group A stakeholders with registered shares.

The Board of Directors includes executive and non-executive members. The majority of the Board members are non-executive members who do not serve any managerial duty other than board membership and who are not involved in the Company's day-to-day business flow and operations. The independent members among the non-executive members of Board of Directors are appointed by the General Assembly; independent Board members are qualified and quantified in line with the Capital Markets Board's Corporate Governance Principles regulations.

At its meeting after each Ordinary General Assembly or each General Assembly in which members are selected, the Board of Directors selects a chairman and vice chairman among members participating by proxy for Group A stakeholders with registered shares.

The CMB's Corporate Governance Principles are applied in procedures related to the nomination and appointment of independent Board members. Members of the Board of Directors are appointed for a maximum term of three years. The members whose term of office has ended can be reappointed.

The Board of Directors is composed of members who possess all the qualifications indicated in the Corporate Governance Principles published by the Capital Markets Board. The functions of Chairman and CEO are performed by different individuals. With the Resolution of the Board of Directors No. 435 dated 25.07.2019, Aksa Energy Chairman Cemil Kazancı was appointed to the CEO position in Aksa Energy, which was vacated by the end of 2018, in order to increase the competitive power in the sector and accelerate growth.

Independent Board members have submitted their statements of independence to the Board of Directors; their independence was not compromised by any circumstances during the accounting period. Independent members fulfill the criteria of independence listed in CMB's Communiqué on Corporate Governance Principles.

For the Independent Board Membership positions vacated due to resignations in 2018, Yaşar Erkin Şahinöz was assigned to serve as of 28.09.2018, Murat Yeşilyurt to serve as of 12.11.2018, and İlhan Helvacı to serve as of 30.07.2019 with the proposal of the Corporate Governance Committee and these assignments were approved in the General Assembly held in 30.07.2019. The CVs of all three newly appointed members have been included to this report.

For the assurance of sending of representatives to the Board of Directors by minority stakeholders, the Articles of Association contains no provision related to cumulative voting; the Company believes that the cumulative voting method would compromise the Company's harmonious management structure. Moreover, there were no incidences that would compromise the independence of any independent Board member during the reporting period.

The duties of members of the Board of Directors outside the Company are regulated by the Turkish Commercial Code and other applicable legislation. Currently, Board members dedicate sufficient time to the affairs of the Company. In the event they are appointed to other companies as executives or Board members, or start to offer consultancy services to other companies, the Company makes sure that this does not lead to any conflicts of interest and that the Board Members continue to fulfill their duty as before. As such, Board members' duties outside the Company were not limited in accordance with the provisions of the Turkish Commercial Code and other applicable legislation.

The Board of Directors strives to conduct its activities and fulfill its duties in a transparent, accountable, fair and responsible manner.

The Company's Board members are listed below. Pursuant to the CMB's Corporate Governance Principles, most of the Board members do not serve in any executive function.

Name – Surname	Title	Start of Term	Executive Position	End of Term
Şaban Cemil Kazancı	Chairman and CEO	30.07.2019	Yes	29.07.2022
Ahmet Serdar Nişli	Vice Chairman	30.07.2019	No	29.07.2022
Tülay Kazancı	Board Member	30.07.2019	No	29.07.2022
Mehmet Akif Şam	Board Member	30.07.2019	No	29.07.2022
Ömer Muzaffer Baktır	Board Member	30.07.2019	No	29.07.2022
Yaşar Erkin Şahinöz	Independent Board Member	30.07.2019	No	29.07.2022
Murat Yeşilyurt	Independent Board Member	30.07.2019	No	29.07.2022
İlhan Helvacı	Independent Board Member	30.07.2019	No	29.07.2022

The distribution of tasks within the Board of Directors, their duties, authority and CVs are presented in the Annual Report under the section "Board of Directors." The Members of the Board of Directors have the duties and responsibilities specified in Article 10 of the Articles of Association of the Company as well as the relevant articles of the Turkish Commercial Code.

Positions Held Outside the Group by Board Members	
ŞABAN CEMİL KAZANCI	Board Member – 1. Kazancı Holding A.Ş. 2. Aksa Elektrik Perakende Satış Anonim Şirketi 3.Aksa Elektrik Satış Anonim Şirketi 4. Aksa Jeneratör Sanayi Anonim Şirketi 5.Aksa Satış ve Pazarlama Anonim Şirketi 6. Aksa Havacılık Anonim Şirketi 7. Rasa Enerji Üretim Anonim Şirketi 8. İdil İki Enerji Sanayi ve Ticaret Anonim Şirketi 9. Çoruh Aksa Elektrik Hizmetleri Anonim Şirketi 10. Aksa Turizm İşletmeleri Anonim Şirketi 11. Aksa Aksen Enerji Ticareti Anonim Şirketi 12. Aksa Anadolu Yakası Makina Satış ve Servis Anonim Şirketi 13. ATK Sigorta Aracılık Hizmetleri Anonim Şirketi 14. Aksa İnternet ve İletişim Hizmetleri Anonim Şirketi 15. Fırat Elektrik Perakende Satış Anonim Şirketi 16. Fırat Aksa Elektrik Hizmetleri A.Ş. 17. Çoruh Elektrik Perakende Satış A.Ş. 18. Aksa Enerji Üretim A.Ş. Y.Ş. (Northern Cyprus) 19. Aksa Energy Company Ghana Limited 20. AKSAF Power Limited 21. Aksa Malı S.A. 22. Aksa Energy Company Congo 23. Overseas Power Limited 24. Aksa Madagascar Sau 25. Aksa Energy Company Cameroon Plc
AHMET SERDAR NİŞLİ	Board Member – 1. Aksa Elektrik Perakende Satış Anonim Şirketi 2. Aksa Elektrik Satış Anonim Şirketi 3. İdil İki Enerji Sanayi Ve Ticaret Anonim Şirketi 4. Rasa Enerji Üretim Anonim Şirketi 5. Çoruh Aksa Elektrik Hizmetleri Anonim Şirketi 6. Aksa Aksen Enerji Ticareti Anonim Şirketi 7. Fırat Aksa Elektrik Hizmetleri A.Ş. 8. Aksa Enerji Üretim A.Ş. Y.Ş. (Northern Cyprus)
TÜLAY KAZANCI	Board Member – 1. Kazancı Holding A.Ş. 2. Aksa Havacılık Anonim Şirketi 3. İdil İki Enerji Sanayi Ve Ticaret Anonim Şirketi 4. Rasa Enerji Üretim Anonim Şirketi 5. Aksa Turizm İşletmeleri Anonim Şirketi 6. Aksa Aksen Enerji Ticareti Anonim Şirketi 7. Aksa Enerji Üretim A.Ş. Y.Ş. (Northern Cyprus)
ÖMER MUZAFFER BAKTIR	Board Member – 1. Kazancı Holding A.Ş. 2. Aksa Jeneratör Sanayi Anonim Şirketi 3. ATK Sigorta Aracılık Hizmetleri Anonim Şirketi 4. Aksa Doğal Gaz Dağıtım Anonim Şirketi 5. Anadolu Doğal Gaz Toptan Satış Anonim Şirketi 6. Aksa Göynük Enerji Üretim Anonim Şirketi 7. Aksa Çukurova Doğal Gaz Datığım A.Ş. 8. Aksa Anadolu Yakası Makina Satış ve Servis Anonim Şirketi 9. Aksa Ankara Makina Satış ve Servis Anonim Şirketi 10. Aksa Ordu Giresun Doğal Gaz Dağıtım A.Ş. 11. Aksa Karadeniz Doğal Gaz Dağıtım A.Ş. 12. Aksa Çanakkale Doğal Gaz Dağıtım A.Ş. 13. Aksa Bilecik Bolu Doğal Gaz Dağıtım A.Ş. 14. Aksa Düzce Ereğli Doğal Gaz Dağıtım A.Ş. 15. Aksa Balıkesir Doğal Gaz Dağıtım A.Ş. 16. Aksa Malatya Doğal Gaz Dağıtım A.Ş. 17. Aksa Elazığ Doğal Gaz Dağıtım A.Ş.
MEHMET AKİF ŞAM	Board Member – 1. Namkon Gıda Besicilik ve Hayvancılık A.Ş. 2. Aksa Van Doğal Gaz Dağıtım A.Ş. 3. Aksa Gümüşhane Bayburt Doğal Gaz Dağıtım A.Ş. 4. Aksa Gemlik Doğal Gaz Dağıtım A.Ş. 5. Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş. 6. Aksa Sivas Doğal Gaz Dağıtım Anonim Şirketi 7. Aksa Ağrı Doğal Gaz Dağıtım A.Ş. 8. Aksa Manisa Doğal Gaz Dağıtım A.Ş. 9. Aksa Afyon Doğal Gaz Dağıtım A.Ş. 10. Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş. 11. Aksa Doğal Gaz Toptan Satış A.Ş.
MURAT YEŞİLYURT	Founding Partner – Kame Danışmanlık Limited Şirketi
YAŞAR ERKİN ŞAHİNÖZ	Consultant – 1. Istanbul Chamber of Industry 2. TİM Danışmanlık
İLHAN HELVACI	Attorney-at-law – Att. Prof. Dr. İlhan Helvacı Law Office, Faculty Member – Istanbul University Faculty of Law

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

16. Operating Principles of the Board of Directors

The Board of Directors is responsible for the Company's management and representation externally. The Board of Directors is appointed to and authorized in the Company's management and in undertaking all the operations assigned to it by the Turkish Commercial Code, Capital Market Law, the Company's Articles of Association and the General Assembly. For the validation of all certificates and agreements executed by the Company, these must be put under the corporate name and signed by the authorized persons that can bind the Company.

With the development of the Company's business and activities, the Board of Directors determines the distribution, form and principles of its administrative tasks and duties from among its own members, on an as needed basis. The Board of Directors may form committees or commissions to execute business depending on the requirements of the business.

Members of the Board of Directors hold a meeting as Company activities necessitate, generally not less than once a month. Furthermore, separate meetings of the Board of Directors may be called if deemed necessary by the chairman or five of the members. Board meetings can be held at Company headquarters or at an appropriate locale in the same city where the Company is headquartered, or another city which is subject to the decision of the Board of Directors. The Board members decide whether to make a division of duties among themselves.

Meeting invitations must be submitted at least seven days ahead of the meeting of the Board of Directors; a meeting agenda and documents related to the agenda should be attached to the invitation. In the event that all members of the Board of Directors are present at the meeting, an invitation is not necessary. In the case of a matter requiring urgency, an invitation to a meeting of the Board of Directors may also be undertaken in good will, without a seven-day notice period. Under this circumstance, members of the Board of Directors will be given sufficient time to prepare for the meeting and be readily present at the meeting. Presence of a Member at a meeting serves as proof that this Member is relinquished from the requirement of invitation to the meeting.

Board members who have the right to participate in the Board meetings can attend via an electronic environment as per Article 1527 of the Turkish Commercial Code.

The Board of Directors meets with the participation of an absolute majority of the Members. The Board of Directors makes decisions by an absolute majority of the Members who attend the meeting. In the event of a tie vote, the matter is included on the agenda of the next meeting; and in the case that no majority is provided for in that meeting as well, the proposal is in effect deemed rejected. In the case that none of the Members call for a meeting, the Board may make decisions upon the written proposal of one of the members which must receive written approval of the majority of the total number of Board Members. The condition of validation is that the proposal has to be made to all of the Board members.

Related regulations of the Capital Markets Board are followed in important transactions that are specified by the CMB's Corporate Governance Principles, in all related party transactions of the Company and in providing guarantee and pledge in favor of third parties.

Each member of the Board of Directors holds one voting and one veto right without consideration of their position or scope of duty.

For any negative vote related to the decisions of the Board of Directors, an appendix to the decision record and correspondence of justifications to the auditors in writing is considered beneficial in such circumstances.

No breakdown of duties among members of the Board of Directors is available. However, information concerning the Board committees appears in the activity reports and on the Company's website.

The Board of Directors held 31 meetings between January 1, 2019 and December 31, 2019, with a participation rate of 94.97%. The Company's Board of Directors made all resolutions unanimously with the votes of members attending the meeting in 2019. There is no dissenting opinion regarding any resolution.

17. Numbers, Structures, and Independence of Committees within the Board of Directors

Pursuant to CMB laws and regulations, the Company has established the following committees: Audit Committee, Corporate Governance Committee and Early Risk Assessment Committee. A principle was adopted that the Corporate Governance Committee also fulfills the duties of the Nomination Committee and the Remuneration Committee. Committee chairs were elected from among the Independent Board Members. All members of the Audit Committee are Independent Board Members.

The committees that are formed among Board members are required to record all of their activities in written form. In doing so, they comply with the written rules of the procedures. In accordance with the rules of the procedures, all of the committees are permitted to call the Company's managers to a meeting and seek their opinions when deemed necessary to fulfill their duties. The required financial resources for the activities of the committees are provided by the Board of Directors.

The Company's chief executive officer/general manager is not a member of any committee.

In accordance with the structure of the Company's Board of Directors, three independent Board members serve on the Board. Since, at the very least, the chairs of these formed committees and all members of the Audit Committee are required to be Independent Members, the principle that "A board member cannot be appointed to more than one committee" could not be fulfilled.

Committees convened at the Company's headquarters with the frequency indicated in their operating principles. Committee details are available below, under the sections for specific committees.

Following the appointment of the Board members at the General Assembly Meeting, in accordance with the Capital Markets Board's II-17.1 Corporate Governance Principles Communiqué, committees were re-established and their duties and working principles were reviewed and updated. For detailed information on the committees and their working principles, please visit Investor Relations website at **www.aksainvestorrelations.com.**

The Board of Directors' assessment of the effectiveness of the Audit, Corporate Governance and Early Risk Assessment committees has been positive and the evaluation is included in the annual report under the heading of Assessment of the Board of Directors.

Audit Committee

Audit Committee is composed of at least two members who are elected among Independent Board Members. The Committee is charged with monitoring the financial and operational activities of the Company in an appropriate manner in compliance with the principles set forth in Capital Markets Legislation and the committee duty and working principles. Audit Committee, which reports to the Board of Directors, aims to provide the public declaration attesting to the compliance of the Company's accounting system and financial information in accordance with the Articles of Association in addition to the operation and efficiency of the independent audit and internal control system.

Accordingly, the Committee is mainly responsible for the following:

- Conducting assessments for the selection of the independent audit company, making a recommendation and presentation to the Board of Directors;
- Evaluating compliance of financial statements and disclosure to be publicly announced with legal and regulatory requirements and international reporting standards;
- Monitoring the operation and effectiveness of the Company's accounting system, public announcement of financial information, independent audit, and the internal control system;
- Examining and finalizing complaints related to the Company's accounting, internal control system, and independent audit.

Audit Committee meets at minimum every three months upon the invitation of the head of the Committee. The Committee can collect information by inviting managers, internal and independent auditors, as required, to meetings. May receive consultancy from outside the Company. The Committee expenses are covered by the Board of Directors. The Audit Committee may notify specific issues to the Company's General Assembly if deemed necessary.

Audit Committee was established upon Board of Directors Resolution No. 189 and dated April 4, 2011. Information regarding the structure and members of the Committee is presented under the heading "Committees and Policies" of the Annual Report.

Corporate Governance Committee

The Committee aims to control the compliance with the corporate governance principles set by the Communiqué on the Determination and Implementation of Corporate Governance Principles. The Committee evaluates whether there are any instances where these principles were not applied in the Company; checks to see if there were any cases of noncompliance; and takes remedial measures as needed. It also supports and assists the Board of Directors by carrying out research studies related to investor relations and public disclosure. Additionally, the duties of the Nomination Committee and the Remuneration Committee are performed by Corporate Governance Committee.

Corporate Governance Committee meets at least two times a year. The Committee was established upon Board of Directors Resolution No. 190 and dated April 4, 2011. Information regarding the structure and members of the Committee is presented under the heading "Committees and Policies" of the Annual Report.

Early Risk Assessment Committee

Early Risk Assessment Committee is responsible for determining the risks that might jeopardize the existence, development and continuity of the Company and taking the necessary measures against identified risks and managing them. The Committee reviews the risk management systems at least once a year.

Early Risk Assessment Committee meets at least two times a year. The Committee was established upon Board of Directors Resolution No. 190 and dated April 4, 2011. Information regarding the structure and members of the Committee is presented under the heading "Committees and Policies" of the Annual Report.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

18. Risk Management and Internal Control Mechanism

The Risk Management and Internal Control Mechanism are under the responsibility and control of the Company management. The management reviews the Company's risk management and internal control system regularly in order to achieve the following objectives:

- Protecting company assets;
- Ensuring compliance with laws, rules, regulations and agreements;
- Attaining efficiency in operations and effectiveness of operations;
- Ensuring accuracy and reliability of financial and operational information;
- Controlling or preventing of any reported activities and operations that have a significant risk factor, in the context of proposals accepted by the management.

The results of the Company's activities, the extent to which targets are met, and identification and reporting of associated risks faced by the Company are evaluated at Board of Directors meetings, which are periodically held with the participation of the relevant managers.

In addition, an internal Early Risk Assessment Committee has been formed within the Company's organization. The Committee operates in line with the working principles announced on the Company's website and provides support to the Board of Directors for the management of possible risks by informing the Board about them.

Risk management and internal control mechanisms have been set up at the Company. Information regarding these mechanisms is presented under the heading "Assessment of the Board of Directors" of the Annual Report.

19. Strategic Goals of the Company

The Board of Directors sets the strategic objectives of the Company for the year ahead, and determines the human and financial resources necessary to meet these objectives. In addition, the Board of Directors periodically decides whether or not these targets have been achieved.

The Board of Directors strives to conduct its activities and fulfill its duties in a transparent, accountable, fair and responsible manner.

The Company's Board of Directors ensures that all of its activities and transactions comply with applicable laws, rules and regulations; the Company's Articles of Association and internal regulations and policies.

MISSION

Aksa Energy's mission is to capitalize on its deep experience and know-how in the energy industry in order to continue implementing high performance projects, with a focus on cutting edge technologies and a well-educated, highly skilled workforce.

VISION

Aksa Energy's vision is to become the largest and the most reliable power in the region.

STRATEGY AND TARGETS

Aksa Energy completed its investments in three African countries in 2017, within the scope of its globalization target launched in 2015 and has determined the commercial sustainability and profitability targets by focusing on this strategy. The Company has aimed to utilize its power plant portfolio effectively while continuing its negotiations with various countries in need of urgent energy. Since no major margin growth was achieved in domestic sales of energy with natural gas origin compared to the previous year, the Company has determined strategies for canceling licenses or suspending production in order to reduce the costs of power plants with reduced competitiveness in its portfolio.

The main target of our Company is to provide low-cost, effective and fast solutions by using the equipment of the power plants with low competitiveness in countries with urgent need for energy.

20. Financial Remuneration

As part of the structuring of the Board of Directors of the Company, the Board of Directors decided against the establishment of a separate Remuneration Committee. Instead, the Board decided that the obligatory duties defined for this committee in line with the Corporate Governance Principles would be fulfilled by the Corporate Governance Committee.

The remuneration principles of Board members and senior management are set out in written form. This is treated as a separate agenda item at the General Assembly Meeting in order to inform shareholders and offer them the opportunity to share their opinions on the matter. This policy is also announced on the Company's website.

For the remuneration of the independent Board members, stock options or Company performance-based payment plans were not taken into account. The Company sought to provide a level of remuneration to independent Board members that would not compromise their independence. It was decided at the Annual General Assembly Meeting that an honorarium would be paid to independent Board members.

The Company does not have any practice of lending or supplying credit, provide assurance or guarantee in countenance of the Board members or senior management. The prohibition of such transactions is embraced as a principle by the Board of Directors.

Information on the remuneration and compensation provided to Board members and senior management staff is made available in the annual reports and on the Company's website.

Members of the Board of Directors receive no financial benefits other than the monthly honorarium that is paid to them.

The total amount of remuneration and financial benefits paid to the members of the Board and the senior management was TRY 1,460,000 for the accounting period 01.01.2019 – 31.12.2019 (01.01.2018 – 31.12.2018: TRY 2,194,158).

As per Article 4.6.5 of the Corporate Governance Principles, information on the remuneration and compensation provided to the members of the Board and the senior management is made available in the footnotes of the quarterly financial statements and in the annual reports. No explanation is provided on an individual basis; in addition, it only covers members of the Board and the senior management.

21. Disclosure of Non-Corporate Ultimate Shareholder(s) Who Have a Controlling Interest

The Company's shareholding structure as of December 31, 2019 is presented below.

Title of the Shareholder	Nominal Amount (TRY)	Percentage (%)
Kazancı Holding A.Ş.(*)	481,991,868	78.61
Free Float	131,158,000	21.39
Other	19,250	0.003
Total	**613,169,118**	**100.00**

(*) As of December 31, 2018, Kazancı Holding A.Ş. owns a total of 4,958,962 publicly traded shares of Company stock. These shares are shown in the Free Float row in the above table.

22. Public Disclosure of Those Who Have Access to Insider Information

The Company composed the List of Individuals Having Access to Insider Information as required by the Notification for Guidelines Related to the Public Disclosure of Material Events set out by the Capital Markets Board (CMB). Updates on the list are made following changes in position assignments. In addition to the Chairman and members of Board of Directors, individuals on the list are as follows

Members of the Board of Directors	
Şaban Cemil Kazancı	Chairman and CEO
Ahmet Serdar Nişli	Vice Chairman
Mehmet Akif Şam	Board Member
Ömer Muzaffer Baktır	Board Member
Tülay Kazancı	Board Member
Yaşar Erkin Şahinöz	Independent Board Member
İlhan Helvacı	Independent Board Member
Murat Yeşilyurt	Independent Board Member

Committee Members	
Mehmet Akif Şam	Board Member
Yaşar Erkin Şahinöz	Independent Board Member
İlhan Helvacı	Independent Board Member
Murat Yeşilyurt	Independent Board Member
Özlem McCann	Investor Relations and Corporate Communications Director

Senior Management with Administrative Responsibility	
Şaban Cemil Kazancı	Chairman and CEO
Ahmet Serdar Nişli	Vice Chairman
Mehmet Akif Şam	Board Member
Ömer Muzaffer Baktır	Board Member
Tülay Kazancı	Board Member
Yaşar Erkin Şahinöz	Independent Board Member
İlhan Helvacı	Independent Board Member
Murat Yeşilyurt	Independent Board Member
Cem Nuri Tezel	Chief Financial Officer (CFO)
Soner Yıldız	Chief Operating Officer (COO)
Murat Kirazlı	Vice President, CEO of Aksa Energy Trading and Sales
Özlem McCann	Investor Relations and Corporate Communications Director
Senlav Güner	Operation and Maintenance Director, Domestic Power Plants
Hikmet Apaydın	Central Coordination Director
Murat Çaptuğ	West Africa Coordination Director
Zübeyir Mustafa Kızıltunç	Investments and Engineering Director
Cevdet Yalçın	Financial Affairs Director

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Company Officials Without Administrative Responsibility	
Erdem Sezer	Analysis and Business Strategies Manager
Bülent Alper İnkaya	Portfolio Management Manager
Veysel Güneş	Finance Manager/Ghana
Caner Çakmak	Finance Manager/Mali-Madagascar
Erkan Tokaç	Plant Manager/Ghana
Hüseyin Cumhur İpektel	Plant Manager/Madagascar
Mesut Dalbay	Plant Manager/Mali
Murat Çetinkaya	Country Manager
Şenol İnan	Operation Support Manager
Muhammet Damar	Administrative Affairs Manager
Onur Gümüş	Electricity Operation Manager
Melih Cem Hatırnaz	Maintenance Manager
Murat Şenol	Mobile Maintenance Manager
Niyazi Ertan Çantay	Maintenance Manager
Muhammed Oktay	Operation Manager
Hakan Arsevengil	Operation Manager
Deniz Köktaş	Plant Manager
Nusret As	Maintenance Manager
Algan Saraçoğlu	Plant Manager/Madagascar
Ümit Uzun	Strategy and Reporting Manager
Rukiye Sezgi Menay Biçer	Attorney at-law
Murat Özgür	Energy Material and Stock Manager/Projects and Fields
Merve Öztimur Korkmaz	Energy Material and Stock Manager/Planning and Shipping
Gökçe Sevi	Human Resources Manager
Cevri Şimşek	Human Resources Manager
Boğaçhan Kayar	Strategy and Reporting Executive
Mustafa Kurt	Environment and Energy Legislation Executive
Oğuz Biçer	Occupational Health and Safety Executive
Cemil Çamoğlu	Finance Executive
Nurdan Cengizek	Investor Relations and Corporate Communications Executive
Mustafa Kemal Yılmaz	Financial Control Executive
Tahir Yanar	Commercial Control Executive
Ayla Akdemir	Accounting Executive
Zeynep Sarıtepe	Accounting Executive
Berna Didem Canatan	Central Coordination Director/Trade
Tuğba Çoktay	Accounting Specialist
Hıdır Yıldız	Investor Relations Specialist
Elif Tozlu	Corporate Communications Specialist
Dilek Ateş Karaca	Finance Specialist
Özge Becerik	Finance Specialist
Pervin Menekşe	Finance Specialist
Sabit Aşkar	Financial Control Specialist
Bartu Dakoğlu	Financial Control Specialist
Damla Çelikağ	Financial Control Specialist, Budget and Reporting
Murat Acar	Electrical Automation Project Specialist
Talya Sever	Industrial Control Assistant Specialist, Budget and Reporting

Subsidiary General Managers/Plant Managers/Employees	
Murat Kirazlı	Vice President, CEO of Aksa Energy Trading and Sales
Özcan Hafızoğlu	Power Plant Manager/Bolu Göynük
Salih Aymak	Mine Manager/Bolu Göynük
Hüseyin Kuyubaşı	Plant Manager/Antalya
Mehmet Korkmaz	Plant Manager/Şanlıurfa
Şener Şentürk	Plant Manager/Northern Cyprus
Erkan Tokaç	Plant Manager/Ghana
Hüseyin Cumhur İpektel	Plant Manager/Madagascar
Mesut Dalbay	Plant Manager/Mali
Erdem Sezer	Analysis and Business Strategies Manager
Bülent Alper İnkaya	Portfolio Management Manager
Veysel Güneş	Finance Manager/Ghana
Caner Çakmak	Finance Manager/Mali-Madagascar
Şenol İnan	Operation Support Manager
Murat Çetinkaya	Country Manager
Muhammet Damar	Administrative Affairs Manager
Onur Gümüş	Electricity Operation Manager
Melih Cem Hatırnaz	Maintenance Manager
Murat Şenol	Mobile Maintenance Manager
Niyazi Ertan Çantay	Maintenance Manager
Muhammed Oktay	Operation Manager
Hakan Arsevengil	Operation Manager
Deniz Köktaş	Plant Manager
Nusret As	Maintenance Manager
Algan Saraçoğlu	Plant Manager/Madagascar
Berna Didem Canatan	Central Coordination Director/Trade

Managers and Senior Employees Working in International Plants	
Algan Saraçoğlu	Plant Manager/Madagascar
Hüseyin Cumhur İpektel	Plant Manager/Madagascar
Şener Şentürk	Plant Manager/TRNC
Erkan Tokaç	Plant Manager/Ghana
Mesut Dalbay	Plant Manager/Mali
Veysel Güneş	Finance Manager/Ghana
Caner Çakmak	Finance Manager/Mali-Madagascar
Murat Çetinkaya	Country Manager
Muhammet Damar	Administrative Affairs Manager
Onur Gümüş	Electricity Operation Manager
Melih Cem Hatırnaz	Maintenance Manager
Murat Şenol	Mobile Maintenance Manager
Niyazi Ertan Çantay	Maintenance Manager
Muhammed Oktay	Operation Manager
Hakan Arsevengil	Operation Manager
Deniz Köktaş	Plant Manager
Nusret As	Maintenance Manager

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Executives/Employees of the Dominant Shareholder and the Subsidiaries	
Ali Metin Kazancı	Chairman
Şaban Cemil Kazancı	Vice Chairman of the Board of Directors and CEO
Barış Erdeniz	Board Member
Necati Baykal	Board Member
Ömer Muzaffer Baktır	Board Member
Tülay Kazancı	Board Member
Ahmet Serdar Nişli	Head of Business Development
Ceyhan Baştürk	CFO/Kazancı Holding
Ersan Devrez	Financial Affairs Director/Kazancı Holding
Hakan Şerif Tunalı	Business Development Director
Coşkun Türk	Business Development Director
Mustafa Özen	Budget and Reporting Director/Kazancı Holding
Nur Yeşim Gülbek	Finance Manager
Aylin Kırhan	Corporate Finance Manager
Ebru Koç	Finance Manager
Canan Cacur	Accounting Manager
Orhan Neçare	Reporting Specialist
Ozan Güney	Budget and Reporting Executive/Kazancı Holding
Salle Abduramanı Musa	Business Development Specialist
Gizem Gürkan	Reporting Specialist
Senem Ertaş Aydındoğan	Budget, Reporting and Corporate Finance Projects Specialist
Mine Algan	Finance Specialist

Joint Unit Managers with Administrative Responsibilities	
Esra Ünal	General Counsel
Hakan Ersel	Administrative Affairs and Vehicle Fleet Director
Ahmet Reha Argaç	Information Technologies Director
Yeşim Ağaçkesen	Corporate Architecture Director
Meral Tunalı	Supply Chain Director
Serdar Paylaşan	Risk and Control Director
Gözen Kasımay Peker	Audit Director
Necip Serdar Şeşen	Legal Consultant
Mehmet Serkan İlban	Human Resources Director (By Proxy)

Joint Unit Managers without Administrative Responsibilities	
Özlem Evcan	Attorney at-law
Emine Ayaksız Özsoyeri	Attorney at-law
Evren Koraltürk	Supply Manager
Eray Ersöz	Financial Systems Development Manager
Kamil İslamoğlu	System Infrastructure and Operations Manager
Tarkan Doğan	Network Technologies and Application Operations Manager
Pınar Karahan Sönmez	Project Manager, Business Intelligence and Analytical Applications
Ayça Özçelik Erkut	Project Management Manager
Mehmet Cerit	ERP Solutions Manager
Ulaş Dündar	CRM and Portal Solutions Manager
Sezen İnci	Logistics and Customs Manager
Mesut Çağlayan	Supply Chain Manager
Selin Cabi Sevimli	Risk and Control Manager
Bülent Atasoy	Risk and Control Manager
Kerim Deniz Kaçmaz	SAP Project Manager S/4HANA
Ayşe Gamze Kandemir	HR Manager
Betül Işıklar	Business Processes Manager
Hüseyin Güneş	Investments Audit and Material Quality Control Group Manager
Tuğba Bozkuş	Management Reporting and Coordination Executive
Tayfun İşcan	HR Manager
Mustafa İlker Saçıkara	Risk and Control Executive
Duygu Bavbek	Internal Auditor
Mehmet Fatih Sertoğullarından	Internal Auditor
Şule Dörtler	Internal Auditor
Murat Batıgücü	Internal Auditor
Sevinç Arabacı	Internal Auditor
Fatih Tahtlı	Internal Auditor

The list of individuals having access to insider information is updated regularly by the Company in accordance with the scope of changing projects and subjects. Employees of the Company who are party to insider information and other parties who are communicated this information are informed of their obligation to protect the confidentiality of this confidential information during the formation of the material event and throughout the period from the time of the material event to its disclosure to Istanbul Stock Exchange.

The Company may delay the disclosure of insider information in order to prevent damage to its legal rights and interests in accordance with the provisions of the related Communiqué.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	The persons who have priviledged access to company information were not engaged in any activities required to be notified to the General Assembly in 2019.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	The Company does not have any cross ownership subsidiaries that result in controlling ownership.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Although minority rights are not defined in the Articles of Association for shareholders' holding less than one twentieth of the company's capital; as per Article 18 of the Articles of Association, the provisions of the Turkish Commercial Code and Capital Markets Law apply to any matters regarding minority rights that are not governed therein.

	Company Compliance Status					
	Yes	**Partial**	**No**	**Exempted**	**Not Applicable**	**Explanation**
1.6. DIVIDEND RIGHT						
1.6.1 - The Dividend Distribution Policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The Dividend Distribution Policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The Board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The Company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The Company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The Board of Directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The Company addresses conflicts of interest among stakeholders in a balanced manner.	X					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The Company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The Company has a policy on human resources development, and organizes trainings for employees.		X				Although the Company does not have a specific Human Resources Development Policy, training sessions are organized for employees by Aksa Academy. In total, 52 people participated in 12 training sessions in 2019.
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				Employees are informed of the decisions regarding internal communication processes that may affect them. However, since employees are not affiliated with any unions, their opinions are not solicited.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.		X				Job descriptions and performance criterias are in place for employees holding manager or higher level positions, and it is underway for lower level positions.
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The Company ensures freedom of association and supports the right for collective bargaining.					X	Our company does not have a specific policy on this matter; however there are no arrangements or practices preventing or hindering it.
3.3.9 - A safe working environment for employees is maintained.	X					

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The Company measured its customer satisfaction, and operated to ensure full customer satisfaction.		X				Our company does not sell energy to end users. Hence, we do not measure customer satisfaction.
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The Company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The Company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The Board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The Company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The Board of Directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The Board has ensured the Company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.			X			The Company fails to comply with the Item 4.2.5 of the Corporate Governance Principles as it was deemed appropriate that Mr. Cemil Kazancı, who played an important role in the establishment of Aksa Energy, personally lead the Company by leveraging his knowledge and experience in the industry to increase the Company's competitive edge and accelerate growth.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.2.7 – The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 – The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 – The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			We do not have such a policy.
4.3.10 – At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 – Each board member attended the majority of the board meetings in person.	X					
4.4.2 – The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 – The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Not applicable.
4.4.4 – Each member of the board has one vote.	X					
4.4.5 – The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 – Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 – There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There are no limitations on the external duties held by the directors. However it is ensured that they spare sufficient time for their internal duties. Shareholders are informed of any external duties held by the directors at the General Shareholders' Meeting.

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			This criterion cannot be satisfied as the Board has three independent members as per the Articles of Association of the Company.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Information on the remuneration and compensation provided to Board members and senior management staff is made available in the annual report.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	81
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	1
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	**https://www.kap.org.tr/tr/Bildirim/771214**
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	General Assembly documents have been presented only in Turkish.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	Not applicable.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	Related party disclosures are announced in the Information document provided with the invitation for General Shareholders' Meeting as well as in financial statements and annual report. **(https://www.kap.org.tr/tr/Bildirim/771214)**
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	Common and continuous transactions are announced in the information document provided with the invitation for General Shareholders' Meeting as well as in financial statements and annual report. **(https://www.kap.org.tr/tr/Bildirim/771214)**
The name of the section on the corporate website that demonstrates the donation policy of the company	It is provided under the section "Corporate Governance" on Aksa Energy Investor Relations website (www.aksainvestorrelations.com).
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	**https://www.kap.org.tr/tr/Bildirim/777942**
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	The participation of stakeholders to the General Shareholders' Meeting is discussed in Article 14 of the Articles of Association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	In 2018, 2 identified stakeholders other than media participated in the General Shareholders' Meeting. There are no restrictions on participation of stakeholders in the General Shareholders' Meeting.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	There are no voting privileges.
The percentage of ownership of the largest shareholder	78,607%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	Not expanded.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	It is provided under the section "Corporate Governance" on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Although our consolidated financial statements for 2018, prepared in accordance with the Communique No. II-14.1 of the Capital Markets Board, show distributable profit for 2018, the Board of Directors has proposed not to distribute dividends in order to stregthen the current balance sheet further and ensure a sound cash flow management in the upcoming period. The net profit for the period is planned to be used in meeting the working capital requirements in the upcoming periods and financing the Company's future investments.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	**https://www.kap.org.tr/tr/Bildirim/777942**

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
30.07.2019	0	83,96%	0,25%	83,71%	It is provided under the section "General Assembly" on Aksa Energy Investor Relations website (www.aksainvestorrelations.com).	It is provided under the section "General Assembly" on Aksa Energy Investor Relations website (www.aksainvestorrelations.com).	11	122	"https://www.kap.org.tr/tr/Bildirim/771214 https://www.kap.org.tr/tr/Bildirim/777942 https://www.kap.org.tr/tr/Bildirim/785697"

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	All the information requested by the Principle 2.1.1 is provided under the section "Corporate Governance" on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	It is available under About Aksa Energy>Shareholder Structure, on Aksa Energy Investor Relations web site **(www.aksainvestorrelations.com).**
List of languages for which the website is available	English and Turkish
2.2. Annual Report	
2.2.2. The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	It is available under the section "Corporate Governance" in the Annual Report.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	It is available under the section "Corporate Governance" in the Annual Report.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	It is available under the section "Corporate Governance" in the Annual Report.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	It is available under the section "Corporate Governance" in the Annual Report.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	It is available under the section "Financial Information", subsection "Consolidated Financial Statements and Independent Auditor's Report", paragraphs "Provisions" and "Contingent Assets and Liabilities", in the Annual Report.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	It is available under the section "Corporate Governance", subsection "Corporate Governance Principles Compliance Report", in the Annual Report.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no cross ownership among subsidiaries in the Company's capital structure.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	It is available under the section "Sustainabilility" in the Annual Report.
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	It is available in the Remuneration Policy under "Corporate Governance" on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**
The number of definitive convictions the company was subject to in relation to breach of employee rights	6
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	An Ethics Committee has been formed within the Company. The Ethics Committee consists of one Aksa Energy Board Member, Group President/Group Vice President, Human Resources Director, Legal Affairs Director and Audit Director.
The contact detail of the company alert mechanism.	The alert mechanism is accessible via etik@aksa.com.tr or the Ethics Hotline at 0 850 511 11 12. Complaint/Report Boxes are also available at the Head Office and power plants.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE INFORMATION FORM

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	It is available under "Articles of Association" and "Corporate Governance Principles Compliance Report" tabs under "Corporate Governance" on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**
Corporate bodies where employees are actually represented	Our principle is to keep all kinds of communication channels open and remove any obstacles in respect of employee participation in management. To that end, an Occupational Health and Safety Council, Ethics Hotline and e-mail, "Write to Us" platform on the corporate website, a Sustainability Committee and Coordination Group are in place across the Group.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The Board of Directors develops necessary succession plans for key management positions.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	It is available under Corporate Governance>Human Rights Policy, on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**
Whether the company provides an employee stock ownership programme	There is not an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	It is available under Corporate Governance>Human Rights Policy, on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	It is available under Corporate Governance>Ethical Principles, on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	It is available under Sustainability>Environmental Sustainability, on Aksa Energy Investor Relations website (www.aksainvestorrelations.com); our Sustainability reports are also available under Sustainability>Report tab.
Any measures combating any kind of corruption including embezzlement and bribery	It is available under Corporate Governance>Anti-Bribery and Anti-Corruption Policy, on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	None
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	8
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	It is provided under the section "Corporate Governance", sub-section "Corporate Governance Principles Compliance Report" in the Annual Report.
Name of the Chairman	ŞABAN CEMİL KAZANCI
Name of the CEO	ŞABAN CEMİL KAZANCI
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	**https://www.kap.org.tr/tr/Bildirim/776922**
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	**https://www.kap.org.tr/tr/Bildirim/817172**
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	No target has been set.
The number and ratio of female directors within the Board of Directors	1 out of 8 members of the Board of Directors is female.

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Şaban Cemil Kazancı	Executive	Dependent Member	30.07.2019	Dependent Member		No	Yes
Ahmet Serdar Nişli	Non-Executive	Dependent Member	30.07.2019	Dependent Member		No	Yes
Ömer Muzaffer Baktır	Non-Executive	Dependent Member	30.07.2019	Dependent Member		No	Yes
Tülay Kazancı	Non-Executive	Dependent Member	30.07.2019	Dependent Member		No	Yes
Mehmet Akif Şam	Non-Executive	Dependent Member	30.07.2019	Dependent Member		No	Yes
Yaşar Erkin Şahinöz	Non-Executive	Independent Member	30.07.2019	https://www.kap.org.tr/tr/Bildirim/771214	Considered	No	Yes
Murat Yeşilyurt	Non-Executive	Independent Member	30.07.2019	https://www.kap.org.tr/tr/Bildirim/771214	Considered	No	Yes
İlhan Helvacı	Non-Executive	Independent Member	30.07.2019	https://www.kap.org.tr/tr/Bildirim/771214	Considered	No	No

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	31
Director average attendance rate at board meetings	94,97%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	The meeting agenda and relevant materials are provided in the call for a meeting, minimum 7 days ahead of the meeting.
The name of the section on the corporate website that demonstrates information about the board charter	It is available under Corporate Governance>Articles of Associations, on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There are no limitations on the number of external duties held by the directors. However it is ensured that they spare sufficient time for their internal duties. Shareholders are informed of any external duties held by the directors at the General Shareholders' Meeting.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented.	It is presented under the section "Corporate Governance", sub-section "Committees and Policies" of the Annual Report.
Link(s) to the PDP announcement(s) with the board committee charters	**https://www.kap.org.tr/tr/Bildirim/771167**

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE INFORMATION FORM

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Yaşar Erkin Şahinöz	Yes	Board Member
Audit Committee		Murat Yeşilyurt	No	Board Member
Corporate Governance Committee		Özlem McCann	No	Not Board Member
Corporate Governance Committee		Mehmet Akif Şam	No	Board Member
Corporate Governance Committee		Murat Yeşilyurt	Yes	Board Member
Early Risk Assesment Committee		Yaşar Erkin Şahinöz	Yes	Board Member
Early Risk Assesment Committee		İlhan Helvacı	No	Board Member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	This information is available under the section "Corporate Governance", sub-section "Committees and Policies" in the Annual report; and under Corporate Governance>Corporate Governance Principles Compliance Report on our website.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	This information is available under the section "Corporate Governance", sub-section "Committees and Policies" in the Annual report; and under Corporate Governance>Corporate Governance Principles Compliance Report on our website.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee also fulfils the duties of the Nomination Committee. This information is available under the section "Corporate Governance", sub-section "Committees and Policies" in the Annual report; and under Corporate Governance>Corporate Governance Principles Compliance Report on our website.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	This information is available under the section "Corporate Governance", sub-section "Committees and Policies" in the Annual report; and under Corporate Governance>Corporate Governance Principles Compliance Report on our website.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee also fulfils the duties of the Compensation Committee. This information is available under the section "Corporate Governance", sub-section "Committees and Policies" in the Annual report; and under Corporate Governance>Corporate Governance Principles Compliance Report on our website.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Message From the Chairman and CEO Operational Performance Financial and Operational Indicators Assessment of the Board of Directors
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Available under "Corporate Governance" section on Aksa Energy Investor Relations website **(www.aksainvestorrelations.com).**
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Available under the section "Corporate Governance" sub-section "Corporate Governance Principles Complicance Report", and section "Financial Information", sub-section "Consolidated Financial Statements and Independent Auditor's Report", clause "Related Party Disclosures", in the Annual Report.

Composition of Board Committees-II					
Names Of The Board Committees	**Name Of Committees Defined As "Other" In The First Column**	**The Percentage Of Non-executive Directors**	**The Percentage Of Independent Directors In The Committee**	**The Number Of Meetings Held In Person**	**The Number of Reports on its Activities Submitted to the Board**
Audit Committee		100%	100%	4	4
Corporate Governance Committee		100%	33,33%	3	3
Early Risk Assesment Committee		100%	100%	2	2

AMENDMENTS TO ARTICLES OF ASSOCIATION IN 2019

There were no amendments to the Articles of Association in 2019.

STATEMENTS OF INDEPENDENCE

Aksa Enerji Üretim A.Ş. I declare myself as a candidate to serve as an “Independent Member” in the Board of Directors as per the criteria set forth in the Corporate Governance Principles announced by the Capital Markets Board, and thereby state that:

a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,

b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a board member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,

c) I have the vocational training, knowledge and experience to duly fulfill my tasks as an Independent Board Member,

d) I do not hold a full time position in any public company or institution,

e) I am a resident of Turkey, in accordance with Income Tax Act No. 193, dated December 31, 1960,

f) As can be seen in my CV, I have strong ethical standards, professional reputation and experience to contribute positively to the company’s activities, to maintain my objectivity on conflicts of interest between the company and shareholders, to make decisions freely in due consideration of stakeholders’ rights,

g) I will make sufficient time for keeping track of the company’s activities and for fully performing my duties on behalf of the company,

h) Over the last ten years, I did not sit on the board of directors of the company for more than six years,

i) I did not serve as an independent board member in more than three of the companies where the company or its ultimate controlling partners have managerial control, nor in more than five companies traded in the stock exchange.

Best regards,

Yaşar Erkin Şahinöz

Aksa Enerji Üretim A.Ş. I declare myself as a candidate to serve as an “Independent Member” in the Board of Directors as per the criteria set forth in the Corporate Governance Principles announced by the Capital Markets Board, and thereby state that:

a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,

b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a board member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,

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g) I will make sufficient time for keeping track of the company’s activities and for fully performing my duties on behalf of the company,

h) Over the last ten years, I did not sit on the board of directors of the company for more than six years,

i) I did not serve as an independent board member in more than three of the companies where the company or its ultimate controlling partners have managerial control, nor in more than five companies traded in the stock exchange.

Best regards,

Prof. Dr. İlhan Helvacı

STATEMENTS OF INDEPENDENCE

Aksa Enerji Üretim A.Ş. I declare myself as a candidate to serve as an "Independent Member" in the Board of Directors as per the criteria set forth in the Corporate Governance Principles announced by the Capital Markets Board, and thereby state that:

a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,

b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a board member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,

c) I have the vocational training, knowledge and experience to duly fulfill my tasks as an Independent Board Member,

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g) I will make sufficient time for keeping track of the company's activities and for fully performing my duties on behalf of the company,

h) Over the last ten years, I did not sit on the board of directors of the company for more than six years,

i) I did not serve as an independent board member in more than three of the companies where the company or its ultimate controlling partners have managerial control, nor in more than five companies traded in the stock exchange.

Best regards,

Murat Yeşilyurt

ORDINARY GENERAL ASSEMBLY

AGENDA OF THE ORDINARY GENERAL ASSEMBLY FOR 2018, WHICH WAS HELD ON JULY 30, 2019

1. Inauguration of the meeting, election of the Presidential Board of the General Assembly;
2. Authorization of the Presidential Board of the General Assembly to sign the minutes of the meeting;
3. Presentation, discussion and approval of the Board of Directors' Annual Report and Independent Audit Firm Report for fiscal year 2018;
4. Presentation, discussion and approval of the accounts in the financial statements for fiscal year 2018;
5. Release of each Board Member for their activities in fiscal year 2018;
6. Approval of the choice of independent audit firm made by the Board of Directors within the framework of the Turkish Commercial Code and capital markets legislation;
7. Discussion and approval of the Board of Directors' proposal on the profit distribution method, amount, form and calendar for the operating profit for 2018;
8. Termination of the duties of the members of the Board of Directors, selection of new members and the determination of their term of office
9. Determination of the remuneration, attendance fee, bonus and premiums for Board Members;
10. Authorization of the Board Members to perform the transactions set forth in Articles 395 and 396 of the Turkish Commercial Code;
11. Provision of information to the General Assembly about the transactions specified in Article 1.3.6 of the Capital Markets Board's Corporate Governance Principles in 2018;
12. Provision of information to shareholders about the donations and grants made by the Company in 2018, and determination of an upper limit for the donations and grants that can be made by the Company in 2019;
13. Provision of information on the guarantees, pledges, mortgages and income or benefits presented in favor of third parties in 2018, as per capital markets legislation;
14. Opinions and closing Exercise of Rights on the Agenda.

The Company conducted the Ordinary General Assembly on the activities of fiscal year 2018 simultaneously physically and online on July 30, 2019.

As required by law, General Assembly Meetings were announced to the Ministry of Customs and Trade, Energy Market Regulatory Authority, Capital Markets Board and Istanbul Stock Exchange.

The meeting date and agenda were announced within the necessary deadline, on pages 764 and 765 of Turkish Trade Registry Gazette No. 9867 and dated July 11, 2019; on the Company's Investor Relations website at **www.aksainvestorrelations.com;** on the Public Disclosure Platform; and on Central Registry Agency's Electronic General Assembly System (EGAS), pursuant to Article 414 of Turkish Commercial Code No. 6102; Article 10 of the Communique on the Rules and Standards of General Assembly Meeting of Corporations and the Representatives of the Ministry of Customs and Trade Attending these Meetings; Article 29 of Turkish Capital Market Law No. 6362; Capital Markets Board's Corporate Governance Communique No. II-17.1; and the Company's Articles of Association. As regards the shares that are not within the context of exception mentioned in Article 29 Paragraph 2 of the Capital Market Law, written notifications were made on July 4, 2019 via registered and reply-paid correspondence for those who posted their mailing addresses.

The announcements of the Annual General Assembly Meeting included the meeting date and time; meeting location; agenda; a statement that the invitation was extended by the Board of Directors; and the procedures to follow for shareholders to attend the Annual General Assembly Meeting. Furthermore, the Information Document, including all relevant information about the General Assembly, was made available to all stakeholders together with invitations to the assembly. The Information Document includes information on the total number of shares and voting rights reflecting the Company's shareholding structure; the number of shares and voting rights representing each class of preferred shares if there are preferred shares in the Company's capital; changes in the management or activities of the Company or its major subsidiaries or affiliates that transpired in the previous reporting period or that are planned for the coming period which may have a significant impact on the Company's operations in addition to the justifications for these changes; annual reports and annual financial statements for the last two fiscal years of all entities that are party to such changes; the justification for any discharge or change as well as information on the persons who will be nominated for a seat on the Board of Directors if the General Assembly Meeting agenda includes the release, replacement or election of Board Members in addition to the justifications for release and replacement; information on individuals nominated to the Board Of Directors; the resolution of the Board of Directors related to the amendment, if any, of the Articles of Association included in the agenda as well as the old and new versions of the amendments; background information on the individuals nominated to the Board of Directors, the positions they have held over the last ten years and the reasons for leaving these positions, the nature and material level of their relationship with the Company and its

ORDINARY GENERAL ASSEMBLY

related parties, and whether they meet the criteria for Independent Board Members and information on other related matters that could potentially affect the Company operations if they were elected Board Members. The above referenced information was disclosed to the general public on the date the General Assembly announcement was placed.

No request was made by shareholders, the Capital Markets Board (CMB) and/or other public institutions or organizations, with which the Company is concerned, to include any item on the agenda of the General Assembly Meeting. Financial statements and reports and agenda items for the Annual General Assembly Meeting were made available to shareholders, beginning from the date of announcement of the invitation to the Annual General Assembly Meeting, on the Public Disclosure Platform, at the Company's headquarters, and on the corporate website in such a way that these materials may be accessed easily.

While preparing an agenda for the Annual General Assembly Meeting, each agenda item is added under a different title; expressions that are suggestive and open-ended are actively avoided in drawing up agenda items. Terms such as "other" and "miscellaneous" are actively avoided in agenda items; the information to be provided prior to an Annual General Assembly Meeting is stated by referring to the related agenda items.

The Annual General Assembly Meetings are held in a manner that avoids any inequalities between shareholders while ensuring participation of the shareholders with a minimum cost to increase the level of participation by shareholders. Thus, as stated in the Articles of Association, the meeting is organized at the Company's headquarters or at a suitable location in the city the Company is headquartered in.

Pursuant to the Turkish Commercial Code, applicable law, rules and regulations, the Meeting Chair undertakes preparations and obtains the necessary information related to holding a general assembly meeting.

At the Annual General Assembly Meeting, issues on the agenda are communicated to shareholders in an impartial, thorough, clear and understandable manner such that they may express their views under the same conditions and are offered an opportunity to ask questions. If a question asked is not related to the meeting agenda, or if it is a very detailed question that cannot be answered right away, the question posed is responded to by the Investors Relations Department in writing within a maximum period of 15 days. All questions asked during the Annual General Assembly Meetings and answers provided are disclosed to the public on the Company's website within a maximum period of 30 days following the date of the Annual General Assembly Meeting. Proposal for a sub-agenda item was given by the shareholders and the shareholders practiced their rights to ask questions in the 2018 Annual General Assembly Meeting, which was held on July 30, 2019. The questions posed by shareholders, audience members and meeting attendees during the General Assembly Meetings are responded to via appropriate explanations by the Chief Executive Officer and senior management.

The participation of the members of the Board of Directors, other related parties, officers responsible for preparing the financial statements and auditors at the Annual General Assembly Meeting was ensured in order to provide information concerning agenda items as prioritized and to answer questions.

According to Article 1527 of Turkish Commercial Code, Law No. 6102, the preparations for the Electronic General Assembly of the Company have been carried out in accordance with legal and regulatory requirements. On July 30, 2019, out of a total of 613,169,118 shares, 1,503,033 shares corresponding to TRY 1,503,033 in capital were represented in person, 26,344,875 shares corresponding to TRY 26,344,875 in capital were represented by appointed proxies and 486,965,268 shares corresponding to TRY 486,965,268 in capital were represented by other representatives. As such, a grand total of 514,813,176 shared corresponding to TRY 514,813,176 were represented in the meeting, and the meeting quorum required by the applicable legislation and the Articles of Association were met. There were 2 non-media participants in the meeting.

Information was given on the donations made during the year at the Ordinary General Assembly Meeting. A separate agenda item has been included in relation to these donations. Pursuant to capital markets law, upper limits were designated by the Annual General Assembly Meeting regarding donations and charitable contributions to be made in 2019.

A request was made by shareholders to assign a special auditor during the period. The relevant lawsuit filed against this request was dismissed by a court order on February 12, 2020.

A list of attendees and the minutes of the Annual General Assembly Meeting are made available at the Company's headquarters, posted on the Company's website **(http://www.aksainvestorrelations.com/general-assembly/)** and published on the Public Disclosure Platform (PDP) **(https://www.kap.org.tr/tr/Bildirim/777942)** for the review and consideration of shareholders.

BOARD OF DIRECTORS' RESOLUTION REGARDING DIVIDEND DISTRIBUTION

Resolution No.: 428
Meeting Date : 08.05.2019
Agenda : Proposal to Ordinary General Assembly Not to Distribute Dividends

The profit distribution proposal, prepared at the Board of Directors meeting held at the Head Office by taking into consideration the capital requirements, investment and financing policies, profitability and cash position of our Company and its subsidiaries, is presented below.

As per the 01.01.2018-31.12.2018 consolidated financial statements prepared in line with Capital Markets Legislation, the "(Consolidated) Net Profit" is TRY 150,478,434, while the profit attributable to the main company is TRY 26,094,071. It was unanimously resolved to propose to the Ordinary General Assembly that the net profit recorded in fiscal year 2018 be reserved as extraordinary legal reserve and no dividend be distributed for fiscal year 2018.

The purpose of the proposal not to distribute dividends is to strengthen the current balance sheet further and to ensure a sound cash flow management in the near future. To this end, the net profit for the period is planned to be used in meeting the working capital requirements of the upcoming periods and financing the Company's investments.

Şaban Cemil Kazancı
Chairman

Ahmet Serdar Nişli
Vice Chairman

Tülay Kazancı
Board Member

Mehmet Akif Şam
Board Member

Yaşar Erkin Şahinöz
Independent Board Member

Murat Yeşilyurt
Independent Board Member

DIVIDEND DISTRIBUTION TABLE

DIVIDEND DISTRIBUTION STATEMENT – 2018

1. Paid-in/Issued Capital		613,169,118
2. Total Legal Reserves (According to Legal Records)		12,752,093
Information on Privileges in Distribution, if any, in the Articles of Association		
	According to the CMB	**According to the Legal Records**
3. Current Period Profit	179,777,248	334,260,549
4. Taxes and Legal Duties Payable (-)	29,298,814	-
5. Net Profit for the Period (=)	**26,094,071**	**334,260,549**
6. Losses in Previous Periods (-)	-	
7. Primary Legal Reserves (-)	16,713,027	16,713,027
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	**9,381,044**	**317,748,589**
9. Endowments During the Year (+)	201,068	201,068
10. Endowment Added Distributable Net Period Profit on which First Dividend is Calculated	**9,582,112**	**317,748,589**
11. Primary Dividend to Shareholders		
- Cash	-	
- Bonus	-	
- Total	-	
12. Dividend Distributed to Owners of Privileged Shares	-	
13. Dividend Distributed to Members of the Board of Directors, Employees, et al.	-	
14. Dividend Distributed to Owners of Redeemed Shares	-	
15. Interim Dividend to Shareholders	-	
- Cash		-
- Bonus	-	
- Total	-	
16. Interim Legal Reserves	-	
17. Statutory Reserves	-	-
18. Special Reserves	-	-
19. EXTRAORDINARY RESERVES		-
20. Other Distributable Items		
- Retained Earnings		
- Extraordinary Reserves		
- Other Distributable Reserves as per the Law and Articles of Association		

**Since TRY 150.478.434 is attributable to non-controlling interests, TRY 26,094,071 is the base amount for the net profit of the main company.*

INFORMATION ON DIVIDEND TO BE PAID – 2018

			DIVIDEND PER SHARE	
	GROUP	**TOTAL AMOUNT OF DIVIDEND (TRY)**	**AMOUNT (TRY)**	**SHARE (%)**
GROSS	A	0.00	-	-
	B	0.00	-	-
	TOTAL	**0.00**		
NET	**A**	**0.00**	**-**	**-**
	B	0.00	-	-
	TOTAL	**0.00**		

RATIO OF THE DIVIDEND DISTRIBUTED TO THE ENDOWMENT ADDED NET DISTRIBUTABLE PROFIT

DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TRY)	RATIO OF THE DIVIDEND DISTRIBUTED TO SHAREHOLDERS TO THE ENDOWMENT ADDED NET DISTRIBUTABLE PROFIT (%)
0,00	0%

STATEMENT OF RESPONSIBILITY

AKSA ENERJİ ÜRETİM A.Ş.

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE II-14.1. ON FINANCIAL REPORTING STANDARDS IN CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION FOR THE APPROVAL OF FINANCIAL STATEMENTS, ANNUAL REPORTS, CORPORATE GOVERNANCE INFORMATION FORM (CGIF) AND CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF)

Resolution Date: 27.02.2020

Resolution Number: 453

We present, for your information, the accompanying 01.01.2019 – 31.12.2019 accounting period Consolidated Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Equity, and interim Annual Report, Corporate Governance Information Form (KYBF) and Corporate Governance Compliance Report (URF) ("Financial Reports"), all of which, together with their footnotes, have been prepared by our company, have been subjected to a limited-scope audit by the independent auditing firm of KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of KPMG International), and conform to Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) and to CMB-specified formats as required by Capital Markets Board Communique II-14.1 concerning Financial Reporting in Capital Markets ("Communique"). We hereby declare, in accordance with CMB regulations, that these Financial Reports:

- have been examined by us,

- within the framework of information available to us by virtue of our duties and responsibilities at the Company, that they contain no inaccurate statement insofar as material issues are concerned nor any omissions that might result in their being misleading as of the date on which such statements are made;

- within the framework of information available to us by virtue of our duties and responsibilities at the Company, that they honestly reflect the true picture of the Company's assets, liabilities, financial position, and profits & losses, including those of entities whose financial reports conforming to the Communique are subject to consolidation and that the annual report honestly reflects the conduct and performance of business as well as the financial position of and the material risks and uncertainties confronting the Company along with any entities subject to consolidation with it. We hereby acknowledge our responsibility for the foregoing statements.

Regards,

Şaban Cemil Kazancı Chairman and CEO	**Yaşar Erkin Şahinöz** Independent Board Member Chairman of Audit Committee	**Murat Yeşilyurt** Independent Board Member Member of Audit Committee

BOARD OF DIRECTORS' RESOLUTION REGARDING FINANCIAL STATEMENTS

AKSA ENERJİ ÜRETİM A.Ş.
BOARD OF DIRECTORS' RESOLUTION REGARDING FINANCIAL STATEMENTS

Resolution Date: 27.02.2020
Resolution No: 452
Venue: Company Headquarters
Agenda: Resolution of the Board of Directors on the submittal of the Consolidated Financial Statements, Annual Reports, Corporate Governance Information Form (CGIF) and Corporate Governance Compliance Form (CRF) for the fiscal period 01.01.2019-31.12.2019 to the Public Disclosure Platform.

The Company's Board Members convened to discuss the agenda item.

After discussions, it was unanimously resolved as follows:

We have analyzed the Consolidated Financial Statements, Annual Report, Corporate Governance Information Form (CGIF) and Corporate Governance Compliance Form (CRF) concerning the activities of Aksa Energy and its subsidiaries (the "Group") issued on 31 December 2019 along with the Statement attached hereto, as per the Capital Markets Board's Communique II-14.1. on Financial Reporting Standards in Capital Markets as well as International Accounting/Financial Reporting Standards, and presented by the Audit Committee to the Board of Directors,

In light of information falling within the scope of Group's duties and responsibilities, the consolidated financial statements do not include any untruthful statements concerning major issues nor any deficiency that could be misleading as of the date of the statement,

In light of information falling within the scope of the Group's duties and responsibilities, the consolidated financial statements, which have been prepared in compliance with the financial reporting standards in effect, truthfully reflect the reality of the Group's assets, liabilities, financial position, and profit and loss; while the annual report presents the development and performance of the business, and truthfully reflects the Group's financial position, complete with the major risks and uncertainties that the Group faces,

The consolidated financial statements and annual report have been approved and will be sent to Istanbul Stock Exchange.

Şaban Cemil Kazancı
Chairman and CEO

Ahmet Serdar Nişli
Vice Chairman

Mehmet Akif Şam
Board Member

Tülay Kazancı
Board Member

Ömer Muzaffer Baktır
Board Member

İlhan Helvacı
Independent Board Member

Yaşar Erkin Şahinöz
Independent Board Member

Murat Yeşilyurt
Independent Board Member

ANNUAL AFFILIATION REPORT

AKSA ENERJİ ÜRETİM A.Ş. SUBSIDIARIES' ANNUAL AFFILIATION REPORT FOR THE PERIOD 01.01.2019 - 31.12.2019

1. GENERAL INFORMATION

Term : 01.01.2019 – 31.12.2019
Commercial Title : Aksa Enerji Üretim A.Ş. and Subsidiaries
Trade Registry No. : 366771
Head Office Address: : Rüzgarlıbahçe Mahallesi Özalp Çıkmazı, No: 10, Kavacık, Beykoz, Istanbul/Turkey

Branch Addresses of Aksa Energy and Affiliates include:

Branch/Plant	Company	Address
TRNC	Aksa Energy	Kalecik Köyü, Yeni İskele, G. Magusa, TRNC
Bolu-Göynük	Aksa Göynük	Himmetoğlu Köyü Göynük/Bolu
Antalya	Aksa Energy	Ali Metin Kazancı Enerji San. Antalya Burdur Karayolu 30. km Selimiye (Karadon) Köyü Antalya
Manisa	Aksa Energy	Gürle Köyü Yolu Üzeri, Emlakdere Mevkii 45000 Manisa
Urfa	Rasa Enerji	Organize Sanayi 2 Bölge Koçören Köyü Muhtarlığı bitişiği Urfa - Antep Karayolu 16 km. Şanlıurfa
Ghana	Aksa Energy Company Ghana Limited	Heavy Industrial Area Plot No.2/8/9 Tema Gana
Mali	Aksa Mali S.A.	Kati (Mali) Centrale Thermique de Sirakoro Meguetana Boite Postale 1597 / Mali
Madagascar	AKSAF Power Limited Madagascar	Ambohimangakely District Antananarivo Avadrano Madagascar

Contact Information

Telephone: 0216 681 00 00
Fax: 0216 681 57 99
Website: www.aksaenerji.com.tr/en ; www.aksainvestorrelations.com

A) Organization, Capital and Shareholder Structure of the Company

- **Registered Capital:** The Company's registered capital is TRY 613,169,118 as of 31.12.2019.
- **Shareholder Structure:** The Company's Shareholder Structure as of 31.12.2019 is as follows:

Title of Shareholder	Share (%)
Kazancı Holding A.Ş. (*)	78.607
Free Float	21.390
Other	0.003

(*) Kazancı Holding A.Ş. purchased 4,958,962 shares from the shares specified as "Other (Free Float)" in 2012, 2013 and 2018. These shares are shown under "Other (Free Float)" shares in the table above.

ANNUAL AFFILIATION REPORT

B) The Governing Body of the Company, Executives And Staff Information

Company's Governing Body: The Company's Board of Directors consists of 8 members; details of the members are as follows.

Members of the Board of Directors	Name – Last Name
Chairman and CEO	Şaban Cemil Kazancı
Vice Chairman	Ahmet Serdar Nişli
Board Member	Tülay Kazancı
Board Member	Ömer Muzaffer Baktır
Board Member	Mehmet Akif Şam
Independent Board Member	Erkin Şahinöz
Independent Board Member	Murat Yeşilyurt
Independent Board Member	İlhan Helvacı

Executives

Title	Name – Surname
Energy Group Head, CEO and Board Member	Şaban Cemil Kazancı
Chief Operating Officer (COO)	Soner Yıldız
CEO of Aksa Energy Trading and Sales	Murat Kirazlı
Chief Financial Officers	Cem Nuri Tezel
Financial Affairs Director	Cevdet Yalçın
Operation and Maintenance Director, Domestic Power Plants	Senlav Güner
Investor Relations and Corporate Communications Director	Özlem McCann
Investments and Engineering Director	Mustafa Kızıltunç
Central Coordination Director	Hikmet Apaydın

Number of Personnel: The Company employed 907 personnel in fiscal year 2019.

C) The Company's Summary Financial Statements for 2019

The Company posted after-tax profit of TRY 455,343,289 in the period 01.01.-31.12.2019, and as of 31.12.2019, its total assets amounted to TRY 8,501,122,048 and shareholders' equity amounted to TRY 3,818,960,965.

2. INFORMATION ON THE PARENT COMPANY AND ITS OTHER SUBSIDIARIES

A) Information on the Parent Company

Term of Report:	01.01.2019 – 31.12.2019
Commercial Title:	Kazancı Holding A.Ş.
Office Address:	Rüzgarlıbahçe Mahallesi Özalp Çıkmazı, No: 10, Kavacık, Beykoz, Istanbul/Turkey

B) Information on the Subsidiaries of Parent Company

Transactions with other companies of the parent company in the 01.01.2019 – 31.12.2019 accounting period, are described in section 3.b..

3. INFORMATION ON TRANSACTIONS WITH THE PARENT COMPANY AND ITS OTHER SUBSIDIARIES

A. Transactions with the Parent Company

In the accounting period 01.01.-31.12.2019, the Company received an SAP system maintenance expense amounting to TRY 779,668, other expenses amounting to TRY 267 and a maturity term difference amounting to TRY 1,289,363 from Kazancı Holding A.Ş.

i) Products Sold to or Purchased from the Parent Company

In the accounting period from 01.01.2019 to 31.12.2019, no products were sold to or purchased from the parent company.

ii) Services Sold to or Purchased from the Parent Company

In the accounting period 01.01.-31.12.2019, the Company received an SAP system maintenance expense amounting to TRY 779,668, other expenses amounting to TRY 267 and a maturity term difference amounting to TRY 1,289,363 from Kazancı Holding A.Ş.

i. Methods Used in Transactions with the Parent Company

In the 01.01.2019 – 31.12.2019 accounting period, the comparable price method is used for transactions with the parent company.

ii. Calculations Used to Determine the Price and Profit Margin and Assumptions Made in Transactions with the Parent Company

In the 01.01.2019 – 31.12.2019 accounting period, transactions carried out with the parent company consisted of SAP system maintenance, the purchase and sale of fixed assets, income and expenses of maturity term difference.

B) Transactions with The Affiliated Companies Of The Parent Company

In the 01.01.2019 – 31.12.2019 accounting period, the transactions with the other subsidiaries of Kazancı Holding A.Ş are summarized below:

i) Sales to Related Parties

	January 1 – December 31, 2019	
Related Parties that are Subsidiaries or Affiliates of the Parent Company Kazancı Holding	**Goods/Services**	**Other**
Aksa Elektrik Satış A.Ş.	394,435,113	--
ATK Sigorta Aracılık Hizmetleri A.Ş	577,389	19,421
Other	74,189	400
Total	**395086,691**	**19,821**
Related Parties that are Indirect Subsidiaries or Affiliates of the Parent Company Kazancı Holding	**Goods/Services**	**Other**
Çoruh Elektrik Perakende Satış A.Ş.	33,912,011	--
Fırat Elektrik Perakende Satış A.Ş.	27,695,634	--
Aksa Power Generation (Dubai)	2,436	--
Other	17,109	--
Total	**61,627,190**	**--**
Related Parties that Do Not Have a Direct Capital Relationship but Have Common Senior Executives with the Group	**Goods/Services**	**Other related parties:**
Koni İnşaat Sanayi A.Ş.	380,242	21,745
Other	--	--
Total	**380,242**	**21,745**
Total	**457,094,123**	**41,566**

ANNUAL AFFILIATION REPORT

ii) Purchases from/to Related Parties

Related Parties that are Subsidiaries or Affiliates of the Parent Company Kazancı Holding 01.01.2019 – 31.12.2019	Goods/Services	Other
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	46,978,709	--
Aksa Elektrik Satış A.Ş.	38,678,154	2,185
Kazancı Holding	12,496,850	267
Aksa Doğal Gaz Toptan Satış A.Ş.	8,773,378	--
Aksa Jeneratör Sanayi A.Ş.	242,494	207
ATK Sigorta Aracılık Hizmetleri A.Ş.	720,822	5,363,258
Aksa Manisa Doğalgaz Dağıtım A.Ş.	--	--
Other	--	--
Total	**107,890,407**	**5,365,917**

Related Parties that are Indirect Subsidiaries or Affiliates of the Parent Company Kazancı Holding	Goods/Services	Other
Fırat Elektrik Perakende Satış A.Ş.	9,079,274	-
Çoruh Elektrik Perakende Satış A.Ş.	2,944,047	-
Aksa Power Generation (Dubai)	1,208,679	-
Other	57,045	24,364
Total	**13,289,045**	**24,364**

Related Parties that Do Not Have a Direct Capital Relationship but Have Common Senior Executives with the Group	Goods/Services	Other
Koni İnşaat Sanayi A.Ş.	4,117,449	192,734
Other	421,515	367,688
Total	**4,538,964**	**560,422**
Total Purchases from/to Related Parties	**125,718,416**	**5,950,703**

iii. Financing Income to Related Parties

	January 1 – December 31, 2019
Related Parties that are Subsidiaries or Affiliates of the Parent Company Kazancı Holding A.Ş.	**Interest rate and exchange rate difference**
Aksa Elektrik Satış A.Ş.	54,482,753
Aksa Jeneratör Sanayi A.Ş.	1,490,325
Kazancı Holding	1,289,363
Other	8,470
Total	**57,270,911**

Related Parties that are indirect Subsidiaries or Affiliates of the Parent Company Kazancı Holding A.Ş.	Interest rate and exchange rate difference
Çoruh Elektrik Perakende Satış A.Ş.	1,634,105
Fırat Elektrik Perakende Satış A.Ş.	347,832
Other	3,252
Total	**1,985,189**

Related Parties that Do Not Have a Direct Capital Relationship but Have Common Senior Executives with the Group	Interest rate and exchange rate difference
Koni İnşaat Sanayi A.Ş.	8,050,997
Flamingo Bioyakıt Üretim ve Sanayi A.Ş.	185,068
Flamingo Enerji Üretim ve Satış A.Ş.	97,319
Other	2,052
Total	**8,335,436**
Total Financing Income from Related Parties	**67,591,536**

iv) Financing Expenses to Related Parties

	January 1 – December 31, 2019
Related Parties that are Subsidiaries or Affiliates of the Parent Company Kazancı Holding	**Interest rate and exchange rate difference**
Kazancı Holding	529,240
Aksa Jeneratör Sanayi A.Ş.	276,538
Aksa Elektrik Satış A.Ş.	25,677
Aksa Havacılık A.Ş.	--
Aksa Manisa Doğalgaz Dağıtım A.Ş.	--
Other	2,468
Total	**833,923**

Related Parties that are Indirect Subsidiaries or Affiliates of the Parent Company Kazancı Holding	Interest rate and exchange rate difference
Çoruh Elektrik Perakende Satış A.Ş.	15,034,759
Fırat Elektrik Perakende Satış A.Ş.	13,000,881
Other	21,085
Total	**28,056,725**

Related Parties that Do Not Have a Direct Capital Relationship but Have Common Senior Executives with the Group	Interest rate and exchange rate difference
Elektrik Altyapı Hizmetleri Ltd. Şti.	109,309
Koni İnşaat Sanayi A.Ş.	34,697
Flamingo Enerji Üretim ve Satış A.Ş	--
Other	--
Total	**144,006**
Total Financing Expenses to Related Parties	**29,034,654**

4. LEGAL TRANSACTIONS WITH THE PARENT COMPANY AND ITS OTHER SUBSIDIARIES

A) Legal Proceedings to which the Parent Company is a Party

Legal proceedings to which the parent company is a party are listed below;

- About the invalidity of the brand in the categories of 01/02/03/04/05/06/08/09/10/11/13/14/15/17/18/19/21/22/23/24/25/26/27/28/32/33/34/35/36/37/38/39/41/42/43/44/45 where the "Kazancı" brand is registered
- About the Cancelation of the Kazancı Group brand and the request of leaving the registry
- About the return to work case

B) Legal Proceedings to which Another Subsidiary of the Parent Company is a Party

In the 01.01.2019 – 31.12.2019 accounting period, there are no legal proceedings that another subsidiary of the parent company is a party.

ANNUAL AFFILIATION REPORT

C) Legal Proceedings with the Parent Company's Routing

In the 01.01.2019 – 31.12.2019 accounting period, there were no legal proceedings with the parent company's routing.

D) Legal Transactions Carried Out for the Benefit of the Parent Company or Its Affiliated Companies

In the 01.01.2019 – 31.12.2019 accounting period, there were no legal transactions carried out for the benefit of the parent company or its affiliated companies.

5. MEASURES TAKEN REGARDING TRANSACTIONS WITH THE PARENT COMPANY AND ITS AFFILIATED COMPANIES

A) Measures Taken for the Benefit of the Parent Company

In the 01.01.2019 – 31.12.2019 accounting period, there were no transactions made for the benefit of the parent company.

B) Measures Avoided to be Taken for the Benefit of the Parent Company

In the 01.01.2019 – 31.12.2019 accounting period, there were no measures avoided to be taken for the benefit of another subsidiary of the parent company.

C) Measures Taken for the Benefit of Another Subsidiary of the Parent Company

In the 01.01.2019 – 31.12.2019 accounting period, there were no transactions made with another subsidiary of the parent company.

D) Measures Avoided to be Taken for the Benefit of Another Subsidiary of the Parent Company

In the 01.01.2019 – 31.12.2019 accounting period, there were no transactions made with another subsidiary of the parent company.

E) Has the Company Suffered a Loss as a Result of Transactions Made with the Parent Company and Other Affiliated Companies?

In the 01.01.2019 – 31.12.2019 accounting period, no losses were incurred as a result of transactions made with the parent company and other affiliated companies.

F) If the Company has Suffered a Loss, Whether the Loss was Balanced, and if it was, What are the Methods Used in the Realization of Equalization and Balancing Activities During the Year?

In the 01.01.2019 – 31.12.2019 accounting period, there was no loss as a result of transactions made with parent company Kazancı Holding A.Ş.

6. OTHER ISSUES

There is no other issue to be added.

7. RESULT

It was concluded that in each and every transaction that Aksa Energy executed with its controlling shareholders and the subsidiaries of its controlling shareholders in 2019, based on the situation and conditions known to us at the time the transaction was executed or the measure was taken or the measure was refrained from being taken, the Company had a commensurate gain in return and there was no measure taken or refrained from being taken that will lead to losses for the Company and, accordingly, there were no transactions or measures that require compensation.

This report was prepared in compliance with true and fair accounting principles pursuant to Article 199 of the Turkish Commercial Code, Law No. 6102, and signed and approved by the Board of Directors.

27.02.2020

Şaban Cemil Kazancı
Chairman and CEO

Ahmet Serdar Nişli
Vice Chairman

Mehmet Akif Şam
Board Member

Tülay Kazancı
Board Member

Ömer Muzaffer Baktır
Board Member

İlhan Helvacı
Independent Board Member

Yaşar Erkin Şahinöz
Independent Board Member

Murat Yeşilyurt
Independent Board Member

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ 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 3 pages of independent auditor's report and 68 pages of consolidated financial statements together with their explanatory notes.

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Table of Content

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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.

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Revaluation of Property, Plant and Equipment

Please refer to Note 2.5 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.

KPMG

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 firm of KPMG International Cooperative

Şirin Soysal, SMMM
Partner
27 February 2019
Istanbul, Turkey

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ 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	24	121,503,123	53,026,362
Trade and other receivables	23	1,863,493,659	1,403,203,217
Due from related parties	35	212,976,505	406,262,617
Derivative financial assets	32	4,387,466	413,737
Inventories	20	325,994,737	369,140,605
Prepayments	22	26,202,474	15,312,166
Current tax assets	13	39,110,786	31,363,575
Other current assets	21	90,292,154	152,049,712
Total current assets		**2,683,960,904**	**2,430,771,991**
Non-current assets			
Financial investments	18	412,408	412,408
Trade receivables and other receivables	23	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	17	3,349,357	3,349,356
Prepayments	22	6,722,646	14,234,496
Right of use assets	16	48,706,223	--
Deferred tax asset	19	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**

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

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

		Audited	Audited
LIABILITIES	**Notes**	**31 December 2019**	**31 December 2018**
Current liabilities			
Loans and borrowings	27	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	35	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	27	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	19	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	25	615,157,050	615,157,050
Legal reserve	25	64,980,588	48,267,560
Cash flow hedge reserves	25	(13,622,807)	(3,518,526)
Actuarial gain/loss	25	793,476	898,193
Translation reserves	25	245,554,861	43,037,685
Share premium	25	247,403,635	247,403,635
Gains on revaluation of property, plant and equipment	25	2,262,917,793	821,844,347
Accumulated losses	25	(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	25	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 ENERJİ ÜRETİM ANONİM ŞİRKETİ 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	19	(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	19	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 ENERJİ ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
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**

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

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 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**

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

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2019

(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	29	(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	36	3,070,561,746	2,898,822,734
Repayments from banks borrowings	36	(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	**24**	**52,995,042**	**59,546,471**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**24**	**121,471,803**	**52,995,042**

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

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY

Aksa Enerji Üretim A.Ş. ("Aksa Enerji" or "the Company") was established on 12 March 1997 to engage in constructing, lending and operating of electricity power plant, production and sale of electricity or energy production capacity to the customers. The Company's registered office address is Rüzgarlıbahçe Mahallesi, Özalp 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.

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

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.

AKSA ENERJİ ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

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..

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.

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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 capacityof 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
Total					**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.

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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".

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.

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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.

e) Foreign currency

i) Foreign currency transactions

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

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

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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

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.

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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.

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.

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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.

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

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

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

b. Transition

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

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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.

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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.

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.

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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
- 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.

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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.

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.

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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.

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.

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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.

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).

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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.

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.

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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.

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".

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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.

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.

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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.

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.

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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.

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.

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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.

iii) 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.

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).

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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.

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.

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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.

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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.

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.

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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.

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 (EBITDA)	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 (EBITDA)	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

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	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.

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**

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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.

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**

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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**

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**

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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.

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.

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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%).

Netherlands

Corporate income tax is levied at the rate of 20% (31 December 2018: 20%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the year 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.

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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.

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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**

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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.

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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**

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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**

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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**

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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.

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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)

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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**

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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.

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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.

* 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.

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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).

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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**

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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**

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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**

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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.

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**

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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**

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**

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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**

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	
	Asset	Liability	Asset	Liability
Derivative financial instruments				
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.

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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**

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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**

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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:

	Receivables				
31 December 2019	Trade receivables		Other receivables		
	Related Parties	Other	Related Parties	Other	Deposits at banks
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	--	--	--	--	--

	Receivables				
31 December 2018	Trade Receivables		Other Receivables		
	Related Parties	Other	Related Parties	Other	Deposits at banks
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	--	--	--	--	--

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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	--	--	--

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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**	**--**	**--**	**--**	**--**

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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**	**--**			

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.

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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**

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

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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)**	

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%**

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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)**

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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**

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**

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	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**

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**

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	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**

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**

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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**

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 Şanlıurfa 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.

MILESTONES

1997
- Aksa Energy was established as a subsidiary of the Kazancı Group.
- A biogas power plant was established in Bursa.

1999
- Hakkari Heavy Fuel Oil (HFO) Power Plant was established.

2001
- The second HFO power plant became operational in Hakkari.
- Şırnak HFO Power Plant was commissioned.

2003
- A 20 MW mobile HFO power plant was commissioned in the Turkish Republic of Northern Cyprus and a five-year power purchase agreement was signed with KIB-TEK.
- Samsun HFO Power Plant was purchased from EÜAŞ.

2004
- Hakkari HFO Power Plant was moved to Northern Iraq.

2007
- Mardin 1 HFO Power Plant was commissioned.

2008
- The Karakurt, Sebenoba and Şamlı Wind Power Plants (WPP) started commercial operations.
- The first 200 MW of Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant became operational.

2009
- The duration of the contract with Northern Cyprus Kalecik HFO Power Plant with KIB-TEK was extended by 15+3 years to 2027.
- Samsun Power Plant was converted from heavy fuel oil to natural gas.

2010
- Aksa Energy held its IPO.
- Van Natural Gas Combined Cycle Power Plant's combined cycle investment was completed and the capacity was increased.

2011
- Bursa Biogas Power Plant's license was canceled.
- Çorum İncesu HEPP became operational.
- Northern Cyprus Kalecik HFO Power Plant's capacity was increased.
- Şanlıurfa Natural Gas Combined Cycle Power Plant became operational.
- Samsun Power Plant was converted into a natural gas combined cycle power plant.
- Kıyıköy WPP was acquired by Aksa Energy.
- An 11.7 MW steam engine and combined cycle investment in Şanlıurfa Natural Gas Power Plant was completed and commissioned.
- Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant was completed, reaching 1.150 MW installed capacity.
- Ayvacık WPP started commercial operations.
- The power plant in Northern Iraq was moved to Mardin, and Mardin 2 Power Plant was established.

2013
- The Company acquired a 93% stake in Kapıdağ WPP.
- Hakkari Plant's production license was canceled.

2014
- Belen/Atik WPP became operational.
- Aksa Energy took over Siirt Akköy HFO Power Plant.

2015
- Bolu Göynük Thermal Power Plant's first phase with 135 MW capacity started commercial operations.
- Production licenses of natural Gas Combined Cycle Power Plants in Samsun, Van and Siirt Akköy was canceled.
- Turkrating assigned Aksa Energy ratings of TR A+ and TR A2 in recognition of its high loan quality and strong debt repayment capacity.

Antalya Ali Metin Kazancı Natural Gas Combined Cycle Power Plant

- Aksa Energy joined the BIST Sustainability Index.
- Aksa Aksen Enerji Ticareti A.Ş. became a market maker in Base-Load Electricity Futures Contracts on Borsa Istanbul's Derivatives Market.
- Aksa Energy issued its first corporate bond.
- Capacity of Şanlıurfa Natural Gas Combined Cycle Power Plant and the Northern Cyprus Kalecik HFO Power Plant was increased.

2016

- Bolu Göynük Thermal Power Plant's second phase commenced commercial operations with an installed capacity of 135 MW.
- Sales process of İncesu Hydroelectric Power Plant was completed.
- Turkrating assigned Aksa Energy ratings of TR A+ and TR A2 in recognition of its high loan quality and strong debt repayment capacity.
- Kozbükü Hydroelectric Power Plant, with an installed capacity of 81 MW commenced commercial activities and was sold in the same year.

2017

- The licenses of Mardin 1, Mardin 2 and İdil (Şırnak) HFO Power Plants were canceled.
- Ayres Ayvacık Hatay Sebenoba, Manisa Karakurt, Belen Atik, Kapıdağ, Kıyıköy and Şamlı WPPs were sold.
- Ghana, Madagascar and Mali Heavy Fuel Oil Power Plants initiated commercial activities.
- Turkrating confirmed Aksa Energy's Long Term National Credit Rating as TR A+ and Short Term National Credit Rating as TR A2 with a 'stable' outlook.

2018

- İncesu Hydroelectric Power Plant was sold.
- Goldman Sachs International's equity stake in Aksa Energy was transferred back to Kazancı Holding.
- An agreement was signed with Societe Jiro Sy Rano Malagasy (Jirama) for the rehabilitation CTA-2 HFO Power Plant in Madagascar and the 12 MW capacity of the plant was commissioned in December and initiated commercial activities.
- Ghana HFO Power Plant's installed capacity was increased to 370 MW from 280 MW.
- The installed capacity of Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant was decreased to 900 MW from 1,150 MW.

2019

- The installed power of Madagascar CTA-2 Heavy Fuel Oil Power Plant reached 24 MW.
- Manisa Natural Gas Combined Cycle Power Plant's production license was canceled.
- A 12-month Memorandum of Understanding was signed with the Ministry of Water Resources and Energy of Cameroon (MINEE) to develop a power generation project in Cameroon and a non-binding term sheet with Gaz du Cameroun S.A. for natural gas supply.
- A 12-month pre-license was received for two natural gas-fired projects for electricity generation and sales in the Republic of Congo.
- The minority shares of AF Power Ltd. in our company AKSAF Power Ltd. in the Republic of Madagascar were acquired.

GLOSSARY

BIST Sustainability Index: The index that includes companies in Turkey that are traded on Istanbul Stock Exchange and whose corporate sustainability performances are at the highest level in order to increase their approach, knowledge and practices on sustainability.

Bilateral Contracts: Commercial agreements related to electrical energy and/or capacity trading signed between real persons or legal entities and license-holder entities, or among license-holder entities. These contracts are subject to private law and do not require EMRA approval.

Borsa Istanbul VİOP (Futures and Options Market): The market which provides services under Borsa Istanbul and in which futures contracts are traded.

Brent Oil: It is the most commonly used oil type valid in the oil market among the three oil types used by refineries. Brent crude oil is extracted from the North Sea in Scotland, also known as Shetland Basin, in the Brent Oilfield.

Decarbonization: The term that refers to reducing the carbon density per KWh produced.

DeSOx: The system for desulfurizing the flue gases, especially at low gas flow.

EBITDA: Earnings before interest, taxes, depreciation and amortization

Eligible Consumer: A real person or legal entity that consumes more electricity than the limit specified by EMRA or that is directly connected to the transmission grid, and thus has been granted the freedom to choose its electricity provider.

EMRA: Energy Market Regulatory Authority

Energy Venture Capital Fund: The fund planned to be established for the financing of the energy industry in line with the 2020-2022 targets of the New Economy Program (NEP).

Environmental Permit and License Certificate: The certificate certifying that the companies comply with the obligations under the Regulation on Environmental Permit and License in full in order to carry out activities.

EÜAŞ: Electricity Generation Company of Turkey

Flue Gas Filter: The systems for filtering CO2 and other pollutants discharged to the atmosphere by power plants causing emission as a result of production activities.

Greenhouse Gas: The name given to the gases and compounds such as Carbon Dioxide (CO2), Methane (CH4), Nitrous Oxide (N2O), and Hydro-fluorocarbons (HFCs) that cause the atmosphere to warm up by holding infrared rays in the atmosphere.

GRI (Global Reporting Initiative): An international independent organization which provides guidance to establishments, administrations and other institutions and organizations in important sustainability subjects such as climate change, human rights and anti-corruption.

Integrated Environmental Inspection: The inspections in which the compliance with the Environment Law, and all regulations regarding air, water, soil, waste, chemicals, sea and noise entering into force pursuant to this Law are taken into consideration together.

KIBTEK: Northern Cyprus Turkish Electricity Authority

Mtce: Million Tons of Coal Equivalent

Mtpe: Million Tons of Petroleum Equivalent

National Energy and Mining Policy: The vision document announced in 2017 in order to reduce foreign dependence in energy and to become a self-sufficient country in meeting energy needs.

NOx (Nitrogen Oxide): One of the fuel gas pollutants released into the atmosphere.

OHS: Occupational Health and Safety

OPEC (Organization of the Petroleum Exporting Countries): An organization consisting of 12 nations, founded in 1960 in Baghdad with the agreement signed between Iran, Iraq, Kuwait, Saudi Arabia and Venezuela, which aims coordinate and unify the petroleum policies of its member countries.

OTC (Over-the-Counter) Market: The markets that do not have a physical location, that are outside the stock market and where the sales are made by open bidding.

Paris Agreement: The agreement that is accepted in the 21st United Nations Framework Convention on Climate Change held in Paris in 2015 and which forms the framework of the climate change regime after 2020.

Regulation of Electricity Market Capacity Mechanism: The regulation including the rules regarding the capacity mechanism to be operated by TEİAŞ in order to ensure supply security with adequate installed power in the electricity market.

Renewable Energy: Type of energy supplied from everlasting natural processes. These resources include the sun, wind, rivers, biological processes and geothermal power.

RES: Renewable Energy Sources

Reverse Osmosis: A water purification process that passes the water pumped with high pressure through the membrane filter in order to remove undesired matters from drinking water.

Royalty: Allocation of mining license fields by the beneficiary to a real or legal person with a contract. The essence of right to operate will be held by the beneficiary.

Supplier: Power companies, auto producers, auto producer groups, wholesale companies, retail sales companies and distribution companies with retail sales license that provide electrical energy and/or capacity to their customers.

Sustainability Report: A type of report that is issued by the companies to include their current activities, future plans and targets under economic, environmental, social and ethics headings which covers all their stakeholders.

Sustainable Energy: Type of energy that meets today's needs without jeopardizing the natural resources and capabilities that future generations will require to meet their energy needs.

TANAP (Trans Anatolian Natural Gas Pipeline Project): The project which took three years to complete and was completed in 2018 and will carry the Azeri natural gas to Europe through Turkey.

TEİAŞ: Turkish Electricy Transmission Corporation

TurkStream: The pipeline project aiming to create energy source for Turkey, South and South East Europe by connecting the natural gas reserves in Russia directly to the natural gas distribution network of Turkey.

United Nations Global Compact: An innovative corporate responsibility approach which proposes universal principles to create a common development culture in the constantly competing business world. Participating to the Compact with the vision of "sustainable and comprehensive global economy" is completely on a voluntary basis.

WPP: Wind Power Plant

YEKA: Renewable Energy Zone

YEKDEM: Renewable Energy Resources Support Scheme

W: Watt: Power unit
KW: Kilowatt
MW: Megawatt
GW: Gigawatt
TW: Terawatt

Wh: Watt/hour: Energy Unit
KWh: Kilowatt/hour
MWh: Megawatt/hour
GWh: Gigawatt/hour
TWh: Terawatt/hour

1 TW= 1,000 GW=1 million MW=1 billion KW=1 trillion W

1 TWh= 1,000 GWh=1 million MWh= 1 billion KWh=1 trillion Wh

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