# Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries

# Interim Condensed Consolidated Financial Statements
# As at and For The Three-Month Period
# Ended 31 March 2018
# With Independent Auditors' Report on Review of Condensed
# Consolidated Interim Financial Statements

18 March 2019

This report includes 2 pages of independent auditors' report on review of condensed consolidated financial statements and 53 pages of interim condensed consolidated financial statements together with their explanatory notes.

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

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# Independent Auditor's Reissued Report on Review of Condensed Consolidated Interim Financial Information

To the Board of Directors of
Aksa Enerji Üretim A.Ş.

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Aksa Enerji Üretim A.Ş. ("the Company") and its subsidiaries (together "the Group") as at 31 March 2018, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Other matter*

This auditor's report is being reissued and is superseded the previously issued auditor's report dated 10 May 2018, to correct an error discovered after the issuance of the condensed consolidated interim financial information. The previously issued auditor's report dated 10 May 2018 is not to be relied on because the condensed consolidated interim financial information materially misstated and the previously issued auditor's report is superseded by this reissued report. Note 2.f to the accompanying reissued condensed consolidated interim financial information describes the correction of error. Our conclusion is not modified in respect of this matter.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at and for the three month period ended 31 March 2018 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Şirin Soysal
Partner
18 March 2019
İstanbul, Turkey

# Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
## Condensed Consolidated Statement of Financial Position
## As at 31 March 2018

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

| ASSETS | Notes | Reviewed *(Restated)(*)* 31 March 2018 | Audited *(Restated)(*)* 31 December 2017 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 36,898,264 | 59,577,791 |
| Trade and other receivables | | 989,145,792 | 759,563,092 |
| Due from related parties | *18* | 29,201,562 | 41,374,904 |
| Derivative financial assets | *15* | 12,407,616 | 2,576,770 |
| Inventories | | 500,028,439 | 426,867,338 |
| Prepayments | | 12,904,663 | 9,355,506 |
| Current tax assets | | 4,255,340 | 3,292,537 |
| Other current assets | | 134,910,281 | 124,924,838 |
| **Subtotal** | | **1,719,751,957** | **1,427,532,776** |
| Assets held for sale | *19* | -- | 46,013,293 |
| **Total current assets** | | **1,719,751,957** | **1,473,546,069** |
| **Non-current assets** | | | |
| Financial investments | | 412,408 | 412,408 |
| Trade receivables and other receivables | | 3,249,990 | 15,662,583 |
| Property, plant and equipment | *9* | 3,598,709,222 | 3,635,797,549 |
| Intangible assets | | 75,253,123 | 72,616,102 |
| Goodwill | *10* | 3,349,356 | 3,349,356 |
| Prepayments | | 2,366,103 | 4,135,958 |
| **Total non-current assets** | | **3,683,340,202** | **3,731,973,956** |
| **TOTAL ASSETS** | | **5,403,092,159** | **5,205,520,025** |

*(*) Please refer to Note 2*

# Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
# Condensed Consolidated Statement of Financial Position
# As at 31 March 2018

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

| LIABILITIES | Notes | Reviewed *(Restated)(*)* 31 March 2018 | Audited *(Restated)(*)* 31 December 2017 |
|---|---|---|---|
| **Current liabilities** | | | |
| Loans and borrowings | *14* | 1,287,657,492 | 1,281,784,265 |
| Other financial liabilities | | 233,266,964 | 259,814,613 |
| Trade payables and other payables | | 451,591,971 | 428,163,954 |
| Due to related parties | *18* | 173,884,821 | 85,276,884 |
| Derivative financial liabilities | *15* | 4,362,776 | 3,052,466 |
| Taxation payable on income | | 10,591,613 | 2,732,752 |
| Provisions | | 2,670,648 | 2,371,672 |
| Other current liabilities | | 21,695,617 | 79,570,413 |
| Deferred revenue | | 722,157 | 1,050,813 |
| **Total current liabilities** | | **2,186,444,059** | **2,143,817,832** |
| **Non-current liabilities** | | | |
| Loans and borrowings | *14* | 1,246,256,928 | 1,158,627,222 |
| Other financial liabilities | | 128,977,522 | 136,278,110 |
| Reserve for employee severance indemnity | | 2,850,729 | 3,000,204 |
| Deferred tax liabilities | *11* | 69,787,840 | 96,618,904 |
| **Total non-current liabilities** | | **1,447,873,019** | **1,394,524,440** |
| **Total liabilities** | | **3,634,317,078** | **3,538,342,272** |
| **EQUITY** | | | |
| Share capital | *12* | 615,157,050 | 615,157,050 |
| Legal reserve | *12* | 48,267,560 | 48,267,560 |
| Cash flow hedge reserves | | 3,322,529 | 2,060,997 |
| Actuarial gain/loss | | 1,308,204 | 1,566,073 |
| Translation reserves | | 83,547,520 | 25,486,345 |
| Share premium | | 247,403,635 | 247,403,635 |
| Gains on revaluation of property, plant and equipment | | 864,054,624 | 882,386,856 |
| Accumulated losses | | (199,042,608) | (470,564,802) |
| Net profit for the period | | 12,832,241 | 257,947,268 |
| **Total equity attributable to equity holders of the Company** | | **1,676,850,755** | **1,609,710,982** |
| Non-controlling interests | *12* | 91,924,326 | 57,466,771 |
| **Total equity** | | **1,768,775,081** | **1,667,177,753** |
| **TOTAL EQUITY AND LIABILITIES** | | **5,403,092,159** | **5,205,520,025** |

*(*) Please refer to Note 2*

**Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries**
**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**
**For the Three-Month Period Ended 31 March 2018**
*(Amounts expressed in Turkish Lira unless otherwise stated.)*

| INCOME STATEMENT | Notes | Reviewed *(Restated)(*)* 1 January- 31 March 2018 | Reviewed 1 January- 31 March 2017 |
|---|---|---|---|
| Revenues | 6 | 1,022,120,075 | 738,396,634 |
| Cost of sales | 6 | (883,103,228) | (714,759,643) |
| **Gross profit** | | **139,016,847** | **23,636,991** |
| Administrative expenses | | (11,109,027) | (12,714,483) |
| Marketing and selling expenses | | (209,160) | (373,771) |
| Other operating income | | 715,611 | 12,603,664 |
| Other operating expenses | | (2,166,941) | (6,368,479) |
| **Operating profit** | | **126,247,330** | **16,783,922** |
| Gain from investing activities | | 2,596,878 | 19,335,288 |
| **Operating profit before finance costs** | | **128,844,208** | **36,119,210** |
| Financial income | 7 | 32,246,414 | 110,600,897 |
| Financial expenses | 7 | (137,846,534) | (250,254,570) |
| **Net financial costs** | | **(105,600,120)** | **(139,653,673)** |
| **Profit/(loss) before tax for the period** | | **23,244,088** | **(103,534,463)** |
| **Tax benefit** | | **25,065,639** | **15,127,342** |
| Current tax expense | | (2,503,238) | (3,521,164) |
| Deferred tax benefit | 8 | 27,568,877 | 18,648,506 |
| **Profit/(loss) for the period** | | **48,309,727** | **(88,407,121)** |
| Non-controlling interest | | 35,477,486 | (574,500) |
| Attributable to equity holders of the parent | | 12,832,241 | (87,832,621) |
| **Total profit/(loss) for the year from continuing operations** | | **48,309,727** | **(88,407,121)** |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Remeasurements of the defined benefit liability | | (296,048) | 680,789 |
| Tax on items that will not be reclassified to profit or loss | | 38,179 | (136,158) |
| **Items that are or may be reclassified subsequently to profit or loss:** | | | |
| Effective portion of changes in fair value of cash flow hedges | | 1,576,896 | 485,291 |
| Foreign currency translation differences from foreign operations | | 57,041,261 | (19,666,453) |
| Tax on items that are or may be reclassified subsequently to profit or loss | | (315,381) | (97,057) |
| **Other comprehensive income for the period, net off tax** | | **58,044,907** | **(18,733,588)** |
| **Total comprehensive income for the period** | | **106,354,634** | **(107,140,709)** |
| Non-controlling interests | | 34,457,555 | (577,003) |
| Attributable to equity holders of the parent | | 71,897,079 | (106,563,706) |

*(*) Please refer to Note 2*

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

# Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
# Condensed Consolidated Statement of Changes in Equity
# For The Three-Month Period Ended 31 March 2018
*(Amounts expressed in Turkish Lira unless otherwise stated.)*

| SHAREHOLDERS' EQUITY | Share capital | Share premium | Legal reserves | Actuarial gain/ (loss) | Cash flow hedge reserve | Translation differences | Retained earnings/ Accumulated Losses | Net Loss | Total | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2017** | **615,157,050** | **247,403,635** | **44,342,753** | **1,214,288** | **1,071,273** | **28,453,746** | **(77,029,456)** | **(368,010,433)** | **492,602,856** | **(2,337,947)** | **490,264,909** |
| Net loss for the period | -- | -- | -- | -- | -- | -- | -- | (87,832,621) | **(87,832,621)** | (574,500) | **(88,407,121)** |
| Actuarial gain / (loss) | -- | -- | -- | 547,141 | -- | -- | -- | -- | **547,141** | (2,510) | 544,631 |
| Translation difference | -- | -- | -- | -- | -- | (19,666,453) | -- | -- | **(19,666,453)** | -- | **(19,666,453)** |
| Effective portion of changes in fair value of cash hedges | -- | -- | -- | -- | 388,227 | -- | -- | -- | **388,227** | 7 | **388,234** |
| **Total other comprehensive loss for the period** | -- | -- | -- | **547,141** | **388,227** | **(19,666,453)** | -- | **(87,832,621)** | **(106,563,706)** | **(577,003)** | **(107,140,709)** |
| Transfer to retained earnings | -- | -- | 1,727,759 | -- | -- | -- | (369,738,192) | 368,010,433 | -- | -- | -- |
| Transaction with owners of the Company, recognized directly in equity | -- | -- | **1,727,759** | -- | -- | -- | **(369,738,192)** | **368,010,433** | -- | -- | -- |
| **Balance at 31 March 2017** | **615,157,050** | **247,403,635** | **46,070,512** | **1,761,429** | **1,459,500** | **8,787,293** | **(446,767,648)** | **(87,832,621)** | **386,039,150** | **(2,914,950)** | **383,124,200** |

## Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
## Condensed Consolidated Statement of Changes in Equity
## For The Three-Month Period Ended 31 March 2018

*(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 | 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 | -- | -- | -- | -- | -- | -- | -- | -- | 12,832,241 | **12,832,241** | 35,477,486 | **48,309,727** |
| Actuarial gain / (loss) | -- | -- | -- | (257,869) | -- | -- | -- | -- | -- | **(257,869)** | -- | **(257,869)** |
| Revaluation of PPE | | | | | | (18,332,232) | -- | 18,332,232 | -- | -- | -- | -- |
| Translation difference | -- | -- | -- | -- | -- | -- | 58,061,175 | -- | -- | **58,061,175** | (1,019,914) | **57,041,261** |
| Effective portion of changes in fair value of cash hedges | -- | -- | -- | -- | 1,261,532 | -- | -- | -- | -- | **1,261,532** | (17) | **1,261,515** |
| **Total other comprehensive loss for the period** | **--** | **--** | **--** | **(257,869)** | **1,261,532** | **(18,332,232)** | **58,061,175** | **18,332,232** | **12,832,241** | **71,897,079** | **34,457,555** | **106,354,634** |
| 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 March 2018** | **615,157,050** | **247,403,635** | **48,267,560** | **1,308,204** | **3,322,529** | **864,054,624** | **83,547,520** | **(199,042,608)** | **12,832,241** | **1,676,850,755** | **91,924,326** | **1,768,775,081** |

# Aksa Enerji Üretim A.Ş.
# Condensed Consolidated Statement of Cash Flow
# For The Three-Month Period Ended 31 March 2018

*(Amounts expressed in Euro unless otherwise stated.)*

| CASH FLOWS FROM OPERATING ACTIVITIES | Notes | Reviewed *Restated (*)* 1 January- 31 March 2018 | Reviewed 1 January- 31 March 2017 |
|---|---|---|---|
| Net profit/(loss) for the period | | **48,309,727** | **(88,407,121)** |
| Depreciation and amortization | | 90,998,271 | 44,883,148 |
| Provision for employee severance indemnity | | 332,611 | 1,092,359 |
| Interest expenses | 7 | 104,638,905 | -- |
| Interest income | 7 | (4,598,188) | 77,302,581 |
| Tax benefit | 8 | (25,065,639) | (15,127,342) |
| Expense from derivative transactions, net | | (7,725,514) | -- |
| Gain on sale of property, plant and equipment and intangible assets | | (2,596,879) | (514,635) |
| Unrealized foreign currency income/loss | | 3,032,114 | 27,234,019 |
| **Operating profit before working capital changes** | | **207,325,408** | **46,463,009** |
| Change in inventories | | (88,121,752) | (42,967,346) |
| Change in trade and other receivables | | (228,118,353) | 140,945,766 |
| Change in due from related parties | | 12,173,342 | (15,798,165) |
| Change in trade and other payables | | (39,792,953) | 25,725,058 |
| Change in due to related parties | | 97,692,625 | 13,325,911 |
| Change in other current liabilities | | (17,538) | (5,113,992) |
| Change in assets and liabilities held for sale | | 46,013,293 | (16,366,992) |
| Change in other current assets | | 13,181,350 | 39,176,892 |
| | | **20,335,422** | **185,390,141** |
| Taxes paid | | 1,661,470 | (329,515) |
| Employee termination indemnity paid | | (58,645) | (277,896) |
| Interest paid | | (104,638,905) | (71,982,253) |
| Interest received | | 4,598,188 | 673,505 |
| **Net cash provided from operating activities** | | **(78,102,471)** | **113,473,982** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of subsidiary | | -- | 33,545,783 |
| Proceeds from sale of property, plant and equipment and intangible assets | 9 | 2,967,022 | 2,296,952 |
| Purchases of property, plant and equipment | 9 | (10,605,169) | (124,205,817) |
| Purchases of intangible assets | | (143,774) | (1,552,023) |
| **Net cash provided from/(used in) investing activities** | | **(7,781,921)** | **(89,915,105)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issued bank borrowings | 14 | 807,376,104 | (27,594,387) |
| Repayments from issued debt instruments | 14 | (744,637,749) | (12,181,700) |
| Net cash outflow from derivatives | | 466,510 | (1,845,314) |
| **Net cash (used in)/provided from financing activities** | | **63,204,865** | **(41,621,401)** |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | **(22,679,527)** | **(18,062,524)** |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | | **59,546,471** | **41,608,428** |
| **CASH AND CASH EQUIVALENTS AT 31 MARCH** | | **36,866,944** | **23,545,904** |

*(*) Please refer to Note 2*

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

*(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.

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 March 2018** | **31 December 2017** |
| Aksa Aksen Enerji Ticareti A.Ş. ("Aksa Aksen Enerji") | Electricity trade | Turkey | 100.00 | 100.00 |
| Aksa Energy Company Ghana Limited ("Aksa Enerji Ghana") | Electricity production | Ghana | 75.00 | 75.00 |
| Aksa Enerji Üretim A.Ş.-Y.Ş. ("Aksa Enerji – Y.Ş.") | Electricity production | TRNC | 100.00 | 100.00 |
| Aksa Ghana B.V. (Aksa Ghana B.V) | Holding company | Netherlands | 100.00 | 100.00 |
| Aksa Global Investment B.V. ("Aksa Global B.V.") | Holding company | Netherlands | 100.00 | 100.00 |
| Aksa Göynük Enerji Üretim A.Ş. ("Aksa Göynük Enerji") | Electricity production | Turkey | 99.99 | 99.99 |
| Aksa Madagascar B.V. | Holding company | Netherlands | 100.00 | 100.00 |
| Aksa Mali S.A. | Electricity production | Mali | 100.00 | 100.00 |
| Aksaf Power Ltd.("Aksaf Power") | Electricity production | Mauritius | 58.35 | 58.35 |
| İdil İki Enerji Sanayi ve Ticaret A.Ş. ("İdil İki Enerji") | Electricity production | Turkey | 99.99 | 99.99 |
| Overseas Power Ltd. ("Overseas Power") | Good and supply trade | Mauritius | 100.00 | 100.00 |
| Rasa Elektrik Üretim A.Ş. ("Rasa Elektrik") | Electricity production | Turkey | 99.96 | 99.96 |
| Rasa Enerji Üretim A.Ş. ("Rasa Enerji") | Electricity production | Turkey | 99.99 | 99.99 |

At 31 March 2018, the number of employees of the Group is 1,042 (31 December 2017: 1,019).

**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.

## 1. REPORTING ENTITY (continued)

**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.

**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 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.

**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 dollar denominated and approximately 700.000 MW guaranteed sale from the power plant has been projected. The field, fuel oil supply, all license and permissions related to the project will be provided by Jırama. At the last quarter of the year 2016 construction has been started. On 4 August 2017, Installed power of power plant has increased to 50 MW and the remaining 16 MW powered portion from the first phase of 66 MW installed powered in total, has been put in use on 7 September 2017. Second phase of 54 MW installed power will be planned to put in use subsequent to the completion of transmission lines in the area.

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 1. REPORTING ENTITY (continued)

**İdil İki Enerji:**

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

**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.

**Rasa Elektrik:**

Rasa Elektrik located at Mardin established on January 1996 in order to meet the electricity needs of Mardin and surrounding areas. It sells its production to TEİAŞ ("Turkish Electricity Transmission Company"). The land over which the power plant is located in Mardin, has been leased from Koni İnşaat A.Ş. ("Koni İnşaat") in 2002, to be renewed annually. The factory which Rasa Elektrik manufacture of radiators has been leased from Koni İnşaat until 31 December 2012, the factory land is the property of Aksa Enerji.

In November 2013, part of the manufacturing of radiators was split and received the title which was the Rasa Endüstriyel Radyatörler Sanayi ve Ticaret A.Ş. Aksa Enerji does not have any partnership in the company. The machine and equipment of Siirt power plant was sold to Rasa Elektrik before its transfer.

**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 5 March 2010 from one of the related parties of Koni İnşaat. Rasa Enerji had a natural gas power plant in Van, which has a 114.88 MW capacity. The total installed capacity of the Van plant was increased from 104 MW to 114.88 MW, as combined cycle in the last quarter of 2010.

As per the application to Energy Market Regulatory Authority, generation licence of Van Natural Gas Combined Cycle Power Plant, which had an installed capacity of 115 MW, has been cancelled. The power plant, which has a decreasing chance of generation in free market conditions within Turkey, is expected to be used abroad on a USD based contract with higher margins.

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

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

As of 31 March 2018, electricity production licenses held by the Group are as follows:

| Licence Owner | Location | Type of Facility | Date of Licence Started | Licence Duration | The capacity of the plant (MWhe) | The capacity in use (MWhe) |
|---|---|---|---|---|---|---|
| Aksa Enerji | TRNC | Fuel oil | 10 March 2009 | 15+3 | 153 | 153 |
| Aksa Enerji | Antalya | Natural Gas | 13 November 2007 | 30 years | 2.050 | 1.150 |
| Aksa Enerji | Manisa | Natural Gas | 21 February 2008 | 30 years | 115 | 115 |
| Aksa Göynük | Bolu | Coal Plant | 25 March 2008 | 30 years | 270 | 270 |
| Aksa Enerji Gana | Ghana | Fuel Oil | 1 August 2017 | 6,5 years | 370 | 280 |
| Aksa Mali S.A | Mali | Fuel Oil | 28 September 2017 | 3 years | 40 | 40 |
| Aksaf Power | Madagascar | Fuel Oil | 5 September 2017 | 20 years | 120 | 66 |
| Rasa Enerji | Şanlıurfa | Natural Gas | 12 May 2011 | 49 years | 270 | 147 |
| **Toplam** | | | | | **3.388** | **2.221** |

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). These condensed consolidated interim financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017.

The condensed consolidated financial statements as at and for the three-month period ended 31 March 2018 were approved by the Board of Directors on 18 March 2019.

### b) Basis of measurement

The condensed consolidated financial statements have been prepared on the historical cost basis and for the Group's Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2005, except for the followings:

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

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

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates until 31 December 2005. Turkey came off highly inflationary status for the period beginning after 15 December 2005, therefore restatement for IAS 29 ("Financial Reporting in Hyperinflationary Economies") has not been applied since 1 January 2006.

### c) Functional and presentation currency

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

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

The table below summarizes functional currencies of the Group entities.

| **Company** | **Functional currency** |
|---|---|
| Aksa Enerji A.Ş.– Y.Ş. | US Dollars ("USD") |
| Rasa Elektrik | TL |
| 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 |

## 2. BASIS OF PREPARATION (continued)

### c) Functional and presentation currency (continued)

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

### d) Basis of consolidation

#### i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through 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 recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

#### ii) Acquisitions from entities under common control

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

#### iii) Subsidiaries

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

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

#### iv) Non-controlling interests

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

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

## 2. BASIS OF PREPARATION (continued)

### d) Basis of consolidation (continued)

#### v) Loss of control

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

#### vi) Transactions eliminated on consolidation

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

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

### e) Foreign currency

#### i) Foreign currency transactions

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

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

#### 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.

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 2. BASIS OF PREPARATION (continued)

### e) Foreign currency (continued)

#### ii) Foreign operations (continued)

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 March 2018 and 31 December 2017 are as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| EUR/TL | 4.8673 | 4.5155 |
| USD/TL | 3.9489 | 3.7719 |
| GHS/USD | 0.2265 | 0.2265 |
| TL/USD | 0.2532 | 0.2651 |

### f) Comparative information and restatement prior period consolidated financial statements

In the consolidated financial statements for the year ended 31 December 2017, the land, buildings and land improvements and machinery and equipment included in the tangible fixed assets have ceased to use the cost method and have preferred the cost of revaluation method in accordance with TAS 16 Property, Plant and Equipment. In order to determine the revalued amounts of the tangible fixed assets of the foreign operations in which the functional currency is US Dollars and EUR subject to consolidation, the machine and real estate values taken as the base of the functional currency included in the valuation report dated 28 December 2017 are shown on the basis of the exchange rate at 29 December 2017 in the consolidated financial statements in which the functional currency is TL In accordance with TAS 21, these amounts are required to be translated into TL, which is the functional currency of the Group, using the foreign exchange rate dated 31 December 2017. The effects of these corrections are reflected to the related period in accordance with TAS 8 “Changes in Accounting Estimates and Errors. The effect of errors to the previous period is presented in the table below in each financial statement item:

| | *Previously Reported 31 December 2017* | *Effect of Error* | *Restated 31 December 2017* |
|---|---|---|---|
| Property, plant and equipment | 3,644,861,330 | (9,063,781) | 3,635,797,549 |
| Gains on revaluation of property, plant and equipment | 887,786,445 | (5,399,589) | 882,386,856 |
| Deferred tax liabilities | 99,045,245 | (2,426,341) | 96,618,904 |
| Non-controlling interest | 58,704,622 | (1,237,851) | 57,466,771 |
| Fixed assets revaluation funds –other comprehensive income | 1,157,853,041 | (9,063,781) | 1,148,789,260 |
| Deferred tax expense-other comprehensive income | 240,270,344 | (2,426,341) | 237,844,003 |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 2. BASIS OF PREPARATION (continued)

### f) Comparative information and restatement prior period consolidated financial statements (continued)

Consolidated financial statements for the year ended 31 March 2018 have restated as a result of the correction of error made mistakenly in the depreciation expense and allocated of net income of the consolidated financial statement for the three month of 1 January 2018- 31 March 2018 published on 10 May 2018. Related financial statements, net profit after tax have decreased by TL 19,903,375 because of addition with depreciation expense amounting to TL 25,996,093 as a result of the correction of the error and have restated consolidated financial statements for the year ended 31 December 2017. There are no changes in the consolidated financial statements except for the following accounts.

| | *Previously Reported 31 March 2018* | *Effect of Error* | *Restated 31 March 2018* |
|---|---|---|---|
| Property, plant and equipment | 3,607,208,821 | (8,499,599) | 3,598,709,222 |
| Gains on revaluation of property, plant and equipment | 869,454,213 | (5,399,589) | 864,054,624 |
| Deferred tax liabilities | 78,306,900 | (8,519,060) | 69,787,840 |
| Non-controlling interest | 67,707,542 | 24,216,784 | 91,924,326 |
| Translation reserves | 56,987,244 | 26,560,276 | 83,547,520 |
| Cost of goods sold | 857,107,135 | 25,996,093 | 883,103,228 |
| Deferred tax income | 21,476,159 | 6,092,718 | 27,568,877 |
| Net profit of the period | 68,213,102 | (19,903,375) | 48,309,727 |
| - *Non-controlling interest* | *10,022,851* | *25,454,635* | *35,477,486* |
| - *Attributable to equity holders of the parent* | 58,190,251 | (45,358,010) | *12,832,241* |
| Earnings per share | 0,095 | (0,074) | 0,021 |

In the restatement of the cash flow for the three-month period ended 31 March 2018, the effects of above mentioned corrections are also taken into accounts.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a) Summary of significant accounting policies

Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

<u>IFRS 15 Revenue from Contracts with Customers</u>

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Group has adopted TFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 January 2018). Accordingly, the information presented for 2017 has not been restated – in other words it is presented, as previously reported, under TAS 18, IAS 11 and related interpretations.

The Group records the financial statements in accordance with the following five basic principles:

- Identification of contract
- Performance obligations
- Determination of transaction price
- Allocation of price to performance obligations
- Recognition of revenue

Revenue mainly comprises electricity sales. Electricity sales revenue are recorded at invoiced amounts by the delivery of electricity power to customers on an accrual basis. Revenue is measured net of sales commissions, taxes. Balancing invoices issued by TEIAŞ is recognized in cost of sales.

IFRS 15 did not have a significant effect on the recognition of the Group's revenue.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### a) Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below

| | **1 January 2018 – Effect of implementation of IFRS 9** |
|---|---|
| **Retaining earnings / (accumulated losses)** | |
| Recognizing expected credit losses accordance with IFRS 9 | 5,946,633 |
| Deferred tax | (1,189,327) |
| **Opening balance regarding to IFRS 9** | **4,757,306** |

*i. Classification and measurement of financial assets and financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

Detailed information on how the Group classifies, measures and recognizes the related income and expenses in accordance with IFRS 9 is presented below.

Under TFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised 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 achieved by both collecting contractual cash flows and selling financial 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 amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### a) Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

*i. Classification and measurement of financial assets and financial liabilities (continued)*

The following accounting policies apply to the subsequent measurement of financial assets.

| | |
|---|---|
| **Financial assets at FVTPL** | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| **Financial assets at amortised cost** | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.<br>Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |

The adoption of IFRS 9 on 1 January 2018 does not have a significant effect on the carrying amounts of financial assets, as explained in more detail below

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

| | Original classifica-tion under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 | New carrying amount under IFRS 9 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 59,577,791 | 59,577,791 |
| Trade receivables | Loans and receivables | Amortised cost | 706,750,072 | 701,992,766 |
| Other receivables | Loans and receivables | Amortised cost | 94,187,924 | 94,187,924 |

*ii. Impairment of financial assets*

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortised cost and contract assets but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, other receivables and cash and cash equivalents.

As of 1 January 2018 Effect of IFRS 9 as described below:

| | |
|---|---|
| **Impairment of IAS 39 as of 31 December 2017** | **18,514,306** |
| - Trade receivables | 5,946,633 |
| **Impairment of IFRS 9 as of 1 January 2018** | **24,460,763** |

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the condensed consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

**Amendments to IFRS 9 - Prepayment features with negative compensation**

On December 2017, POA has issued amendments to IFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. Under IFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 9.

**Amendments to IAS 28- Long-term *Interests in Associates and Joint Ventures***

On December 2017, POA has issued amendments to IAS 28 to clarify that entities also apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of IAS 28. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying TAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

***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 TFRS by the POA, thus they do not constitute part of TFRS. 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 TFRS.

**IFRS 16 Leases**

On 13 January 2016, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 *Investment Properties*. IFRS 16 *Leases* eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

**IFRIC 23 –Uncertainty Over Income Tax Treatments**

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

***Annual Improvements to IFRSs 2015-2017 Cycle***

**Improvements to IFRSs**

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

*IFRS 3 Business Combinations* and *IFRS 11 Joint Arrangements*

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

*IAS 12 Income Taxes*

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

*IAS 23 Borrowing Costs*

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

**Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement -**

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 19.

**The revised Conceptual Framework**

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

### c) Significant accounting assessments, estimates and assumptions

In order to prepare financial statements in accordance with TMS, certain assumptions affecting notes to the financial statements and critical accounting estimations related to assets, liabilities, contingent assets and contingent liabilities are required to be used. Although these estimations are made upon the best afford of the management by interpreting the cyclical circumstances, actual results may differ from the forecasts. Issues that are complex and needs further interpretation, which might have a critical impact on financial statements. There is no change in judgments and critical accounting estimates compared to prior year used in interim condensed consolidated financial statements as 31 March 2018.

## 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.

***iiii) 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 2017.

## 5. FINANCIAL RISK MANAGEMENT

**Overview**

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

- Credit risk
- Liquidity risk
- Market risk

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

**Risk management framework**

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

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

## 5. FINANCIAL RISK MANAGEMENT (continued)

**Risk management framework (continued)**

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.

***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 March 2018, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily TL, but also GHS which are disclosed within the relevant notes to these condensed consolidated for the year ended financial statements. The currencies in which these transactions primarily denominated are USD and EUR. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments as mentioned in Note 17.

***ii) Interest rate risk***

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

**Capital management**

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

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

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

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 6. REVENUE

The details of the Group's revenue, for the three-month period ended on 31 March is as follows:

| | 1 January- 31 March 2018 | 1 January- 31 March 2017 |
|---|---|---|
| Domestic sales | 616,204,018 | 668,878,707 |
| Foreign sales | 405,916,057 | 69,517,927 |
| **Net sales** | **1,022,120,075** | **738,396,634** |
| Cost of sales (-) | (883,103,228) | (714,759,643) |
| **Gross profit** | **139,016,847** | **23,636,991** |

| | 1 January- 31 March 2018 | 1 January- 31 March 2017 |
|---|---|---|
| **Revenue – amount** | | |
| Electricity | 1,022,102,267 | 715,174,188 |
| Other | 17,808 | 23,222,446 |
| **Total** | **1,022,120,075** | **738,396,634** |
| **Gross margin - amount** | | |
| Electricity | 139,003,494 | 13,915,760 |
| Other | 13,353 | 9,721,231 |
| **Total** | **139,016,847** | **23,636,991** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 7. FINANCIAL INCOME AND FINANCIAL EXPENSES

The details of the Group's financial income and expenses, for the three-month period ended on 31 March is as follows:

| **Financial income** | **1 January- 31 March 2018** | **1 January- 31 March 2017** |
|---|---|---|
| Foreign exchange gain, net | 19,911,198 | 98,888,254 |
| Income from derivative transactions | 7,737,028 | 4,026,168 |
| Interest and discount income from related parties (Note 18) | 3,867,915 | 1,167,012 |
| Interest and discount income | 730,273 | 6,519,463 |
| **Total** | **32,246,414** | **110,600,897** |

| **Financial expenses** | **1 January- 31 March 2018** | **1 January- 31 March 2017** |
|---|---|---|
| Interest and discount expenses | 102,607,338 | 71,896,686 |
| Foreign exchange loss from borrowings, net | 28,055,989 | 157,091,106 |
| Guarantee letters and bank commission expenses | 5,140,126 | 4,076,968 |
| Interest expense on financial liabilities and loans to related parties (Note 18) | 2,031,567 | 13,092,370 |
| Bond issued, interest and expenses | 11,514 | 64,359 |
| Interest rate swap expenses | -- | 4,033,081 |
| **Total** | **137,846,534** | **250,254,570** |

## 8. 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 20% (2017: 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% (2017: 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.

## 8. TAXATION (continued)

Turkey (continued)

The tax legislation provides for a temporary tax of 20% (2017: 20%) to be calculated and paid based on earnings generated for each quarter for the three month period ended 31 March 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 31 March 2018. However, according to the amendments by Law numbered 7061, this rate is reduced from 75% to 50% and tax declarations starting from 2018 will be calculated using 50%.

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

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

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

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

*Transfer pricing regulations*

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

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

*Tax applications for foreign subsidiaries of the Group*

*Republic of Ghana*

The applicable corporate tax rate in Republic of Ghana is 25% (31 December 2017: 25%).

*Turkish Republic Of Northern Cyprus (“KKTC”)*

The applicable corporate tax rate in KKTC is 23,5% (31 December 2017: 23,5%).

*Netherlands*

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

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 8. TAXATION (continued)

*Netherlands (continued)*

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 six months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

*Republic Of Mauritius*

The applicable corporate tax rate in Mauritius is nil (31 December 2017: nil).

*Republic Of Mali*

The applicable corporate tax rate in Mali 25% (31 December 2017: 30%).

*Madagascar*

The applicable corporate tax rate in Madagascar 20% (31 December 2017: 20%).

**Tax recognized in profit or loss**

Income tax income for the three-month period ended 31 March comprised the following items:

| | 1 January-<br>31 March 2018 | 1 January-<br>31 March 2017 |
|---|---:|---:|
| **Current tax expense** | | |
| Current period tax expense | (2,503,238) | (3,521,164) |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | 27,568,877 | 18,648,506 |
| **Total tax income** | **25,065,639** | **15,127,342** |

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 March 2018 and 31 December 2017 as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---:|---:|
| Property, plant and equipment | 3,539,657,722 | 3,565,794,115 |
| Mining assets | 59,051,500 | 70,003,434 |
| **Total** | **3,598,709,222** | **3,635,797,549** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 9. PROPERTY, PLANT AND EQUIPMENT (continued)

The movements of property and equipment comprise fixed asset and mining assets and related accumulated depreciation for the three-month period ended 31 March 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 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 | 2,373,196 | 64,745,336 | 105,220 | 105,073 | -- | 1,509,143 | **68,837,968** |
| Additions | 32,751 | 5,604,025 | -- | 208,248 | -- | 4,760,145 | **10,605,169** |
| Disposals | -- | (72,445) | -- | (3,845) | (636) | (364,668) | **(441,594)** |
| **Balance at 31 March 2018** | **130,504,612** | **4,364,677,340** | **3,624,810** | **12,838,656** | **26,791,674** | **117,624,033** | **4,656,061,125** |
| **Accumulated depreciation** | | | | | | | |
| **Balance at 1 January 2018** | **6,363,919** | **990,927,731** | **795,296** | **9,314,568** | **3,863,953** | **--** | **1,011,265,467** |
| Depreciation for the period | 7,612,501 | 81,349,389 | 47,406 | 226,266 | 5,475 | -- | **89,241,037** |
| Disposals | -- | (60,371) | -- | (2,718) | (636) | -- | **(63,725)** |
| Effect of movements in exchange rates | 380,547 | 15,507,317 | 37,947 | 34,813 | -- | -- | **15,960,624** |
| **Balance at 31 March 2018** | **14,356,967** | **1,087,724,066** | **880,649** | **9,572,929** | **3,868,792** | **--** | **1,116,403,403** |
| **Carrying amount as of 31 March 2018** | **116,147,645** | **3,276,953,274** | **2,744,161** | **3,265,727** | **22,922,882** | **117,624,033** | **3,539,657,722** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 9. PROPERTY, PLANT AND EQUIPMENT (continued)

| Cost | Land and buildings and land improvements | Machinery and equipment | Vehicles | Furniture and fixtures | Leasehold improvements | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2017** | **70,881,340** | **2,698,818,600** | **3,144,551** | **12,403,165** | **26,509,495** | **369,786,001** | **3,181,543,152** |
| Effect of movements in exchange rates | 497,923 | 13,139,869 | (32,710) | 325,406 | 279,765 | 16,204,085 | 30,414,338 |
| Additions | 7,905 | 37,877,679 | -- | 372,236 | -- | 85,947,997 | 124,205,817 |
| Disposals | -- | (1,433,597) | -- | (1,822) | -- | (541,045) | (1,976,464) |
| Transfers | 5,848,498 | (18,565,958) | -- | (397,062) | -- | 13,114,522 | -- |
| Disposal of subsidiaries | (73,795) | (13,595,931) | -- | (90,411) | -- | (61,199) | (13,821,336) |
| **Balance at 31 March 2017** | **77,161,871** | **2,716,240,662** | **3,111,841** | **12,611,512** | **26,789,260** | **484,450,361** | **3,320,365,507** |
| **Accumulated depreciation** | | | | | | | |
| **Balance at 1 January 2017** | **7,085,940** | **780,438,257** | **574,175** | **9,148,228** | **227,867** | **--** | **797,474,467** |
| Depreciation for the period | 754,949 | 41,364,595 | 74,857 | 293,656 | 6,734 | -- | 42,494,791 |
| Effect of movements in exchange rates | 183,365 | 9,851,034 | 38,717 | 20,645 | -- | -- | 10,093,761 |
| Disposals | -- | (193,350) | -- | (797) | -- | -- | (194,147) |
| Disposal of subsidiaries | (37,408) | (3,788,137) | -- | (61,621) | -- | -- | (3,887,166) |
| **Balance at 31 March 2017** | **7,986,846** | **827,672,399** | **687,749** | **9,400,111** | **234,601** | **--** | **845,981,706** |
| **Carrying amount as of 31 March 2017** | **69,175,025** | **1,888,568,263** | **2,424,092** | **3,211,401** | **26,554,659** | **484,450,361** | **2,474,383,801** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 9. PROPERTY, PLANT AND EQUIPMENT (continued)

### Construction in progress

At 31 March 2018 and 31 December 2017, construction in progress represents, stationary export and import warehouse.

| Project | 31 March 2018 | Technical completion rate (%) | 31 December 2017 | Technical completion rate (%) |
|---|---|---|---|---|
| Ghana investment | 103,025,446 | 99% | 97,120,827 | 99% |
| Other (*) | 14,598,587 | | 14,598,586 | |
| **Total** | **117,624,033** | | **111,719,413** | |

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

### Mining assets

At 31 March 2018 and 31 December 2017, mining assets comprise mining development assets and stripping cost.

| **Cost:** | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Stripping costs | 64,093,865 | 73,578,865 |
| Mining development assets | 5,477,773 | 5,477,772 |
| **Total** | **69,571,638** | **79,056,637** |
| **Amortization:** | | |
| Stripping costs | 10,287,805 | 8,820,870 |
| Mining development assets | 232,333 | 232,333 |
| **Total** | **10,520,138** | **9,053,203** |
| **Carrying amount** | **59,051,500** | **70,003,434** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 10. GOODWILL

At 31 March 2018 and 31 December 2017, goodwill comprised the following:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Goodwill | 3,349,356 | 3,349,356 |
| -İdil İki Enerji | *3,349,356* | *3,349,356* |
| **Total** | **3,349,356** | **3,349,356** |

## 11. 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 March 2018 and 31 December 2017 are attributable to the items detailed in the table below:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| | **Asset / (Liability)** | **Asset / (Liability)** |
| Property and equipment and intangible assets | (148,149,178) | (170,103,431) |
| Provision to doubtful receivables | 3,482,238 | 3,063,900 |
| Inventory impairment loss | 2,785,791 | 2,775,698 |
| Derivatives | 959,811 | 671,543 |
| Loans and borrowings | 6,090,055 | (795,447) |
| Reserve for employee severance indemnity | 570,146 | 600,041 |
| Bonds issued | 660,971 | 701,603 |
| Litigation provisions | 211,795 | 152,323 |
| Vacation pay liability | 375,747 | 369,445 |
| Other asset | 306,344 | 471,771 |
| Losses carried forward | 71,328,536 | 70,943,563 |
| Other | (8,410,096) | (5,469,913) |
| **Net deferred tax liabilities** | **(69,787,840)** | **(96,618,904)** |
| Deferred tax liability | (69,787,840) | (96,618,904) |
| **Net deferred tax liabilities** | **(69,787,840)** | **(96,618,904)** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 11. DEFERRED TAX ASSETS AND LIABILITIES (continued)

**Recognized deferred tax assets and liabilities**

Movements in deferred tax balances for the three-month period ended 2018 and 2017 are as follows:

| | *1 January 2018* | *Effects of translation* | *Recognized in profit or loss* | *Recognized in other comprehensive income* | *31 March 2018* |
|---|---|---|---|---|---|
| **Total deferred tax liabilities** | **(96,618,904)** | (460,611) | 27,568,877 | (277,202) | **(69,787,840)** |

| | *1 January 2017* | *Effects of translation* | *Recognized in profit or loss* | *Recognized in other comprehensive income* | *31 March 2017* |
|---|---|---|---|---|---|
| **Total deferred tax assets** | **90,946,111** | 554,763 | 18,648,506 | (233,215) | **109,916,165** |

## 12. CAPITAL AND RESERVES

*Paid in capital*

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

At 31 March 2018 and 31 December 2017, the shareholding structure of the Company was as follows:

| | **31 March 2018** | | **31 December 2017** | |
|---|---|---|---|---|
| **Shareholders** | **(%)** | **Amount** | **(%)** | **Amount** |
| Kazancı Holding | 61.98 | 380,064,978 | 61.98 | 380,064,978 |
| Goldman Sachs International | 16.62 | 101,911,765 | 16.62 | 101,911,765 |
| Public share | 21.39 | 131,158,000 | 21.39 | 131,158,000 |
| Other | 0.01 | 34,375 | 0.01 | 34,375 |
| Inflation adjustment to share capital | -- | 1,987,932 | -- | 1,987,932 |
| **Paid in capital in TL (nominal)** | **100.00** | **615,157,050** | **100.00** | **615,157,050** |

| | **31 March 2018** | | **31 December 2017** | |
|---|---|---|---|---|
| **Group** | **(%)** | **Amount** | **(%)** | **Amount** |
| A Group (Registered share) | 47.93 | 293,896,220 | 47.93 | 293,896,220 |
| B Group (Bearer share) | 52.07 | 319,272,898 | 52.07 | 319,272,898 |
| Inflation adjustment to share capital | -- | 1,987,932 | -- | 1,987,932 |
| **Paid in capital** | **100.00** | **615,157,050** | **100.00** | **615,157,050** |

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

## 12. CAPITAL AND RESERVES (continued)

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

**Legal reserves**

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

The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the

Company's statutory accounts until it reaches 20% of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5% of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5% of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 March 2018, legal reserves of the Group amounted to TL 48,267,560 (31 December 2017: 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.

**Actuarial gain/loss:**

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

**Gain on revaluation of property, plant 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.

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 12. CAPITAL AND RESERVES (continued)

**Cash flow hedge reserve**

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

**Translation reserve**

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

**Dividend distribution**

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

The Company pay at least 50% of the distributable net profit for the period following the deduction of previous years' loss on the basis of the net profit for the period, if any, in accordance with the Turkish Commercial Code, capital market legislation and the general accounting principles determined in accordance with generally accepted accounting principles. General Assembly of Shareholders decide on the addition and distribution of the shares to be issued to the shareholders as a bonus, or to use them in combination with certain ratios or to leave them within the Group.

**Non-controlling interests**

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

As at 31 March 2018 and 31 December 2017 the related amounts in the "Non-controlling interests" in the condensed consolidated statement of financial position are respectively TL 91,924,326 liability and TL 57,466,771 liability. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "Non-controlling interests" in the condensed consolidated financial statements.

## 13. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 March 2018 and 2017 is as follows:

| | 1 January-<br>31 March 2018 | 1 January-<br>31 March 2017 |
|---|---|---|
| **Numerator:** | | |
| Profit/(loss) for the period attributable to equity holders | 12,832,241 | (87,832,621) |
| Weighted average number of shares | 613,169,118 | 613,169,118 |
| **Basic and diluted loss per share (full TL)** | 0.021 | (0.143) |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 14. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks, see Note 17.

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| **Current liabilities** | | |
| Current portion of bank loans | 970,236,439 | 840,155,894 |
| Short term bank loans | 316,870,928 | 440,990,351 |
| Finance lease liabilities | 550,125 | 638,020 |
| **Total** | **1,287,657,492** | **1,281,784,265** |
| **Non-current liabilities** | | |
| Long term bank loans | 1,246,256,928 | 1,158,627,222 |
| **Total** | **1,246,256,928** | **1,158,627,222** |
| **Total loans and borrowings** | **2,533,914,420** | **2,440,411,487** |

The Group's total bank loans and finance lease liabilities as at 31 March 2018 and 31 December 2017 are as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Bank loans | 2,533,364,295 | 2,439,773,467 |
| Finance lease liabilities | 550,125 | 638,020 |
| | **2,533,914,420** | **2,440,411,487** |

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

| 31 March 2018 | | | |
|---|---|---|---|
| **Maturity** | **Currency** | **Amount** | **TL Amount** |
| 0-12 months | USD | 126,051,461 | 497,764,614 |
| | EUR | 12,370,933 | 60,213,042 |
| | TL | 729,129,711 | 729,129,711 |
| 1-2 year | USD | 49,691,870 | 196,228,225 |
| | EUR | 8,717,434 | 42,430,368 |
| | TL | 366,136,497 | 366,136,497 |
| 2-3 year | USD | 29,664,076 | 117,140,469 |
| | EUR | 3,000,715 | 14,605,380 |
| | TL | 137,891,724 | 137,891,724 |
| 3-4 year | USD | 24,641,700 | 97,307,610 |
| | TL | 33,330,036 | 33,330,036 |
| 4-5 year | USD | 21,813,929 | 86,141,023 |
| | TL | 11,535,060 | 11,535,060 |
| 5 year and more | USD | 36,341,902 | 143,510,536 |
| **Total** | | | **2,533,364,295** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 14. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 31 Decembet 2017 are as follows:

| | | 31 December 2017 | |
|---|---|---|---|
| **Maturity** | **Currency** | **Amount** | **TL Amount** |
| 0-12 months | USD | 144,022,552 | 541,282,499 |
| | EUR | 13,213,331 | 59,664,798 |
| | TL | 680,198,948 | 680,198,948 |
| 1-2 year | USD | 45,376,992 | 171,157,476 |
| | EUR | 10,361,626 | 46,787,921 |
| | TL | 258,454,686 | 258,454,686 |
| 2-3 year | USD | 33,667,403 | 126,990,076 |
| | EUR | 2,999,060 | 13,542,255 |
| | TL | 119,621,836 | 119,621,836 |
| 3-4 year | USD | 25,701,580 | 96,943,790 |
| | EUR | 1,589,367 | 7,176,785 |
| | TL | 33,505,833 | 33,505,833 |
| 4-5 year | USD | 22,818,684 | 86,069,793 |
| | TL | 17,729,119 | 17,729,119 |
| 5 year and more | USD | 47,893,012 | 180,647,652 |
| **Total** | | | **2,439,773,467** |

**Terms and debt repayment schedule**

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

| **Original Currency** | **Nominal Interest rate %** | **Face Value** | **Carrying Amount** |
|---|---|---|---|
| TL | % 12.25 - %18.50 | 1,269,608,448 | 1,278,023,027 |
| USD | Libor6M +%0.15- Libor6M+%6.35 | 1,140,628,037 | 1,138,092,478 |
| EUR | Euribor6M+% 1.60 - % 4.20 | 116,163,504 | 117,248,790 |
| **Total** | | | **2,533,364,295** |

The breakdown of bank loans as at 31 December 2017 is as follows:

| **Original Currency** | **Nominal Interest rate %** | **Face Value** | **Carrying Amount** |
|---|---|---|---|
| TL | % 12.25 -% 18.50 | 1,085,499,166 | 1,109,510,423 |
| USD | 6MLibor +%0.15-6MLibor+%6.35 | 1,191,195,863 | 1,203,091,285 |
| EUR | Euribor6M +% 1.60 - % 3.84 | 136,291,496 | 127,171,759 |
| **Total** | | | **2,439,773,467** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 14. LOANS AND BORROWINGS (continued)

The breakdown of finance lease as at 31 March 2018 is as follows:

| 31 March 2018 | | | |
|---|---|---|---|
| **Maturity** | **Currency** | **Amount** | **TL Amount** |
| 0-12 Months | EUR | 113,024 | 550,125 |
| **Total** | | | **550,125** |

The breakdown of financial lease as at 31 December 2017 is as follows:

| 31 December 2017 | | | |
|---|---|---|---|
| **Maturity** | **Currency** | **Amount** | **TL Amount** |
| 0-12 Months | EUR | 141,295 | 638,020 |
| **Total** | | | **638,020** |

## 15. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2018 and 31 December 2017, derivative financial instruments comprised the following:

| | **31 March 2018** | | **31 December 2017** | |
|---|---|---|---|---|
| | **Carrying Value** | | **Carrying Value** | |
| **Derivative financial instruments** | **Asset** | **Liability** | **Asset** | **Liability** |
| Cash flow hedges | 12,407,616 | -- | 2,576,770 | -- |
| Held for trading | -- | (4,362,776) | -- | (3,052,467) |
| **Total** | **12,407,616** | **(4,362,776)** | **2,576,770** | **(3,052,466)** |

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 17.

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 16. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

**Collateral / Pledge / Mortgage ("CPM")**

As of 31 March 2018 and 31 December 2017, the Group's collateral, pledge and mortgage (CPM) position is disclosed as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| A. CPM given for companies own legal personality | 2,568,313,809 | 2,519,454,202 |
| B. CPM given in behalf of fully consolidated companies | 1,487,374,790 | 1,428,109,100 |
| 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** | **4,055,688,599** | **3,947,563,302** |

Letters of guarantees given to:

| 31 March 2018 | TL | USD | EUR | CHF | TL Equivalent |
|---|---|---|---|---|---|
| Banks | -- | -- | 1,457,143 | -- | 7,092,351 |
| Botaş–Petroleum Pipeline Corporation | 665,042 | -- | -- | -- | 665,042 |
| Electricity distribution companies | 26,862 | -- | -- | -- | 26,862 |
| Republic of Turkey Energy Market Regulatory Authority | 16,728,000 | -- | -- | -- | 16,728,000 |
| Enforcement offices | 321,292 | -- | -- | -- | 321,292 |
| Turkey Electricity Transmission Company (TEIAS) | 7,862,631 | 2,062,080 | 100,000 | -- | 16,492,309 |
| Turkish Coal Enterprises Institution(TKI) | 5,225,526 | -- | -- | -- | 5,225,526 |
| Other | 24,933,501 | 44,134,494 | 1,250,000 | 800,000 | 208,606,410 |
| **Total** | **55,762,854** | **46,196,574** | **2,807,143** | **800,000** | **255,157,792** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 16. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

| 31 December 2017 | TL | USD | EUR | CHF | TL Equivalent |
|---|---|---|---|---|---|
| Banks | -- | -- | 1,457,143 | -- | 6,579,728 |
| Botaş–Petroleum Pipeline Corporation | 665,042 | -- | -- | -- | 665,042 |
| Electricity distribution companies | 19,264,093 | -- | -- | -- | 19,264,093 |
| Republic of Turkey Energy Market Regulatory Authority | 21,758,000 | -- | -- | -- | 21,758,000 |
| Ministry of Custom and Trade | -- | -- | -- | -- | -- |
| Enforcement offices | 196,444 | -- | -- | -- | 196,444 |
| Turkey Electricity Transmission Company (TEIAS) | 7,776,984 | 2,062,080 | 100,000 | -- | 16,006,493 |
| Turkish Coal Enterprises Institution(TKI) | 4,525,476 | -- | -- | -- | 4,525,476 |
| Other | 38,973,171 | 41,715,000 | 1,250,000 | 800,000 | 205,046,194 |
| **Total** | **93,159,210** | **43,777,080** | **2,807,143** | **800,000** | **274,041,470** |

**Guarantees received**

At 31 March 2018 and 31 December 2017, the details of guarantees received is as follows:

| Type of guarantees | TL | USD | EUR | 31 March 2018 TL Equivalent |
|---|---|---|---|---|
| Letter of guarantee | 79,691,154 | 76,080,250 | 2,345,500 | 391,540,705 |
| Notes taken for colleterals | 26,326,505 | 1,034,174 | 1,184,169 | 36,174,059 |
| Cheques taken for colleterals | 11,387,533 | 28,000 | 3,456,000 | 28,319,491 |
| Mortgage | 700,000 | -- | -- | 700,000 |
| **Total** | **118,105,192** | **77,142,424** | **6,985,669** | **456,734,255** |

| Type of guarantees | TL | USD | EUR | 31 December 2017 TL Equivalent |
|---|---|---|---|---|
| Letter of guarantee | 190,849,018 | 76,080,250 | 2,345,500 | 488,407,218 |
| Notes taken for colleterals | 26,326,505 | 1,034,174 | 1,184,169 | 35,574,419 |
| Cheques taken for colleterals | 11,387,533 | 28,000 | 3,456,000 | 27,098,714 |
| Mortgage | 700,000 | -- | -- | 700,000 |
| **Total** | **229,263,056** | **77,142,424** | **6,985,669** | **551,780,351** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 17. 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 March 2018 and 31 December 2017 is:

| | Receivables | | | | |
|---|---|---|---|---|---|
| | Trade receivables | | Other receivables | | |
| **31 March 2018** | **Related Parties** | **Other** | **Related Parties** | **Other** | **Deposits at banks** |
| Maximum credit risk exposed to as at 31 March 2018 (A+B+C+D+E) | 15,505,581 | 900,507,850 | 13,695,981 | 88,637,942 | 36,578,706 |
| A. Carrying amount of financial assets not overdue or not impaired | 29,201,562 | 900,507,850 | 13,695,981 | 88,637,942 | 36,578,706 |
| 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 | -- | -- | -- | -- | -- |
| - Overdue (gross book value) | -- | -- | -- | -- | -- |
| - Impairment (-) | 275,922 | 6,758,669 | -- | 9,069,773 | -- |
| E. Off balance sheet items with credit risk | (275,922) | (6,758,669) | -- | (9,069,773) | -- |

| | Receivables | | | | |
|---|---|---|---|---|---|
| | Trade Receivables | | Other Receivables | | |
| **31 December 2017** | **Related Parties** | **Other** | **Related Parties** | **Other** | **Deposits at banks** |
| Maximum credit risk exposed to as at 31 December 2017 (A+B+C+D+E) | 32,140,674 | 674,609,398 | 9,234,230 | 84,953,694 | 59,347,355 |
| A. Carrying amount of financial assets not overdue or not impaired | 32,140,674 | 674,609,398 | 9,234,230 | 84,953,694 | 59,347,355 |
| 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 | -- | -- | -- | -- | -- |
| - Overdue (gross book value) | -- | -- | -- | -- | -- |
| - Impairment (-) | 275,922 | 9,233,263 | -- | 9,004,945 | -- |
| E. Off balance sheet items with credit risk | (275,922) | (9,233,263) | -- | (9,004,945) | -- |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 17. FINANCIAL INSTRUMENTS (continued)

### Liquidity risk

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

| **31 March 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** | **2,896,158,906** | **3,458,292,077** | **503,766,562** | **1,135,470,803** | **1,598,687,876** | **220,366,836** |
| Financial liabilities | 2,533,364,295 | 3,053,097,399 | 311,805,797 | 1,082,111,979 | 1,438,812,787 | 220,366,836 |
| Financial lease liabilities | 550,125 | 565,302 | 237,700 | 327,602 | -- | -- |
| Other financial liabilities | 362,244,486 | 404,629,376 | 191,723,065 | 53,031,222 | 159,875,089 | -- |
| **Derivative financial liabilities** | **(8,044,840)** | 134,170,422 | 50,412,540 | 83,757,882 | -- | -- |
| Cash inflow | (12,407,616) | (50,746,864) | (40,330,032) | (10,416,832) | -- | -- |
| Cash outflow | 4,362,776 | 184,917,286 | 90,742,572 | 94,174,714 | -- | -- |

| | **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** | **625,476,792** | **622,973,709** | **622,973,709** | -- | -- | -- |
| Trade and other payables to related parties | 173,884,821 | 173,884,821 | 173,884,821 | -- | -- | -- |
| Trade and other payables to third parties | 451,591,971 | 449,088,888 | 449,088,888 | -- | -- | -- |

| **31 December 2017** | **Carrying amount** | **Contractual cash flows (=I+II+III +IV+V)** | **3 months or less (I)** | **3-12 months (II)** | **1-5 years (III)** | **More than 5 years (IV)** |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | **2,836,504,210** | **3,381,297,556** | **476,778,516** | **1,187,987,892** | **1,452,538,649** | **263,992,499** |
| Financial liabilities | 2,439,773,467 | 2,925,181,025 | 395,369,546 | 988,979,191 | 1,276,839,789 | 263,992,499 |
| Financial lease liabilities | 638,020 | 744,957 | 220,519 | 524,438 | -- | -- |
| Other financial liabilities | 396,092,723 | 455,371,574 | 81,188,451 | 198,484,263 | 175,698,860 | -- |
| **Derivative financial liabilities** | **475,697** | **139,223,054** | **50,412,540** | **88,810,514** | -- | -- |
| Cash inflow | (2,576,770) | (50,746,864) | (40,330,032) | (10,416,832) | -- | -- |
| Cash outflow | 3,052,467 | 189,969,918 | 90,742,572 | 99,227,346 | -- | -- |

| | **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** | **513,440,838** | **507,809,075** | **507,809,075** | -- | -- | -- |
| Trade and other payables to related parties | 85,276,884 | 76,256,568 | 76,256,568 | -- | -- | -- |
| Trade and other payables to third parties | 428,163,954 | 431,552,507 | 431,552,507 | -- | -- | -- |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 17. FINANCIAL INSTRUMENTS (continued)

### Currency risk

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

| FOREIGN CURRENCY RISK | | | | | | |
|---|---|---|---|---|---|---|
| | 31 March 2018 | | | | | |
| | **TL Equivalent** | **USD** | **EUR** | **GBP** | **CHF** | **Other (*)** |
| 1. Trade receivables | 78,776,226 | 8,252,329 | 9,489,574 | -- | -- | -- |
| 2a. Monetary financial assets | 170,335 | 18,606 | 16,348 | 3,122 | -- | -- |
| 2b. Non-monetary financial assets | -- | -- | -- | -- | -- | -- |
| 3. Other | 84.941.652 | 21.510.206 | -- | -- | -- | -- |
| **4. CURRENT ASSETS** | **163,888,213** | **29,781,141** | **9,505,922** | **3,122** | **--** | -- |
| 5. Trade receivables | -- | -- | -- | -- | -- | -- |
| 6a. Monetary financial assets | -- | -- | -- | -- | -- | -- |
| 6b. Non-monetary financial assets | -- | -- | -- | -- | -- | -- |
| 7. Other | -- | -- | -- | -- | -- | -- |
| **8. NON-CURRENT ASSETS** | -- | -- | -- | -- | -- | -- |
| **9. TOTAL ASSETS** | **163,888,213** | **29,781,141** | **9,505,922** | **3,122** | **--** | -- |
| 10. Trade payables | 127,488,540 | 7,872,761 | 19,608,985 | 80,038 | 124,302 | -- |
| 11. Financial liabilities | 558,527,778 | 126,051,461 | 12,483,957 | -- | -- | -- |
| 12a. Other financial liabilities | 14,413,485 | 3,650,000 | -- | -- | -- | -- |
| 12b. Other non-monetary liabilities | -- | -- | -- | -- | -- | -- |
| **13. SHORT TERM LIABILITIES** | **700,429,803** | **137,574,222** | **32,092,942** | **80,038** | **124,302** | -- |
| 14. Trade payables | -- | -- | -- | -- | -- | -- |
| 15. Financial liabilities | 689,888,792 | 160,988,585 | 11,127,518 | -- | -- | -- |
| 16a. Other financial liabilities | -- | -- | -- | -- | -- | -- |
| 16b. Other non-monetary liabilities | -- | -- | -- | -- | -- | -- |
| **17. LONG TERM LIABILITIES** | **689,888,792** | **160,988,585** | **11,127,518** | **--** | **--** | -- |
| **18. TOTAL LIABILITIES** | **1,390,318,595** | **298,562,807** | **43,220,460** | **80,038** | **124,302** | -- |
| **19. Off statement of financial position derivatives net asset/liability position** | -- | -- | -- | -- | -- | -- |
| **20. Net foreign currency asset liability position** | **(1,226,430,382)** | **(268,781,666)** | **(33,714,538)** | **(76,916)** | **(124,302)** | -- |
| **21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)** | **(1,311,372,034)** | **(290,291,872)** | **(33,714,538)** | **(76,916)** | **(124,302)** | -- |
| **22. Fair value of derivative instruments used in foreign currency hedge** | **4,153,675** | **1,051,856** | **--** | **--** | **--** | **--** |
| **23. Hedged portion of foreign currency assets** | -- | -- | -- | -- | -- | -- |
| **24. Hedged portion of foreign currency liabilities** | **--** | **--** | **--** | **--** | **--** | **--** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 17. FINANCIAL INSTRUMENTS (continued)

### Currency risk (continued)

| FOREIGN CURRENCY RISK | | | | | | |
|---|---|---|---|---|---|---|
| | 31 December 2017 | | | | | |
| | TL Equivalent | USD | EUR | GBP | CHF | Other (*) |
| 1. Trade receivables | 64,625,015 | 8,247,606 | 7,422,405 | -- | -- | -- |
| 2a. Monetary financial assets | 28,397,766 | 7,447,143 | 64,222 | 3,522 | -- | -- |
| 2b. Non-monetary financial assets | 3,881,748 | 456,282 | 478,507 | -- | -- | -- |
| 3. Other | -- | -- | -- | -- | -- | -- |
| **4. CURRENT ASSETS** | **96,904,529** | **16,151,031** | **7,965,134** | **3,522** | **--** | **--** |
| 5. Trade receivables | -- | -- | -- | -- | -- | -- |
| 6a. Monetary financial assets | -- | -- | -- | -- | -- | -- |
| 6b. Non-monetary financial assets | -- | -- | -- | -- | -- | -- |
| 7. Other | -- | -- | -- | -- | -- | -- |
| **8. NON-CURRENT ASSETS** | -- | -- | -- | -- | -- | -- |
| **9. TOTAL ASSETS** | **96,904,529** | **16,151,031** | **7,965,134** | **3,522** | **--** | **--** |
| 10. Trade payables | 197,403,257 | 17,041,239 | 29,194,301 | 72,656 | 241,109 | -- |
| 11. Financial liabilities | 601,585,316 | 144,022,552 | 13,354,626 | -- | -- | -- |
| 12a. Other financial liabilities | -- | -- | -- | -- | -- | -- |
| 12b. Other non-monetary liabilities | -- | -- | -- | -- | -- | -- |
| **13. SHORT TERM LIABILITIES** | **798,988,573** | **161,063,791** | **42,548,927** | **72,656** | **241,109** | **--** |
| 14. Trade payables | -- | -- | -- | -- | -- | -- |
| 15. Financial liabilities | 729,315,747 | 175,457,670 | 14,950,052 | -- | -- | -- |
| 16a. Other financial liabilities | -- | -- | -- | -- | -- | -- |
| 16b. Other non-monetary liabilities | -- | -- | -- | -- | -- | -- |
| **17. LONG TERM LIABILITIES** | **729,315,747** | **175,457,670** | **14,950,052** | **--** | **--** | **--** |
| **18. TOTAL LIABILITIES** | **1,528,304,320** | **336,521,461** | **57,498,979** | **72,656** | **241,109** | **--** |
| 19. Off statement of financial position derivatives net asset/liability position | -- | -- | -- | -- | -- | -- |
| **20. Net foreign currency asset liability position** | **(1,431,399,791)** | **(320,370,430)** | **(49,533,845)** | **(69,134)** | **(241,109)** | **--** |
| **21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)** | **(1,435,281,539)** | **(320,826,712)** | **(50,012,352)** | **(69,134)** | **(241,109)** | **--** |
| **22. Fair value of derivative instruments used in foreign currency hedge** | **(2,576,770)** | **(683,149)** | **--** | **--** | **--** | **--** |
| **23. Hedged portion of foreign currency assets** | **--** | **--** | **--** | **--** | **--** | **--** |
| **24.Hedge portion of foreign currency liabilities** | **285,870,320** | **75,789,475** | **--** | **--** | **--** | **--** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 17. FINANCIAL INSTRUMENTS (continued)

### Sensitivity analysis

### Foreign currency risk sensitivity analysis

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

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

| Sensitivity Analysis | | | | |
|---|---|---|---|---|
| **31 March 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 | (106,139,192) | 106,139,192 | (106,139,192) | 106,139,192 |
| 2- Portion secured from USD(-) | 27,933,272 | (27,933,272) | 27,933,272 | (27,933,272) |
| **3- USD net effect (1 +2)** | **(78,205,920)** | **78,205,920** | **(78,205,920)** | **78,205,920** |
| 10% appreciation / depreciation of TL against EUR | | | | |
| 4 - Euro net asset / liability | (16,409,877) | 16,409,877 | (16,409,877) | 16,409,877 |
| 5 - Portion secured from Euro (-) | -- | -- | -- | -- |
| **6 - Euro net effect (4+5)** | **(16,409,877)** | **16,409,877** | **(16,409,877)** | **16,409,877** |
| 10% appreciation / depreciation of TL against other currencies | | | | |
| 7- Other foreign currency net asset/liability | (93,969) | 93,969 | (93,969) | 93,969 |
| 8- Portion secured from other currency (-) | -- | -- | -- | -- |
| **9- Other currency net effect (7+8)** | **(93,969)** | **93,969** | **(93,969)** | **93,969** |
| **Total (3+6+9)** | **(94,709,766)** | **94,709,766** | **(94,709,766)** | **94,709,766** |

| Sensitivity Analysis | | | | |
|---|---|---|---|---|
| **31 December 2017** | | | | |
| | **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 | (120,644,906) | 120,644,906 | (120,644,906) | 120,644,906 |
| 2- Portion secured from USD(-) | 28,587,032 | (28,587,032) | 28,587,032 | (28,587,032) |
| **3- USD net effect (1 +2)** | **(92,057,874)** | **92,057,874** | **(92,057,874)** | **92,057,874** |
| 10% appreciation / depreciation of TL against EUR | | | | |
| 4 - Euro net asset / liability | (22,367,008) | 22,367,008 | (22,367,008) | 22,367,008 |
| 5 - Portion secured from Euro (-) | -- | -- | -- | -- |
| **6 - Euro net effect (4+5)** | **(22,367,008)** | **22,367,008** | **(22,367,008)** | **22,367,008** |
| 10% appreciation / depreciation of TL against other currencies | | | | |
| 7- Other foreign currency net asset/liability | (128,065) | 128,065 | (128,065) | 128,065 |
| 8- Portion secured from other currency (-) | -- | -- | -- | -- |
| **9- Other currency net effect (7+8)** | **(128,065)** | **128,065** | **(128,065)** | **128,065** |
| **Total (3+6+9)** | **(114,552,947)** | **114,552,947** | **(114,552,947)** | **114,552,947** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 17. FINANCIAL INSTRUMENTS (continued)

**Sensitivity analysis (continued)**

**Interest rate risk**

*Profile*

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

| Interest rate position | | |
|---|---|---|
| | **31 March 2018** | **31 December 2017** |
| **Fixed rate instruments** | | |
| Financial assets | 31,900,000 | 51,813,380 |
| Financial liabilities | 1,677,680,938 | 1,550,925,460 |
| Other financial liabilities | 362,244,486 | 396,092,723 |
| **Variable rate instruments** | | |
| Financial liabilities | 856,233,482 | 889,486,027 |

*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 March 2018 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 2017.

| | **Profit or loss** | | **Equity** | |
|---|---|---|---|---|
| | **1% increase** | **1% decrease** | **1% increase** | **1% decrease** |
| **31 March 2018** | | | | |
| Variable rate instruments | 22,759,672 | (21,686,232) | 22,759,672 | (21,686,232) |
| **Cash flow sensitivity (net)** | **1,073,440** | **--** | **1,073,440** | **--** |
| **31 December 2017** | | | | |
| Variable rate instruments | 22,067,871 | (21,559,136) | 22,067,871 | (21,559,136) |
| **Cash flow sensitivity (net)** | **508,736** | **--** | **508,736** | **--** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 17. FINANCIAL INSTRUMENTS (continued)

**Sensitivity analysis (continued)**

**Capital risk management**

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

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

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

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

The following table sets out the gearing ratios as of 31 March 2018 and 31 December 2017:

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Total financial liabilities | 2,896,158,906 | 2,836,504,210 |
| Less: cash and cash equivalents | (36,898,264) | (59,577,791) |
| **Net financial debt** | **2,859,260,642** | **2,776,926,419** |
| Total equity | 1,768,775,081 | 1,667,177,753 |
| **Gearing ratio (net financial debt to overall financing used ratio)** | **162%** | **167%** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 17. FINANCIAL INSTRUMENTS (continued)

**Fair values**

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

| | 31 March 2018 | | 31 December 2017 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial assets** | | | | |
| Cash and cash equivalents | 36,898,264 | 36,898,264 | 59,577,791 | 59,577,791 |
| Financial investment | 412,408 | 412,408 | 412,408 | 412,408 |
| Trade and other receivables (*) | 1,017,924,602 | 1,017,924,602 | 706,750,072 | 706,750,072 |
| Derivative assets | 12,407,616 | 12,407,616 | 2,576,770 | 2,576,770 |
| **Financial liabilities** | | | | |
| Financial liabilities | 2,533,914,420 | 2,533,914,420 | 2,440,411,487 | 2,440,411,487 |
| Trade and other payables (**) | 612,653,756 | 612,653,756 | 485,992,026 | 485,992,026 |
| Other financial liabilities | 362,244,486 | 362,244,486 | 396,092,723 | 396,092,723 |
| Derivative liabilities | 4,362,776 | 4,362,776 | 3,052,466 | 3,052,466 |

(*)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 March 2018 is as follows:

| | Fair value measurement | | | |
|---|---|---|---|---|
| **31 March 2018** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets measured at fair value:** | | | | |
| Derivative assets | -- | 12,407,616 | -- | 4,100,265 |
| | -- | **12,407,616** | -- | **4,100,265** |
| **Financial liabilities measured at fair value:** | | | | |
| Derivative liabilities | -- | (4,362,776) | -- | (4,362,776) |
| | -- | **(4,362,776)** | -- | **(4,362,776)** |
| **31 December 2017** | | | | |
| **Financial assets measured at fair value:** | | | | |
| Derivative assets | -- | 2,576,770 | -- | 2,576,770 |
| | -- | **2,576,770** | -- | **2,576,770** |
| **Financial liabilities measured at fair value:** | | | | |
| Derivative liabilities | -- | (3,052,467) | -- | (3,052,467) |
| | -- | **(3,052,467)** | -- | **(3,052,467)** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 18. RELATED PARTIES

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

**Parent and ultimate controlling party**

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

**Key management personnel compensation**

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

| | **1 January-<br>31 March 2018** | **1 January-<br>31 March 2017** |
|---|---|---|
| Short-term and long-term employee benefits (salaries, bonuses, employee termination benefits etc.) | 552,616 | 625,447 |
| | **552,616** | **625,447** |

As at 31 March 2018 and 31 December 2017, current trade and other receivables are as follows:

| | **31 March 2018** | | **31 December 2017** | |
|---|---|---|---|---|
| **Current trade and other receivables** | **Trade** | **Other** | **Trade** | **Other** |
| Trade receivables due from related parties | 15,505,581 | 13,695,981 | 32,140,674 | 9,234,230 |
| Doubtful trade receivables | 275,922 | -- | 275,922 | -- |
| Provisions for doubtful trade receivables (-) | (275,922) | -- | (275,922) | -- |
| **Total** | **15,505,581** | **13,695,981** | **32,140,674** | **9,234,230** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 18. RELATED PARTIES (continued)

**Other related party balances**

| | 31 March 2018 | | 31 December 2017 | |
|---|---|---|---|---|
| **Due from Kazancı Holding's associates and subsidiaries:** | **Trade** | **Other** | **Trade** | **Other** |
| Aksa Elektrik Satış A.Ş. | 9,876,175 | -- | 29,919,413 | -- |
| Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş. | -- | 11,054,117 | -- | 8,584,875 |
| Kazancı Holding A.Ş. | -- | 2,113,699 | -- | -- |
| Other | 29,824 | -- | 78,393 | -- |
| | **9,905,999** | **13,167,816** | **29,997,806** | **8,584,875** |
| **Due from Kazancı Holding's indirect investments and subsidiaries:** | **Trade** | **Other** | **Trade** | **Other** |
| Aksa Teknoloji A.Ş. | -- | 185,783 | -- | 176,482 |
| Other | -- | -- | -- | 271,949 |
| | **--** | **185,783** | **--** | **448,431** |
| **Due from related parties:** | **Trade** | **Other** | **Trade** | **Other** |
| Koni İnşaat Sanayi A.Ş. | 5,599,582 | -- | 2,142,868 | -- |
| Flamingo Bioyakit Üretim Sanayi ve Ticaret Ltd.Şti. | -- | 342,382 | -- | 200,924 |
| | **5,599,582** | **342,382** | **2,142,868** | **200,924** |
| **Total** | **15,505,581** | **13,695,981** | **32,140,674** | **9,234,230** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 18. RELATED PARTIES (continued)

**Other related party balances (continued)**

| | 31 March 2018 | | 31 December 2017 | |
|---|---|---|---|---|
| **Short term due to related parties** | **Trade** | **Other** | **Trade** | **Other** |
| Trade payables due to related parties | 170,168,488 | 3,716,333 | 76,256,568 | 9,020,316 |
| **Total** | **170,168,488** | **3,716,333** | **76,256,568** | **9,020,316** |

| | 31 March 2018 | | 31 December 2017 | |
|---|---|---|---|---|
| **Due to Kazancı Holding's associates and subsidiaries:** | **Trade** | **Other** | **Trade** | **Other** |
| Aksa Elektrik Satış A.Ş. | 57,677,502 | -- | 9,925 | -- |
| ATK Sigorta Aracılık Hiz. A.Ş. | 8,378,882 | -- | 9,185,129 | -- |
| Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti. | 6,609,946 | -- | 3,873,273 | -- |
| Aksa Manisa Doğalgaz Dağıtım A.Ş. | 2,169,479 | -- | 2,610,581 | -- |
| Aksa Jeneratör Sanayi A.Ş. | 446,954 | -- | 388,027 | -- |
| Aksa Havacılık A.Ş. | 106,352 | -- | 101,368 | -- |
| Kazancı Holding | -- | 13,086 | -- | 5,971,956 |
| | **75,389,115** | **13,086** | **16,168,303** | **5,971,956** |
| **Due to Kazancı Holding's indirect investments and subsidiaries:** | **Trade** | **Other** | **Trade** | **Other** |
| Çoruh Elektrik Perakende Satış A.Ş. | 47,505,099 | -- | 36,183,950 | -- |
| Fırat Elektrik Perakende Satış A.Ş. | 41,947,311 | -- | 16,816,838 | -- |
| Aksa Far East PTE Ltd. | 2,005,201 | -- | 1,915,605 | -- |
| Aksa Power Generation Fze | 1,532,859 | -- | 1,294,416 | -- |
| Other | 511,611 | -- | 400,658 | -- |
| | **93,502,081** | **--** | **56,611,467** | **--** |
| **Due to related parties** | **Trade** | **Other** | **Trade** | **Other** |
| Flamingo Enerji Üretim A.Ş | -- | 3,103,246 | -- | 3,048,360 |
| Elektrik Altyapı Hizmetleri Ltd. Şti. | 595,207 | -- | 674,375 | -- |
| Koni İnşaat Sanayi A.Ş. | 162,840 | -- | 260,721 | -- |
| Other | 519,246 | 600,000 | 2,541,702 | -- |
| | **1,277,293** | **3,703,246** | **3,476,798** | **3,048,360** |
| **Total** | **170,168,489** | **3,716,332** | **76,256,568** | **9,020,316** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 18. RELATED PARTIES (continued)

**Related party transactions**

| | 1 January - 31 March 2018 | | 1 January - 31 March 2017 | |
|---|---|---|---|---|
| **Sales to Kazancı Holding's associates and subsidiaries:** | **Goods services** | **Other** | **Goods services** | **Other** |
| Aksa Elektrik Satış A.Ş. | 33,144,563 | -- | 165,610,167 | 9,061 |
| Other | 7,884 | 28,789 | -- | 33,903 |
| | **33,152,447** | **28,789** | **165,610,167** | **42,964** |
| | | | | |
| **Sales to Kazancı Holding's indirect investments and subsidiaries:** | **Goods services** | **Other** | **Goods services** | **Other** |
| Çoruh Elektrik Perakende Satış A.Ş. | 9,167,493 | -- | 26,131,721 | -- |
| Fırat Aksa Elektrik Perakende Satış A.Ş. | 6,048,732 | -- | 12,616,702 | -- |
| | **15,216,225** | **--** | **38,748,423** | **--** |
| | | | | |
| **Sales to Related Parties:** | **Goods services** | **Other** | **Goods services** | **Other** |
| Koni İnşaat Sanayi A.Ş. | 229,207 | 562,740 | 14,554,400 | 152,489 |
| Other | -- | -- | -- | 5,016 |
| | **229,207** | **562,740** | **14,554,400** | **157,505** |
| | | | | |
| **Total** | **48,597,879** | **591,529** | **218,912,990** | **200,469** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 18. RELATED PARTIES (continued)

**Related party transactions (continued)**

| | 1 January - 31 March 2018 | | 1 January – 31 March 2017 | |
|---|---|---|---|---|
| **Purchases from Kazancı Holding's associates and subsidiaries** | **Goods & Services** | **Other** | **Goods & Services** | **Other** |
| Aksa Şanlıurfa Doğalgaz Dağıtım Ltd.Şti | 14,175,990 | -- | 13,292,552 | -- |
| Aksa Manisa Doğalgaz Dağıtım A.Ş. | 6,518,618 | -- | 8,869,381 | -- |
| Aksa Elektrik Satış A.Ş. | 821,636 | 131,525 | 9,350,590 | -- |
| Kazancı Holding A.Ş. | 95,650 | 153,514 | 3,588,201 | 135,023 |
| ATK Sigortacılık Hizmetler A.Ş | 14,264 | 932,067 | 1,454,804 | 3,234,504 |
| Aksa Jeneratör Sanayi A.Ş. | -- | -- | 7,035 | 7,663 |
| Aksa Elektrik Perakende Satış A.Ş. | -- | -- | 2,488 | -- |
| Other | 46,195 | 62,875 | 10,145 | 1,765,512 |
| **Total** | **21,672,353** | **1,279,981** | **36,575,196** | **5,142,702** |

| **Purchases from Kazancı Holding's indirect investments and subsidiaries** | **Goods & Services** | **Other** | **Goods & Services** | **Other** |
|---|---|---|---|---|
| Fırat Elektrik Perakende Satış A.Ş. | 2,005,955 | -- | 2,166,183 | -- |
| Çoruh Elektrik Perakende Satış A.Ş. | 569,843 | -- | 1,719,074 | -- |
| Other | 168,930 | -- | -- | -- |
| **Total** | **2,744,728** | **--** | **3,885,257** | **--** |

| **Purchases from related parties** | **Goods & Services** | **Other** | **Goods & Services** | **Other** |
|---|---|---|---|---|
| Koni İnşaat Sanayi A.Ş. | 182,557 | 480,497 | 90,718 | 2,174,809 |
| Other | 191,877 | 275,475 | -- | 1,259,179 |
| | **374,434** | **755,972** | **90,718** | **3,433,988** |
| **Total** | **24,791,515** | **2,035,953** | **40,551,171** | **8,576,690** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 18. RELATED PARTIES (continued)

**Related party transaction (continued)**

**Financial Income from Related Parties**

| | 1 January - 31 March 2018 | 1 January - 31 March 2017 |
|---|---|---|
| **Kazancı Holding's associates and subsidiaries:** | **Interest and exchange difference** | **Interest and exchange difference** |
| Kazancı Holding A.Ş. | 2,405,951 | -- |
| Aksa Elektrik Satış A.Ş. | 900,309 | 1,197 |
| Datça Rüzgar Enerjisi Elektrik Üretim A.Ş. | 414,120 | 106,241 |
| Aksa Jeneratör Sanayi A.Ş. | -- | 711,536 |
| Other | 7,558 | -- |
| | **3,727,938** | **818,974** |
| **Kazancı Holding's indirect investments and subsidiaries:** | **Interest and exchange difference** | **Interest and exchange difference** |
| Fırat Elektrik Perakende Satış A.Ş. | -- | 154,577 |
| Çoruh Elektrik Parakende Satış A.Ş. | -- | 177,471 |
| | **--** | **332,048** |
| **Related parties:** | **Interest and exchange difference** | **Interest and exchange difference** |
| Flamingo Enerji Üretim ve Satış A.Ş. | 128,980 | 13,107 |
| Flamingo Bioyakıt Üretim A.Ş. | 10,998 | 2,882 |
| | **139,978** | **15,989** |
| **Total** | **3,867,916** | **1,167,011** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 18. RELATED PARTIES (continued)

**Related party transaction (continued)**

**Financial Expense to Related Parties**

| | 1 January - 31 March 2018 | 1 January - 31 March 2017 |
|---|---|---|
| **Kazancı Holding's associates and subsidiaries:** | **Interest and exchange difference** | **Interest and exchange difference** |
| Aksa Jeneratör Sanayi A.Ş. | 14,974 | 6,463 |
| Aksa Havacılık A.Ş. | 4,224 | 20,946 |
| Aksa Satış ve Pazarlama A.Ş. | 2,233 | -- |
| Kazancı Holding A.Ş. | 1,263 | 380,506 |
| Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti. | -- | 5,968,570 |
| Aksa Manisa Doğalgaz Dağıtım A.Ş. | -- | 4,672,466 |
| Aksa Elektrik Satış A.Ş. | -- | 1,797,241 |
| | **22,694** | **12,846,192** |
| **Kazancı Holding's indirect investments and subsidiaries:** | **Interest and exchange difference** | **Interest and exchange difference** |
| Çoruh Elektrik Perakende Satış A.Ş. | 1,423,404 | -- |
| Fırat Elektrik Perakende Satış A.Ş. | 433,129 | 220,987 |
| Other | 5,915 | -- |
| | **1,862,448** | **220,987** |
| **Related Parties:** | **Interest and exchange difference** | **Interest and exchange difference** |
| Koni İnşaat Sanayi A.Ş. | 8,694 | 19,662 |
| Other | 137,731 | 5,530 |
| | **146,425** | **25,192** |
| **Total** | **2,031,567** | **13,092,371** |

## 19. ASSETS AND LIABILITIES HELD FOR SALE

On 17 January 2018 The Group has sold Incesu power plant which was held by Aksa Enerji to Deniz Elektrik Üretim Ltd.Şti which is held by Fernas Şirketler Grubu

| **Asset held for sale** | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Property, plant and equipment | -- | 45,353,859 |
| Intangible assets | -- | 659,434 |
| | **--** | **46,013,293** |

*(Amounts expressed in Turkish Lira unless otherwise stated.)*

## 20. 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 March 2018 | | |
|---|---|---|---|
| | **Turkey (*)** | **Africa** | **Total** |
| Total segment income | 753,874,598 | 268,245,477 | **1.022,120,075** |
| Profit before interest, tax, depreciation and amortisation (EBITDA) | 49,020,665 | 168,224,937 | **217,245,602** |

| | 1 January – 31 March 2018 | | |
|---|---|---|---|
| | **Turkey (*)** | **Africa** | **Total** |
| Reconciliation of EBITDA with profit before taxes: | 49,020,665 | 168,224,937 | **217,245,602** |
| Depreciation and amortisation expenses | (61,614,292) | (29,383,980) | **(90,998,272)** |
| Finance income/(expenses), net | (95,811,228) | (9,788,892) | **(105,600,120)** |
| Income/(expenses) from investing activities | 2,596,878 | -- | **2,596,878** |
| **Profit/(loss) before tax** | **(105,807,977)** | **129,052,065** | **23,244,088** |

| | 31 March 2018 | | |
|---|---|---|---|
| | **Turkey (*)** | **Africa** | **Total** |
| Total segment assets | 3,830,261,420 | 1,572,830,739 | **5,403,092,159** |
| Total segment liabilities | 3,333,527,453 | 300,789,625 | **3,634,317,078** |

(*) Includes KKTC.

## 21. SUPPLEMENTARY CASH FLOW INFORMATION

Change of Group's liabilities from financing activities between 1 January – 31 March 2018 are presented below:

| | **1 January 2018** | **Cash inflows** | **Cash outflows** | **Non-cash transactions** | **31 March 2018** |
|---|---|---|---|---|---|
| Financial borrowings | 2,836,504,211 | 807,376,104 | (744,637,749) | (3,091,969) | 2,896,150,597 |
| **Total financial liabilities** | **2,836,504,211** | **807,376,104** | **(744,637,749)** | **(3,091,969)** | **2,896,150,597** |

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

## 22. SUBSEQUENT EVENTS

On 20 April 2018 the possession of 16,62% of the shares held by Goldman Sachs International in Aksa Enerji was transferred to Kazancı Holding under the authorization of Energy Market Regulation Authority dated 20/04/2018 and numbered 19793.