Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries

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

8 August 2019

This report includes 2 pages of independent auditor's report on review of condensed consolidated interim financial statements and 46 pages of consolidated financial statements together with their explanatory notes.

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries

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Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders 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 30 June 2019, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial statements"). 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 interim financial statements 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six month period then ended 30 June 2019 are 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
8 August 2019
İstanbul, Turkey

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Financial Position
As at 30 June 2019
(Amounts expressed in Turkish Lira unless otherwise stated.)

ASSETS	Notes	Reviewed 30 June 2019	Audited 31 December 2018
Current assets			
Cash and cash equivalents		91,628,426	53,026,362
Trade and other receivables	*15*	1,928,922,870	1,403,203,217
Due from related parties	*18*	272,926,374	406,262,617
Derivative financial assets		887,486	413,737
Inventories		242,853,559	369,140,605
Prepayments		15,440,908	15,312,166
Current tax assets		29,863,555	31,363,575
Other current assets		141,294,018	152,049,712
Total current assets		**2,723,817,196**	**2,430,771,991**
Non-current assets			
Financial investments		412,408	412,408
Trade receivables and other receivables		783,778	1,545,269
Property, plant and equipment	*9*	3,918,522,159	3,774,056,402
Intangible assets		98,062,185	91,845,092
Right of use assets	*10*	55,279,121	--
Goodwill		3,349,357	3,349,356
Prepayments		13,849,483	14,234,496
Deferred tax asset	*11*	122,775,645	125,276,334
Total non-current assets		**4,213,034,136**	**4,010,719,357**
TOTAL ASSETS		**6,936,851,332**	**6,441,491,348**

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

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Financial Position
As at 30 June 2019
(Amounts expressed in Turkish Lira unless otherwise stated.)

LIABILITIES	Notes	Reviewed 30 June 2019	Audited 31 December 2018
Current liabilities			
Loans and borrowings	*14*	2,197,612,888	1,898,442,337
Short term finance lease liabilities	*14*	13,613,686	--
Finance lease liabilities from related parties		*1,929,265*	--
Finance lease liabilities from third parties		*11,684,421*	--
Other financial liabilities	*14*	181,704,841	246,368,464
Short term portion of long term finance lease liabilities	*14*	5,046,126	--
Trade payables and other payables	*15*	372,619,813	336,331,469
Due to related parties	*18*	101,294,339	239,348,509
Derivative financial liabilities		23,979,874	8,293,208
Taxation payable on income		102,082,547	71,354,527
Provisions		2,135,558	2,158,292
Other current liabilities		16,286,695	25,218,808
Total current liabilities		**3,016,376,367**	**2,827,515,614**
Non-current liabilities			
Loans and borrowings	*14*	1,401,062,028	1,586,768,204
Long term finance lease liabilities	*14*	35,768,973	--
Other financial liabilities	*14*	37,109,150	13,919,586
Reserve for employee severance indemnity		4,784,841	4,350,528
Deferred tax liabilities	*11*	170,302,072	184,734,615
Total non-current liabilities		**1,649,027,064**	**1,789,772,933**
Total liabilities		**4,665,403,431**	**4,617,288,547**
EQUITY			
Share capital	*12*	615,157,050	615,157,050
Legal reserve	*12*	64,980,588	48,267,560
Cash flow hedge reserves		(5,433,183)	(3,518,526)
Actuarial gain		898,193	898,193
Translation reserves		263,568,107	43,037,685
Share premium		247,403,635	247,403,635
Gains on revaluation of property, plant and equipment		774,340,409	821,844,347
Accumulated losses		(99,947,350)	(156,832,331)
Net profit for the period		107,584,230	26,094,071
Total equity attributable to equity holders of the Company		**1,968,551,679**	**1,642,351,684**
Non-controlling interests	*12*	302,896,222	181,851,117
Total equity		**2,271,447,901**	**1,824,202,801**
TOTAL EQUITY AND LIABILITIES		**6,936,851,332**	**6,441,491,348**

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

INCOME STATEMENT	Notes	Reviewed 1 January- 30 June 2019	Not reviewed 1 April- 30 June 2019	Reviewed 1 January- 30 June 2018	Reviewed 1 April- 30 June 2018
Revenues	*6*	2,312,965,207	1,157,543,009	2,058,289,466	1,036,169,391
Cost of sales	*6*	(1,749,780,328)	(857,615,483)	(1,771,671,994)	(888,568,766)
Gross profit		**563,184,879**	**299,927,526**	**286,617,472**	**147,600,625**
Administrative expenses		(46,610,827)	(23,341,996)	(25,884,384)	(14,775,357)
Marketing and selling expenses		(945,075)	(281,866)	(475,521)	(266,361)
Other operating income		11,492,553	9,990,165	1,717,538	1,001,927
Other operating expenses		(4,094,317)	(1,453,007)	(7,345,560)	(5,250,397)
Operating profit		**523,027,213**	**284,840,822**	**254,629,545**	**128,310,437**
Impairment losses accordance with IFRS 9		(15,371,577)	(15,289,723)	(7,080)	64,698
Gain from investing activities		482,032	69,579	2,609,175	12,297
Operating profit before finance costs		**508,137,668**	**269,620,678**	**257,231,640**	**128,387,432**
Financial income	*7*	239,802,613	130,101,742	184,548,331	152,301,917
Financial expenses	*7*	(499,702,749)	(241,084,328)	(359,600,261)	(221,753,727)
Net financial costs		**(259,900,136)**	**(110,982,586)**	**(175,051,930)**	**(69,451,810)**
Profit before tax for the period		**248,237,532**	**158,638,092**	**82,179,710**	**58,935,622**
Tax benefit/(expense)		**(19,608,180)**	**(38,048,308)**	**2,521,510**	**(22,544,129)**
Current tax expense	*8*	(33,718,200)	(27,796,737)	(26,345,695)	(23,842,457)
Deferred tax benefit/(expense)	*8*	14,110,020	(10,251,571)	28,867,205	1,298,328
Profit for the period		**228,629,352**	**120,589,784**	**84,701,220**	**36,391,493**
Non-controlling interest		121,045,122	63,922,884	67,952,757	32,475,271
Attributable to equity holders of the parent		107,584,230	56,666,900	16,748,463	3,916,222
Total profit for the period from continuing operations		**228,629,352**	**120,589,784**	**84,701,220**	**36,391,493**
Other Comprehensive Income					
Items that will not be reclassified to profit or loss:					
Remeasurements of the defined benefit liability	*11*	--	--	(692,090)	(396,042)
Tax on items that will not be reclassified to profit or loss		--	--	138,418	100,239
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedges		(2,393,343)	3,670,488	(640,549)	(2,217,445)
Foreign currency translation differences from foreign operations		220,530,422	54,264,135	129,412,769	72,371,508
Tax on items that are or may be reclassified subsequently to profit or loss	*11*	478,669	(734,097)	128,110	443,491
Other comprehensive income for the period, net off tax		**218,615,748**	**57,200,526**	**128,346,658**	**70,301,751**
Total comprehensive income for the period		**447,245,100**	**177,790,310**	**213,047,878**	**106,693,244**
Non-controlling interests		121,045,105	63,922,884	66,932,826	32,475,271
Attributable to equity holders of the parent		326,199,995	113,867,426	146,115,052	74,217,973

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 Six-Month Period Ended 30 June 2019

(Amounts expressed in Turkish Lira unless otherwise stated.)

SHAREHOLDERS' EQUITY	Share capital	Share premium	Legal reserves	Actuarial gain/ (loss)	Cash flow hedge reserve	Gains on revaluation of property, plant and equipment	Translation differences	Retained earnings/ Accumulated Losses	Net Profit	Total	Non-controlling interests	Total Equity
Balance at 1 January 2018	**615,157,050**	**247,403,635**	**48,267,560**	**1,566,073**	**2,060,997**	**882,386,856**	**25,486,345**	**(475,322,108)**	**257,947,268**	**1,604,953,676**	**57,466,771**	**1,662,420,447**
Net profit for the period	--	--	--	--	--	--	--	--	16,748,463	**16,748,463**	67,952,757	**84,701,220**
Actuarial gain / (loss)	--	--	--	(553,672)	--	--	--	--	--	**(553,672)**	--	**(553,672)**
Amortisation effect of revaluated of PPE	--	--	--	--	--	(40,835,798)	--	40,835,798	--	**--**	--	**--**
Translation difference	--	--	--	--	--	--	130,432,683	--	--	**130,432,683**	(1,019,914)	**129,412,769**
Effective portion of changes in fair value of cash hedges	--	--	--	--	(512,422)	--	--	--	--	**(512,422)**	(17)	**(512,439)**
Total other comprehensive loss for the period	**--**	**--**	**--**	**(553,672)**	**(512,422)**	**(40,835,798)**	**130,432,683**	**40,835,798**	**16,748,463**	**146,115,052**	**66,932,826**	**213,047,878**
Transfer to retained earnings	--	--	--	--	--	--	--	257,947,268	(257,947,268)	--	--	--
Transaction with owners of the Company, recognized directly in equity	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**257,947,268**	**(257,947,268)**	**--**	**--**	**--**
Balance at 30 June 2018	**615,157,050**	**247,403,635**	**48,267,560**	**1,012,401**	**1,548,575**	**841,551,058**	**155,919,028**	**(176,539,042)**	**16,748,463**	**1,751,068,728**	**124,399,597**	**1,875,468,325**

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

SHAREHOLDERS' EQUITY	Share capital	Share premium	Legal reserves	Actuarial gain/ (loss)	Cash flow hedge reserve	Gains on revaluation of property, plant and equipment	Translation differences	Retained earnings/ Accumulated Losses	Net Profit	Total	Non-controlling interests	Total Equity
Balance at 31 December 2018	**615,157,050**	**247,403,635**	**48,267,560**	**898,193**	**(3,518,526)**	**821,844,347**	**43,037,685**	**(156,832,331)**	**26,094,071**	**1,642,351,684**	**181,851,117**	**1,824,202,801**
Net profit for the period	--	--	--	--	--	--	--	--	107,584,230	**107,584,230**	121,045,122	**228,629,352**
Translation difference	--	--	--	--			220,530,422	--	--	**220,530,422**		**220,530,422**
Revaluation of PPE	--	--	--	--	--	(47,503,938)	--	47,503,938	--	--	--	--
Effective portion of changes in fair value of cash hedges	--	--	--	--	(1,914,657)	--	--	--	--	**(1,914,657)**	(17)	**(1,914,674)**
Total other comprehensive loss for the period	**--**	**--**	**--**	**--**	**(1,914,657)**	**(47,503,938)**	**220,530,422**	**47,503,938**	**107,584,230**	**326,199,995**	**121,045,105**	**447,245,100**
Transfer to retained earnings	--	--	16,713,028	--	--	--	--	9,381,043	(26,094,071)	--	--	--
Transaction with owners of the Company, recognized directly in equity	**--**	**--**	**16,713,028**	**--**	**--**	**--**	**--**	**9,381,043**	**(26,094,071)**	**--**	**--**	**--**
Balance at 30 June 2019	**615,157,050**	**247,403,635**	**64,980,588**	**898,193**	**(5,433,183)**	**774,340,409**	**263,568,107**	**(99,947,350)**	**107,584,230**	**1,968,551,679**	**302,896,222**	**2,271,447,901**

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	Reviewed 1 January- 30 June 2019	Reviewed 1 January- 30 June 2018
Net profit for the period		228,629,352	84,701,220
Depreciation and amortization		229,365,177	194,798,741
Provision for employee severance indemnity		439,076	332,611
Interest expenses	7	324,967,760	195,638,235
Interest income	7	(59,344,944)	(6,973,245)
Tax benefit	8	19,608,180	(2,521,510)
Gain on sale of tangible assets		--	(2,609,176)
Adjustments related to derivative transaction income		16,447,147	(31,710,589)
Unrealized foreign currency income/loss		422,858,263	176,465,161
Operating profit before working capital changes		**1,182,970,011**	**608,121,448**
Change in inventories		(98,775,123)	(66,813,962)
Change in trade and other receivables		(512,702,448)	(446,374,110)
Change in due from related parties		133,336,243	(89,045,203)
Change in trade and other payables		98,367,370	(145,577,779)
Change in due to related parties		(127,578,648)	46,458,520
Change in other current liabilities		359,905	(329,182)
Change in assets and liabilities held for sale		--	46,013,293
Change in other current assets		(30,816,081)	(2,055,241)
		645,161,229	**(49,602,216)**
Taxes paid		(82,298,675)	(20,118,697)
Employee termination indemnity paid		(387,402)	(58,645)
Interest paid		(265,602,562)	(184,871,451)
Interest received		59,344,944	6,973,245
Net cash provided from operating activities		**356,217,534**	**(247,677,764)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment and intangible assets	9	--	46,354,228
Purchases of property, plant and equipment		(36,701,441)	(33,461,684)
Purchases of intangible assets		(664,016)	(486,561)
Net cash provided from/(used in) investing activities		**(37,365,457)**	**12,405,983**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issued bank borrowings	20	(220,789,272)	190,585,132
Net cash outflow from derivatives		(57,429,600)	4,081,006
Cash outflow lease liabilities		(2,031,141)	--
Net cash (used in)/provided from financing activities		**(280,250,013)**	**194,666,138**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**38,602,064**	**(40,605,642)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**52,995,042**	**59,546,471**
CASH AND CASH EQUIVALENTS AT 30 JUNE		**91,597,106**	**18,940,829**

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 the 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**	**30 June 2019**	**31 December 2018**
Aksa Aksen Enerji Ticareti A.Ş. ("Aksa Aksen Enerji")	Electricity trade	Turkey	100.00	100.00
Aksa Energy Company Ghana Limited ("Aksa Enerji Ghana")	Electricity production	Ghana	75.00	75.00
Aksa Enerji Üretim A.Ş.-Y.Ş. ("Aksa Enerji – Y.Ş.")	Electricity production	TRNC	100.00	100.00
Aksa Ghana B.V. (Aksa Ghana B.V)	Holding company	Netherlands	100.00	100.00
Aksa Global Investment B.V. ("Aksa Global B.V.")	Holding company	Netherlands	100.00	100.00
Aksa Göynük Enerji Üretim A.Ş. ("Aksa Göynük Enerji")	Electricity production	Turkey	99.99	99.99
Aksa Madagascar B.V.	Holding company	Netherlands	100.00	100.00
Aksa Mali S.A.	Electricity production	Mali	100.00	100.00
Aksaf Power Ltd.("Aksaf Power")	Electricity production	Mauritius	58.35	58.35
İdil İki Enerji Sanayi ve Ticaret A.Ş. ("İdil İki Enerji")	Electricity production	Turkey	99.99	99.99
Overseas Power Ltd. ("Overseas Power")	Good and supply trade	Mauritius	100.00	100.00
Rasa Enerji Üretim A.Ş. ("Rasa Enerji")	Electricity production	Turkey	99.99	99.99

As of 30 June 2019, the number of employees of the Group is 934 (31 December 2018: 977).

Aksa Aksen Enerji:

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

Aksa Energy Ghana

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

Aksa Enerji - Y.Ş.:

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

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

1. REPORTING ENTITY (continued)

Aksa Ghana B.V:

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

Aksa Global B.V:

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

Aksa Göynük Enerji:

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

On 28 October 2011, Aksa Enerji acquired 99,99% of all shares of Aksa Göynük Enerji from Kazancı Holding, the ultimate parent company. The main operations of Aksa Göynük Enerji are constructing, lending and operating of electricity power plant, production and sale of electricity and all kind of exploration and production of natural gas and petroleum resources and mining.

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

Aksa Madagascar B.V.:

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

Aksa Mali S.A

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

Aksaf Power:

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

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

İdil İki Enerji:

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

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.

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY (continued)

Rasa Enerji:

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

a) Statement of compliance

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

The condensed consolidated financial statements as at and for the six-month period ended 30 June 2019 were approved by the Board of Directors on 8 August 2019.

b) Basis of measurement

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

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

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

2. BASIS OF PREPARATION (continued)

b) Basis of measurement (continued)

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

c) Functional and presentation currency

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

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

The table below summarizes functional currencies of the Group entities.

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

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

d) Basis of consolidation

i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through 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.

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation (continued)

ii) Acquisitions from entities under common control

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

iii) Subsidiaries

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

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

iv) Non-controlling interests

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

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

v) Loss of control

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

vi) Transactions eliminated on consolidation

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

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

e) Foreign currency

i) Foreign currency transactions

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

e) Foreign currency (continued)

ii) Foreign operations

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

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

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

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

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

	30 June 2019	31 December 2018
EUR/TL	6.5507	6.0280
USD/TL	5.7551	5.2609
GHS/USD	0.1902	0.2076
TL/USD	0.1738	0.1900

3. SIGNIFICANT ACCOUNTING POLICIES

a) Summary of significant accounting policies

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

IFRS 16 Leases

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

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

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Summary of significant accounting policies (continued)

IFRS 16 Leases (continued)

i) Definiton of a lease

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

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

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

ii) As a lessee

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

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

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

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

Book value of right of use assets are presented below:

	Land of power plants	**Buildings**	**Vehicles**	**Total**
Balance at 1 January 2019	63,767,476	5,620,506	3,726,356	**73,114,338**
Balance at 30 June 2019	51,087,967	3,008,759	1,182,395	**55,279,121**

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Summary of significant accounting policies (continued)

IFRS 16 Leases *(continued)*

a. Significant accounting policies

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

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

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

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

b. Transition

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Summary of significant accounting policies (continued)

IFRS 16 Leases *(continued)*

iii) Impacts on consolidated financial statements

a) Impacts on transition

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

b) Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised TL 55,279,121 right-of-use assets and TL 54,428,785 of lease liabilities as at 30 June 2019. Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised TL 4,285,148 of depreciation charges and TL 4,077,770 of interest costs from these leases.

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

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

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

IFRS 17 Insurance Contracts

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The revised Conceptual Framework

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

Amendments to IAS 1 and IAS 8 - Definition of Material

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

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

Amendments to IFRS 3 - Definition of a Business

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

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

4. DETERMINATION OF FAIR VALUES

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

i) Trade and other receivables

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

ii) Derivatives

The fair value of interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.
Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group when appropriate.

iii) Non-derivative financial liabilities

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

iiii) Property, plant and equipment

Land and land improvements and building and machinery and equipment are measured at fair value, assumptions are disclosed on Note 9. Valuation of tangible assets has been performed by an independent professional valuation expert.

5. FINANCIAL RISK MANAGEMENT

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

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

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

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

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

Liquidity risk

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

Market risk

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

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

i) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 30 June 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 six-month period ended on 30 June is as follows:

	1 January-30 June 2019	1 April-30 June 2019	1 January-30 June 2018	1 April-30 June 2018
Domestic sales	1,585,294,430	840,664,006	1,446,853,521	692,978,923
Foreign sales	727,670,777	316,879,003	611,435,945	343,190,468
Net sales	**2,312,965,207**	**1,157,543,009**	**2,058,289,466**	**1,036,169,391**
Cost of sales (-)	(1,749,780,328)	(857,615,483)	(1,771,671,994)	(888,568,766)
Gross profit	**563,184,879**	**299,927,526**	**286,617,472**	**147,600,625**

	1 January-30 June 2019	1 April-30 June 2019	1 January-30 June 2018	1 April-30 June 2018
Revenue – amount				
Electricity	2,279,982,703	1,141,679,455	2,039,737,682	1,017,635,415
Other	32,982,504	15,863,554	18,551,784	18,533,976
Total	**2,312,965,207**	**1,157,543,009**	**2,058,289,466**	**1,036,169,391**
Gross margin - amount				
Electricity	561,535,754	299,134,348	280,986,807	141,983,313
Other	1,649,125	793,178	5,630,665	5,617,312
Total	**563,184,879**	**299,927,526**	**286,617,472**	**147,600,625**

7. FINANCIAL INCOME AND FINANCIAL EXPENSES

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

Financial income	1 January-30 June 2019	1 April-30 June 2019	1 January-30 June 2018	1 April-30 June 2018
Foreign exchange gain, net	150,415,154	76,629,704	144,833,025	124,921,827
Interest and discount income from related parties (Note 18)	33,315,770	8,619,523	5,618,200	1,750,285
Interest and discount income	26,029,174	19,549,664	1,355,045	624,772
Gain on sale of bonds	20,414,828	20,414,828	--	--
Income from derivative transactions	9,627,687	4,888,023	32,742,061	25,005,033
Total	**239,802,613**	**130,101,742**	**184,548,331**	**152,301,917**

Financial expenses	1 January-30 June 2019	1 April-30 June 2019	1 January-30 June 2018	1 April-30 June 2018
Interest and discount expenses	299,391,209	109,247,612	190,240,659	87,633,321
Foreign exchange loss from borrowings, net	132,077,550	88,709,154	148,949,999	120,894,010
Expenses from derivative transactions	26,074,834	26,074,834	1,031,472	1,019,958
Interest expense on financial liabilities and loans to related parties (Note 18)	25,576,551	8,983,835	5,397,576	3,366,009
Guarantee letters and bank commission expenses	16,582,605	8,068,893	13,980,555	8,840,429
Total	**499,702,749**	**241,084,328**	**359,600,261**	**221,753,727**

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

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

8. TAXATION (continued)

Tax applications for foreign subsidiaries of the Group

Republic of Ghana

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

Turkish Republic Of Northern Cyprus ("KKTC")

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

Netherlands

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

Under the Dutch taxation system, tax losses can be carried forward to be offset against future taxable income for nine years. Tax losses can be carried back to offset profits up to one year. Entities must file their tax returns within 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 0% (31 December 2018: 0%).

Republic Of Mali

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

Madagascar

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

Tax recognized in profit or loss

Income tax income for the six-month period ended 30 June comprised the following items:

	1 January-30 June 2019	1 April-30 June 2019	1 January-30 June 2018	1 April-30 June 2018
Current tax expense				
Current period tax expense	(33,718,200)	(27,796,737)	(26,345,695)	(23,842,457)
Deferred tax expense				
Origination and reversal of temporary differences	14,110,020	(10,251,571)	28,867,205	1,298,328
Total tax income	**(19,608,180)**	**(38,048,308)**	**2,521,510**	**(22,544,129)**

9. PROPERTY, PLANT AND EQUIPMENT

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

	30 June 2019	31 December 2018
Property, plant and equipment	3,880,020,681	3,714,470,557
Mining assets	38,501,478	59,585,845
Total	**3,918,522,159**	**3,774,056,402**

(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 six-month period ended 30 June were as follows:

Cost	**Land and buildings and land improvements**	**Machinery and equipment**	**Vehicles**	**Furniture and fixtures**	**Leasehold improvements**	**Constructi on in progress**	**Total**
Balance at 1 January 2019	**150,463,925**	**4,975,385,471**	**4,312,293**	**14,233,479**	**26,810,511**	**78,220,961**	**5,249,426,640**
Additions	2,620,584	24,029,735	203,315	472,808	--	9,374,999	36,701,441
Transfers	64,676	256,654,840	--	--	--	(584,995)	256,134,521
Effect of movements in exchange rates	4,387,082	182,535,878	388,272	498,481	--	6,204,858	194,014,571
Balance at 30 June 2019	**157,536,267**	**5,438,605,924**	**4,903,880**	**15,204,768**	**26,810,511**	**93,215,823**	**5,736,277,173**
Accumulated depreciation							
Balance at 1 January 2019	**16,527,317**	**1,502,744,760**	**1,231,642**	**10,566,137**	**3,886,227**	**--**	**1,534,956,083**
Depreciation for the period	7,396,569	208,813,533	358,138	919,969	11,538	--	217,499,747
Effect of movements in exchange rates	12,656,599	90,887,615	90,008	166,440	--	--	103,800,662
Balance at 30 June 2019	**36,580,485**	**1,802,445,908**	**1,679,788**	**11,652,546**	**3,897,765**	**--**	**1,856,256,492**
Carrying amount as of 30 June 2019	**120,955,782**	**3,636,160,016**	**3,224,092**	**3,552,222**	**22,912,746**	**93,215,823**	**3,880,020,681**

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**
Additions	101,312	16,904,713	--	443,381	2,814	16,009,465	**33,461,685**
Disposals	(108,810)	(41,585,935)	--	(3,845)	(636)	--	**(41,699,226)**
Effect of movements in exchange rates	9,217,059	235,831,053	406,015	469,655	--	7,883,470	**253,807,252**
Transfers	--	72,006,437	--	--		--	**72,006,437**
Balance at 30 June 2018	**137,308,226**	**4,577,556,692**	**3,925,605**	**13,438,371**	**26,794,488**	**135,612,348**	**4,894,635,730**
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	3,299,217	189,855,306	171,470	411,852	9,778	--	**193,747,623**
Disposals	(57,428)	--	--	(2,814)	(636)	--	**(60,878)**
Effect of movements in exchange rates	1,592,873	71,571,344	170,924	162,743	--	--	**73,497,884**
Balance at 30 June 2018	**11,198,581**	**1,252,354,381**	**1,137,690**	**9,886,349**	**3,873,095**	**--**	**1,278,450,096**
Carrying amount as of 30 June 2018	**126,109,645**	**3,325,202,311**	**2,787,915**	**3,552,022**	**22,921,393**	**135,612,348**	**3,616,185,634**

(Amounts expressed in Turkish Lira unless otherwise stated.)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Construction in progress

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

Project	30 June 2019	Technical completion rate (%)	31 December 2018	Technical completion rate (%)
Ghana investment	51,890,017	99%	38,981,159	99%
Bolu Göynük power plant investment	4,400,575	99%	4,693,286	99%
Kıbrıs Kalecik – Mobile power plant investment	14,996,072	99%	13,708,334	99%
Other (*)	21,929,160		20,838,182	
Total	**93,215,824**		**78,220,961**	

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

Mining assets

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

Cost:	**30 June 2019**	**31 December 2018**
Stripping costs	54,684,054	69,415,348
Mining development assets	5,477,772	5,477,772
Total	**60,161,826**	**74,893,120**
Amortization:		
Stripping costs	21,428,014	15,074,942
Mining development assets	232,334	232,333
Total	**21,660,348**	**15,307,275**
Carrying amount	**38,501,478**	**59,585,845**

10. RIGHT OF USE ASSETS

	Land of power plants	Buildings	Vehicles	Total
Balance at 1 January 2019	**63,767,476**	**5,620,506**	**3,726,356**	**73,114,338**
Additions	9,945,058	--	--	9,945,058
Disposals	(23,495,127)	--	--	(23,495,127)
Depreciation expense	(2,523,650)	(1,190,737)	(570,761)	(4,285,148)
Balance at 30 June 2019	**47,693,757**	**4,429,769**	**3,155,595**	**55,279,121**

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

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 30 June 2019 and 31 December 2018 are attributable to the items detailed in the table below:

	30 June 2019	**31 December 2018**
	Asset / (Liability)	**Asset / (Liability)**
Property and equipment and intangible assets	(87,378,771)	(147,065,303)
Provision to doubtful receivables	7,840,362	4,377,265
Loans and borrowings	7,606,058	(2,523,404)
Reserve for employee severance indemnity	889,817	701,912
Losses carried forward	21,205,461	85,005,083
Other	2,310,646	46,166
Net deferred tax liabilities	**(47,526,427)**	**(59,458,281)**
Deferred tax asset	122,775,645	125,276,334
Deferred tax liability	(170,302,072)	(184,734,615)
Net deferred tax liabilities	**(47,526,427)**	**(59,458,281)**

Recognized deferred tax assets and liabilities

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

	1 January 2019	*Effects of translation*	*Recognized in profit or loss*	*Recognized in other comprehensive income*	*30 June 2019*
Total deferred tax liabilities	**(59,458,281)**	(1,699,497)	14,110,020	(478,669)	**(47,526,427)**

	1 January 2018	*Effects of translation*	*Recognized in profit or loss*	*Recognized in other comprehensive income*	*30 June 2018*
Total deferred tax assets	**(96,618,904)**	(1,724,209)	28,867,205	266,528	**(69,209,380)**

(Amounts expressed in Turkish Lira unless otherwise stated.)

12. CAPITAL AND RESERVES

Paid in capital

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

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

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

	30 June 2019		31 December 2018	
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.

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

Legal reserves

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

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

Share premium

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

12. CAPITAL AND RESERVES (continued)

Actuarial gain/loss:

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

Gain on revaluation of property, plant 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.

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.

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

Non-controlling interests

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

As at 30 June 2019 and 31 December 2018 the related amounts in the “Non-controlling interests” in the condensed consolidated statement of financial position are respectively TL 302,896,222 liability and TL 181,851,117 liability. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the “Non-controlling interests” in the condensed consolidated financial statements.

13. EARNINGS PER SHARE

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

	1 January-30 June 2019	**1 April-30 June 2019**	**1 January-30 June 2018**	**1 April-30 June 2018**
Numerator:				
Profit for the period attributable to equity holders	107,584,230	56,666,900	16,748,463	3,916,222
Weighted average number of shares	613,169,118	613,169,118	613,169,118	613,169,118
Basic and diluted loss per share (full TL)	0.175	0.092	0.027	0.006

(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.

	30 June 2019	31 December 2018
Current liabilities		
Current portion of bank loans	1,448,832,988	1,394,427,238
Short term bank loans	748,779,900	504,015,099
Total	**2,197,612,888**	**1,898,442,337**
Non-current liabilities		
Long term bank loans	1,401,062,028	1,586,768,204
Total	**1,401,062,028**	**1,586,768,204**
Total loans and borrowings	**3,598,674,916**	**3,485,210,541**

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

	30 June 2019	31 December 2018
Bank loans	3,598,674,916	3,485,210,541
Total	**3,598,674,916**	**3,485,210,541**

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

30 June 2019

Maturity	Currency	Amount	TL Amount
0-12 months	USD	108,663,922	625,371,735
	EUR	5,711,193	37,412,315
	TL	1,534,828,838	1,534,828,838
1-2 year	USD	58,918,787	339,083,512
	EUR	2,828,523	18,528,807
	TL	349,660,100	349,660,100
2-3 year	USD	48,153,999	277,131,078
	TL	49,397,902	49,397,902
3-4 year	USD	23,435,476	134,873,509
	TL	11,039,650	11,039,650
4-5 year	USD	20,007,827	115,147,045
	TL	4,521,713	4,521,713
5 year and more	USD	17,002,189	97,849,298
	TL	3,829,414	3,829,414
Total			**3,598,674,916**

(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 December 2018 are as follows:

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

Terms and debt repayment schedule

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

Original Currency	Nominal Interest rate %	Face Value	Carrying Amount
TL	% 14.88 - %34.70	2,068,240,688	1,953,277,618
USD	Libor6M +%0.15 - Libor6M+%6.35	1,560,547,371	1,589,456,176
EUR	Euribor6M+% 1.60 - % 3.84	60,781,783	55,941,122
Total		**3,689,569,842**	**3,598,674,916**

As at 30 June 2019, The Group's expense accrual charge is TL 79,262,980.

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

Original Currency	Nominal Interest rate %	Face Value	Carrying Amount
TL	14.88% – 39.00%	1,835,607,653	1,868,307,049
USD	6MLibor +0.15%-6MLibor +6.35%	1,453,606,906	1,526,210,772
EUR	Euribor6M+1.60% - 3.84%	97,668,843	90,692,720
Total		**3,386,883,402**	**3,485,210,541**

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

Other short term financial liabilities	30 June 2019	31 December 2018
Factoring liabilities	181,697,910	99,727,020
Bond issued	--	146,636,592
Other financial liabilities	6,931	4,852
Total	**181,704,841**	**246,368,464**

(Amounts expressed in Turkish Lira unless otherwise stated.)

14. LOANS AND BORROWINGS (continued)

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

Other long term financial liabilities	30 June 2019	31 December 2018
Factoring liabilities	37,109,150	13,919,586
Total	**37,109,150**	**13,919,586**

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

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

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

30 June 2019		
Maturity	**Currency**	**TL Amount**
Less than 1 year	TL	181,697,910
1-2 years	TL	37,109,150
Total		**218,807,060**

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

The exposure to credit and market risks and impairment losses related to trade and other receivables are disclosed in Note 17.

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

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

Currency	Interest	Maturity	Ineterest Rate	TL Equivalent
TL	Fixed	1 March 2038	%21.29-%29.40	49,949,960
USD	Fixed	1 May 2020	%7.70	2,449,545
EUR	Fixed	1 August 2020	%7.00	2,029,280
Total				**54,428,785**

15. TRADE AND OTHER RECEIVABLES AND PAYABLES

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

	30 June 2019	31 December 2018
Trade receivables	1,835,037,919	1,308,698,605
Receivables from sale of subsidiary (*)	123,883,891	116,591,259
Expected credit loss (-)	(42,222,806)	(33,700,863)
Other receivables	12,223,866	11,614,216
Total	**1,928,922,870**	**1,403,203,217**

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

The exposure to credit and market risks and impairment losses related to trade and other receivables are disclosed in Note 17.

(Amounts expressed in Turkish Lira unless otherwise stated.)

15. TRADE AND OTHER RECEIVABLES AND PAYABLES (continued)

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

	30 June 2019	31 December 2018
Trade and other payables to third parties	377,114,967	343,322,873
Unearned credit finance charges (-)	(4,495,154)	(6,991,404)
Total	**372,619,813**	**336,331,469**

The exposure to credit and liquidity related to trade and other payables are disclosed in Note 17.

16. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Collateral / Pledge / Mortgage ("CPM")

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

	30 June 2019	31 December 2018
A. CPM given for companies own legal personality	4,341,676,122	4,450,910,793
B. CPM given in behalf of fully consolidated companies	2,095,003,850	1,915,362,150
C. CPM given for continuation of its economic activities on behalf of third parties	--	--
D. Total amount of other CPM's	--	--
i. Total amount of CPM's given on behalf of majority shareholder	--	--
ii. Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C	--	--
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--
Total CPM	**6,436,679,972**	**6,366,272,943**

Letters of guarantees given to:

30 June 2019	TL	USD	EUR	CHF	TL Equivalent
Energy Market Regulatory Authority	21,158,000	--	--	--	21,158,000
Turkey Electricity Transmission Company (TEIAS)	15,698,485	2,062,080	100,000	--	28,221,031
Turkish Coal Enterprises Institution(TKI)	6,983,301	--	--	--	6,983,301
Botaş–Petroleum Pipeline Corporation	665,042	--	--	--	665,042
Enforcement offices	30,514,892	--	--	--	30,514,892
Electricity distribution companies	18,335,823	2,021,001	--	--	29,966,886
Banks	--	--	1,457,143	--	9,545,305
Other	11,896,157	3,000,000	370,000	800,000	36,296,737
Total	**105,251,700**	**7,083,081**	**1,927,143**	**800,000**	**163,351,194**

(Amounts expressed in Turkish Lira unless otherwise stated.)

16. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

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

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

Guarantees received

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

Type of guarantees	TL	USD	EUR	30 June 2019 TL Equivalent
Letter of guarantee	31,029,105	75,000,000	1,649,900	473,469,605
Notes taken for colleterals	27,112,920	1,050,574	1,205,112	34,364,190
Cheques taken for colleterals	11,387,533	28,000	3,456,000	34,187,895
Mortgage	700,000	--	--	700,000
Total	**70,229,558**	**76,078,574**	**6,311,012**	**542,721,690**

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

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 30 June 2019 and 31 December 2018 is:

30 June 2019	Receivables				Deposits at banks
	Trade receivables		Other receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed to as at 30 June 2019 (A+B+C+D+E)	256,340,354	1,801,603,460	16,586,020	128,103,189	90,938,385
A. Carrying amount of financial assets not overdue or not impaired	256,340,354	1,604,031,745	16,586,020	4,309,803	90,938,385
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	--	197,571,715	--	123,793,386	--
D. Carrying amount of assets impaired	--	--	--	--	--
- Overdue (gross book value)	--	33,434,459	--	8,788,347	--
- Impairment (-)	--	(33,434,459)	--	(8,788,347)	--
E. Off balance sheet items with credit risk	--	--	--	--	--

31 December 2018	Receivables				Deposits at banks
	Trade Receivables		Other Receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed to as at 31 December 2018 (A+B+C+D+E)	232,193,307	1,283,737,084	174,069,310	121,011,402	52,603,618
A. Carrying amount of financial assets not overdue or not impaired	232,193,307	1,283,737,084	174,069,310	121,011,402	52,603,618
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	--	--	--	--	--
C. Carrying amount of financial assets overdue but not impaired	--	--	--	--	--
D. Carrying amount of assets impaired	--	--	--	--	--
- Overdue (gross book value)	--	24,961,521	--	8,739,342	--
- Impairment (-)	--	(24,961,521)	--	(8,739,342)	--
E. Off balance sheet items with credit risk	--	--	--	--	--

(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:

30 June 2019	**Carrying amount**	**Contractual cash flows (=I+II+III +IV)**	**3 months or less (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities	**3,871,917,692**	**4,594,751,054**	**460,100,217**	**754,404,075**	**2,088,612,236**	**1,291,634,526**
Financial liabilities	3,598,674,916	4,215,795,298	377,127,554	749,006,092	1,942,109,852	1,147,551,800
Other financial liabilities	273,242,776	378,955,756	82,972,663	5,397,983	146,502,384	144,082,726
Derivative financial liabilities	**23,092,388**	**57,429,600**	**--**	**57,429,600**	**--**	**--**
Cash inflow	--	(126,774,570)	--	(126,774,570)	--	--
Cash outflow	--	184,204,170	--	184,204,170	--	--

	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	**473,914,152**	**478,409,305**	**478,409,305**	**--**	**--**	**--**
Trade and other payables to related parties	101,294,339	101,294,339	101,294,339	--	--	--
Trade and other payables to third parties	372,619,813	377,114,966	377,114,966	--	--	--

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

	Carrying amount	**Contractual cash flows (=I+II+III +IV)**	**3 months or less (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non derivative financial liabilities	**575,679,978**	**582,671,383**	**582,671,383**	**--**	**--**	**--**
Trade and other payables to related parties	239,348,509	239,348,509	239,348,509	--	--	--
Trade and other payables to third parties	336,331,469	336,331,469	336,331,469	--	--	--

(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						
	30 June 2019					
	TL Equivalent	**USD**	**EUR**	**GBP**	**CHF**	**Other**
1. Trade receivables	154,509,305	23,780,513	2,694,380	--	--	--
2a. Monetary financial assets	54,094,314	7,706,090	1,483,982	3,277	--	--
2b. Non-monetary financial assets	2,254,441	224,584	146,845	--	--	--
3. Other	--	--	--	--	--	--
4. CURRENT ASSETS	**210,858,060**	**31,711,187**	**4,325,207**	**3,277**	--	--
5. Trade receivables	--	--	--	--	--	--
6a. Monetary financial assets	608,264	100,000	5,000	--	--	--
6b. Non-monetary financial assets	39	--	6	--	--	--
7. Other	--	--	--	--	--	--
8. NON-CURRENT ASSETS	**608,303**	**100,000**	**5,006**	--	--	--
9. TOTAL ASSETS	**211,466,363**	**31,811,187**	**4,330,213**	**3,277**	--	--
10. Trade payables	60,814,992	4,301,566	4,912,182	70,414	571,844	--
11. Financial liabilities	665,233,593	109,089,552	5,711,193	--	--	--
12a. Other financial liabilities	4,931,615	800,000	50,000	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--
13. SHORT TERM LIABILITIES	**730,980,200**	**114,191,118**	**10,673,375**	**70,414**	**571,844**	--
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	984,642,530	167,518,278	3,138,304	--	--	--
16a. Other financial liabilities	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--
17. LONG TERM LIABILITIES	**984,642,530**	**167,518,278**	**3,138,304**	--	--	--
18. TOTAL LIABILITIES	**1,715,622,730**	**281,709,396**	**13,811,679**	**70,414**	**571,844**	--
19. Off statement of financial position derivatives net asset/liability position	--	--	--	--	--	--
20. Net foreign currency asset liability position	**(1,510,947,372)**	**(251,078,200)**	**(9,481,472)**	**(67,137)**	**(571,844)**	--
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(1,506,410,847)**	**(250,122,793)**	**(9,628,317)**	**(67,137)**	**(571,844)**	--
22. Fair value of derivative instruments used in foreign currency hedge	**(6,790,966)**	**(1,179,991)**	--	--	--	--
23. Hedged portion of foreign currency assets	--	--	--	--	--	--
24. Hedged portion of foreign currency liabilities	436,176,002	75,789,474	--	--	--	--

(Amounts expressed in Turkish Lira unless otherwise stated.)

17. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

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				
30 June 2019				
	Profit/Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the USD				
1 - USD net asset / liability	(143,948,169)	143,948,169	(143,948,169)	143,948,169
2- Portion secured from USD(-)	43,617,601	(43,617,601)	43,617,601	(43,617,601)
3- USD net effect (1 +2)	**(100,330,568)**	**100,330,568**	**(100,330,568)**	**100,330,568**
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	(6,307,222)	6,307,222	(6,307,222)	6,307,222
5 - Portion secured from Euro (-)	--	--	--	--
6 - Euro net effect (4+5)	**(6,307,222)**	**6,307,222**	**(6,307,222)**	**6,307,222**
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(385,695)	385,695	(385,695)	385,695
8- Portion secured from other currency (-)	--	--	--	--
9- Other currency net effect (7+8)	**(385,695)**	**385,695**	**(385,695)**	**385,695**
Total (3+6+9)	**(107,023,485)**	**107,023,485**	**(107,023,485)**	**107,023,485**

Sensitivity Analysis				
31 December 2018				
	Profit/Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the USD				
1 - USD net asset / liability	(146,881,528)	146,881,528	(146,881,528)	146,881,528
2- Portion secured from USD(-)	39,872,085	(39,872,085)	39,872,085	(39,872,085)
3- USD net effect (1 +2)	**(107,009,443)**	**107,009,443**	**(107,009,443)**	**107,009,443**
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	(97,524)	97,524	(97,524)	97,524
8- Portion secured from other currency (-)	--	--	--	--
9- Other currency net effect (7+8)	**(97,524)**	**97,524**	**(97,524)**	**97,524**
Total (3+6+9)	**(129,473,975)**	**129,473,975**	**(129,473,975)**	**129,473,975**

(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		
	30 June 2019	**31 December 2018**
Fixed rate instruments		
Financial assets	91,628,426	53,026,362
Financial liabilities	2,418,613,528	2,477,695,516
Financial lease liabilities	54,428,785	--
Other financial liabilities	218,813,991	260,288,050
Variable rate instruments		
Financial liabilities	1,180,061,388	1,007,514,904

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss		**Equity**	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
30 June 2019				
Variable rate instruments	(21,935,269)	21,488,523	(21,935,269)	21,488,523
Cash flow sensitivity (net)	**(446,746)**		**(446,746)**	
31 December 2018				
Variable rate instruments	22,550,524	21,580,795	22,550,524	21,580,795
Cash flow sensitivity (net)	**969,729**		**969,729**	

Capital risk management

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

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

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

17. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis (continued)

Capital risk management

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

	30 June 2019	31 December 2018
Total financial liabilities	3,871,917,692	3,745,498,591
Less: cash and cash equivalents	(91,628,426)	(53,026,362)
Net financial debt	**3,780,289,266**	**3,692,472,229**
Total equity	2,271,447,901	1,824,202,801
Gearing ratio (net financial debt to overall financing used ratio)	**166%**	**202%**

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:

	30 June 2019		31 December 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	91,628,426	91,628,426	53,026,362	53,026,362
Financial investment	412,408	412,408	412,408	412,408
Trade and other receivables (*)	1,929,706,648	1,929,706,648	1,404,748,486	1,404,748,486
Due from related parties	272,926,374	272,926,374	406,262,617	406,262,617
Derivative assets	887,486	887,486	413,737	413,737
Financial liabilities				
Financial liabilities	3,598,674,916	3,598,674,916	3,485,210,541	3,485,210,541
Trade and other payables (**)	372,619,813	372,619,813	336,331,469	336,331,469
Due to related parties	101,294,339	101,294,339	239,348,509	239,348,509
Other financial liabilities	273.242.776	273.242.776	260,288,050	260,288,050
Derivative liabilities	23,979,874	23,979,874	8,293,208	8,293,208

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

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

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

Fair value hierarchy

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

	Fair value measurement			
30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Derivative assets	--	887,486	--	887,486
	--	**887,486**	**--**	**887,486**
Financial liabilities measured at fair value:				
Derivative liabilities	--	(23,979,874)	--	(23,979,874)
	--	**(23,979,874)**	**--**	**(23,979,874)**
31 December 2018				
Financial assets measured at fair value:				
Derivative assets	--	413,737	--	413,737
		413,737	**--**	**413,737**
Financial liabilities measured at fair value:				
Derivative liabilities	--	(8,293,208)	--	(8,293,208)
	--	**(8,293,208)**	**--**	**(8,293,208)**

(Amounts expressed in Turkish Lira unless otherwise stated.)

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 six-month period comprised the following:

	1 January-30 June 2019	1 January-30 June 2018
Short-term and long-term employee benefits (salaries, bonuses, employee termination benefits etc.)	710,000	1,138,658
	710,000	**1,138,658**

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

	30 June 2019		31 December 2018	
Current trade and other receivables	**Trade**	**Other**	**Trade**	**Other**
Trade receivables due from related parties	256,340,354	16,586,020	232,193,307	174,069,310
Total	**256,340,354**	**16,586,020**	**232,193,307**	**174,069,310**

	30 June 2019		31 December 2018	
Due from related parties	**Trade**	**Other**	**Trade**	**Other**
Aksa Elektrik Satış A.Ş	214,684,045	16,583,046	147,360,015	165,996,430
Koni İnşaat Sanayi A.Ş.	28,445,390	--	60,363,742	--
Aksa Power Generation (Dubai)	5,967,822	--	7,637,914	--
Çoruh Elektrik Perakende Satiş A.Ş.	5,840,393	--	--	--
Flamingo Bioyakit Üretim ve Sanayi A.Ş.	823,774	--	--	--
Aksa Jeneratör Sanayi A.Ş.	66,749	--	16,718,701	--
Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş.	--	--	--	7,357,874
Other	512,181	2,974	112,935	715,006
	256,340,354	**16,586,020**	**232,193,307**	**174,069,310**

	30 June 2019		31 December 2018	
Short term due to related parties	**Trade**	**Other**	**Trade**	**Other**
Trade payables due to related parties	86,415,527	14,878,812	233,019,582	6,328,927
Total	**86,415,527**	**14,878,812**	**233,019,582**	**6,328,927**

	30 June 2019		31 December 2018	
Due to related parties	**Trade**	**Other**	**Trade**	**Other**
Fırat Elektrik Perakende Satış A.Ş.	59,626,625	12,901,160	113,847,982	--
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	11,685,154	--	--	--
ATK Sigorta Aracılık Hizmetleri A.Ş.	8,308,931	1,227,539	8,318,008	--
Aksa Far East(Pte.)Ltd.	2,919,597	--	2,671,812	--
Kazancı Holding	2,471,626	188,366	--	6,328,927
Elektrik Altyapi Hizmetleri ve Ltd. Şti.	601,244	473,940	306,195	--
Çoruh Elektrik Perakende Satış A.Ş.	--	--	107,304,553	--
Other	802,350	87,807	571,032	--
	86,415,527	**14,878,812**	**233,019,582**	**6,328,927**

(Amounts expressed in Turkish Lira unless otherwise stated.)

18. RELATED PARTIES (continued)

Related party transactions

	1 January - 30 June 2019		1 April - 30 June 2019		1 January - 30 June 2018		1 April - 30 June 2018	
Sales to Kazancı Holding's associates and subsidiaries:	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**
Aksa Elektrik Satış A.Ş.	23,889,118	--	11,151,300	--	66,320,390	17,304	33,175,827	17,304
Other	--	--	--	--	7,884	47,651	--	18,862
	23,889,118	**--**	**11,151,300**	**--**	**66,328,274**	**64,955**	**33,175,827**	**36,166**
Sales to Kazancı Holding's indirect investments and subsidiaries:	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**
Çoruh Elektrik Perakende Satış A.Ş.	18,218,401	--	6,062,200	--	16,968,320	--	7,800,827	--
Fırat Aksa Elektrik Perakende Satış A.Ş.	15,960,853	--	6,414,786	--	12,176,406	--	6,127,674	--
Aksa Power Generation (Dubai)	--	--	--	--	7,433,416	--	7,433,416	--
Other	51,583	--	50,400	--	--	--	--	--
	34,230,837	**--**	**12,527,386**	**--**	**36,578,142**	**--**	**21,361,917**	**--**
Sales to Related Parties:	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**
Koni İnşaat Sanayi A.Ş.	313,709	--	29,497	--	10,537,531	992,048	10,308,324	429,308
Other	--	--	--	--	--	7,845	--	7,845
	313,709	**--**	**29,497**	**--**	**10,537,531**	**999,893**	**10,308,324**	**437,153**
Total	**58,433,664**	**--**	**23,708,183**	**--**	**113,443,947**	**1,064,848**	**64,846,068**	**473,319**

(Amounts expressed in Turkish Lira unless otherwise stated.)

18. RELATED PARTIES (continued)

Related party transactions

	1 January - 30 June 2019		1 April - 30 June 2019		1 January - 30 June 2018		1 April - 30 June 2018	
Purchases from Kazancı Holding's associates and subsidiaries:	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	43,989,056	--	30,971,975	--	27,404,266	--	13,228,276	--
Aksa Elektrik Satış A.Ş.	7,762,514	66,194	3,600,927	--	3,386,827	215,658	2,565,191	84,133
Kazancı Holding	5,995,538	--	3,171,667	--	187,968	2,941,197	92,318	2,787,683
Aksa Jeneratör Sanayi A.Ş.	9,268	4,685	9,268	4,685	6,962	208,033	6,962	208,033
ATK Sigorta aracılık Hizmetleri A.Ş	3,635	1,921,234	--	--	22,979	1,001,937	8,715	69,870
Aksa Manisa Doğalgaz Dağıtım A.Ş.	--	--	--	--	11,373,674	--	4,855,056	--
Other	4,204	850	4,204	850	62,917	62,875	16,722	--
	57,764,215	**1,992,963**	**37,758,041**	**5,535**	**42,445,593**	**4,429,700**	**20,773,240**	**3,149,719**

Purchases from Kazancı Holding's indirect investments and subsidiaries:	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**
Fırat Elektrik Perakende Satış A.Ş.	4,271,615	24,441	1,562,646	18,834	4,466,786	--	2,460,831	--
Aksa Power Generation (Dubai)	1,061,476	--	140,873	--	168,930	--	--	--
Çoruh Elektrik Perakende Satış A.Ş.	458,999	1,846	383,911	--	2,005,748	--	1,435,905	--
Other	104,052	6,558	3,940	--	--	--	--	--
	5,896,142	**32,845**	**2,091,370**	**18,834**	**6,641,464**	**--**	**3,896,736**	**--**

Purchases from Related Parties:	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**	**Goods services**	**Other**
Elektrik Altyapı Hizmetleri Ltd. Şti.	640,118	17,185	640,118	--	--	613,191	--	613,191
Koni İnşaat Sanayi A.Ş.	188,668	3,383,092	40,941	--	221,264	1,108,177	38,707	627,680
Other	--	--	--	--	191,877	275,475	--	--
	828,786	**3,400,277**	**681,059**	**--**	**413,141**	**1,996,843**	**38,707**	**1,240,871**
Total	**64,489,143**	**5,426,085**	**40,530,470**	**24,369**	**49,500,198**	**6,426,543**	**24,708,683**	**4,390,590**

(Amounts expressed in Turkish Lira unless otherwise stated.)

18. RELATED PARTIES (continued)

Related party transaction (continued)

Financial Income from Related Parties

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Kazancı Holding's associates and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Aksa Elektrik Satış A.Ş.	23,939,454	5,588,971	1,361,872	461,563
Kazancı Holding	1,289,364	--	2,494,337	88,386
Aksa Jeneratör Sanayi A.Ş.	1,089,708	--	--	--
Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş.	--	--	910,120	496,000
Other	192,037	181,149	97,068	89,510
Total	**26,510,563**	**5,770,120**	**4,863,397**	**1,135,459**
Purchases to Kazancı Holding's indirect investments and subsidiaries	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Koni İnşaat Sanayi A.Ş.	6,639,958	2,717,295	598,702	598,702
Flamingo Enerji Üretim ve Satış A.Ş.	40,182	40,182	--	--
Flamingo Bioyakıt Üretim A.Ş.	36,643	36,643	--	--
Other	88,424	55,283	156,101	16,124
	6,805,207	**2,849,403**	**754,803**	**614,826**
Total	**33,315,770**	**8,619,523**	**5,618,200**	**1,750,285**

(Amounts expressed in Turkish Lira unless otherwise stated.)

18. RELATED PARTIES (continued)

Related party transaction (continued)

Financial Expense to Related Parties

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Kazancı Holding's associates and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Aksa Jeneratör Sanayi A.Ş.	234,910	234,910	--	--
Kazancı Holding	183,381	183,381	--	--
Aksa Elektrik Satış A.Ş.	3,674	3,674	829,173	829,173
Other	1,295	1,295	56,219	33,525
Total	**423,260**	**423,260**	**885,392**	**862,698**
Kazancı Holding's indirect investments and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Çoruh Elektrik Perakende Satış A.Ş.	14,123,828	5,762,628	3,252,065	1,828,661
Fırat Elektrik Perakende Satış A.Ş.	10,938,792	2,693,442	928,274	495,145
Other	15,603	15,603	52,454	46,539
Total	**25,078,223**	**8,471,673**	**4,232,793**	**2,370,345**
Purchases from Related Parties:	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Koni İnşaat Sanayi A.Ş.	17,282	12,883	15,644	6,950
Other	57,786	56,019	263,747	126,016
	75,068	**68,902**	**279,391**	**132,966**
Total	**25,576,551**	**8,963,835**	**5,397,576**	**3,366,009**

(Amounts expressed in Turkish Lira unless otherwise stated.)

19. OPERATING SEGMENTS

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

	1 January – 30 June 2019		
	Turkey (*)	**Africa**	**Total**
Total segment income	1,585,294,430	727,670,777	**2,312,965,207**
Profit before interest, tax, depreciation and amortisation (EBITDA)	266,084,539	486,307,851	**752,392,390**

	1 January – 30 June 2019		
	Turkey (*)	**Africa**	**Total**
Reconciliation of EBITDA with profit before taxes:	266,084,539	486,307,851	**752,392,390**
Depreciation and amortisation expenses	(127,980,419)	(101,384,758)	(229,365,177)
Finance income/(expenses), net	(293,052,473)	33,152,337	(259,900,136)
Impairment losses accordance with IFRS 9	(25,857)	(15,345,720)	(15,371,577)
Income) from investing activities	482,032	--	482,032
Profit/(loss) before tax	**(154,492,178)**	**402,729,710**	**248,237,532**

	1 January – 30 June 2018		
	Turkey (*)	**Africa**	**Total**
Total segment income	1,446,853,521	611,435,945	**2,058,289,466**
Profit before interest, tax, depreciation and amortisation (EBITDA)	112,050,284	338,272,887	**450,323,171**

	1 January – 30 June 2018		
	Turkey (*)	**Africa**	**Total**
Reconciliation of EBITDA with profit before taxes:	112,050,284	338,272,887	**450,323,171**
Depreciation and amortisation expenses	(134,336,382)	(61,364,324)	**(195,700,706)**
Finance income/(expenses), net	(156,703,015)	(18,348,915)	**(175,051,930)**
Income from investing activities	2,609,175	--	**2,609,175**
Profit/(loss) before tax	**(176,379,938)**	**258,559,648**	**82,179,710**

	30 June 2019		
	Turkey (*)	**Africa**	**Total**
Total segment assets	4,403,143,878	2,533,707,454	**6,936,851,332**
Total segment liabilities	3,936,122,124	729,281,307	**4,665,403,431**

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

(*) Includes KKTC.

(Amounts expressed in Turkish Lira unless otherwise stated.)

20. SUPPLEMENTARY CASH FLOW INFORMATION

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

	1 January 2019	Cash inflows	Cash outflows	Non-cash transactions	30 June 2019
Financial borrowings	**3,818,612,929**	921,406,744	(1,142,196,016)	274,094,035	**3,871,917,692**
Total financial liabilities	**3,818,612,929**	921,406,744	(1,142,196,016)	274,094,035	**3,871,917,692**

	1 January 2018	Cash inflows	Cash outflows	Non-cash transactions	30 June 2018
Financial borrowings	**2,836,504,211**	1,526,736,201	(1,336,151,069)	242,388,758	**3,269,478,101**
Total financial liabilities	**2,836,504,211**	**1,526,736,201**	**(1,336,151,069)**	**242,388,758**	**3,269,478,101**

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

21. SUBSEQUENT EVENTS

None.