

AKSA ENERJİ ÜRETİM A.Ş.
AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2020

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Financial Position

As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

ASSETS	Notes	Unaudited/ Current period	Audited/ Prior period
		30 September 2020	31 December 2019
Current assets			
Cash and cash equivalents		307,135,706	121,503,123
Trade receivables		2,770,487,439	1,932,874,640
- Trade receivables from related parties	4	193,058,664	209,200,606
- Trade receivables from third parties	5	2,577,428,775	1,723,674,034
Other receivables		47,376,242	143,595,524
- Other receivables from related parties	4	3,774,048	3,775,899
- Other receivables from third parties		43,602,194	139,819,625
Derivative instruments		14,439,277	4,387,466
Inventories		131,205,701	284,075,323
Prepaid expenses		109,016,286	68,121,888
Current tax assets		41,477,215	39,110,786
Other current assets		67,329,755	90,292,154
Total current assets		3,488,467,621	2,683,960,904
Non-current assets			
Financial investments		412,408	412,408
Other receivables		5,476,255	7,096,176
- Other receivables from third parties		5,476,255	7,096,176
Property, plant and equipment	7	5,846,382,430	5,499,257,130
Right-of-use assets	8	57,106,625	48,706,223
Intangible assets		122,163,357	99,461,368
- Other intangible assets		122,163,357	99,461,368
Prepaid expenses		3,560,067	6,722,646
Deferred tax asset	14	88,187,498	155,505,193
Total non-current assets		6,123,288,640	5,817,161,144
TOTAL ASSETS		9,611,756,261	8,501,122,048

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Financial Position

As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

LIABILITIES	Notes	Unaudited/ Current period	Audited/ Prior period
		30 September 2020	31 December 2019
Current liabilities			
Short-term borrowings	6	467,753,469	785,721,878
Current portion of long-term borrowings		1,688,433,796	1,206,661,882
Short-term finance lease liabilities	6	1,569,228	11,556,577
- Finance lease liabilities from related parties		912,729	4,232,174
- Finance lease liabilities from third parties	6	656,499	7,324,403
Short-term portion of long-term finance lease liabilities	6	3,473,817	3,033,070
Other financial liabilities	6	22,279,406	79,680,483
Trade payables		694,677,760	599,548,139
- Trade payables to related parties	4	38,584,973	17,177,126
- Trade payables to third parties	5	656,092,787	582,371,013
Payables related to employee benefits		8,416,263	8,800,399
Other payables		48,360,974	36,700,505
- Other payables to related parties	4	-	272,784
- Other payables to third parties		48,360,974	36,427,721
Derivative instruments		64,720,994	33,642,251
Current tax liabilities		294,403,655	167,942,891
Short-term provisions		10,948,730	5,136,526
- Short-term provisions for employee benefits		827,943	777,554
- Other short-term provisions		10,120,787	4,358,972
Other current liabilities		7,473,520	5,985,809
Total current liabilities		3,312,511,612	2,944,410,410
Non-current liabilities			
Long-term borrowings	6	927,769,212	1,133,695,421
Long-term finance lease liabilities	6	53,166,408	34,745,275
Other financial liabilities	6	-	8,361,393
Other payables		32,533,333	39,601,341
- Other payables to third parties		32,533,333	39,601,341
Long-term provisions		8,007,546	4,715,939
- Long-term provisions for employee benefits		8,007,546	4,715,939
Deferred tax liabilities	14	503,163,005	516,631,304
Total non-current liabilities		1,524,639,504	1,737,750,673
TOTAL LIABILITIES		4,837,151,116	4,682,161,083

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Financial Position

As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

EQUITY	Notes	Unaudited/ Current period	Audited/ Prior period
		30 September 2020	31 December 2019
Equity Attributable to Owners of the Company			
Share capital	10	613,169,118	613,169,118
Share premiums	10	247,403,635	247,403,635
Accumulated other comprehensive income not to be reclassified in profit or loss		2,214,467,730	2,263,711,269
- Gains on revaluation of property, plant and equipment		2,213,674,254	2,262,917,793
- Gain on remeasurements of the defined benefit plans		793,476	793,476
Accumulated other comprehensive income that will be reclassified in profit or loss		704,764,661	234,620,434
- Foreign currency translation differences		733,045,339	248,243,241
-Gain / (loss) of hedging reserve		(28,280,678)	(13,622,807)
Restricted reserves appropriated from profit	10	68,742,954	64,980,588
Accumulated gain / (losses)		112,041,243	(262,622,830)
Net profit for the period		355,463,032	329,182,900
Total equity attributable to equity holders of the Company		4,316,052,373	3,490,445,114
Non-controlling interests	10	458,552,772	328,515,851
Total equity		4,774,605,145	3,818,960,965
TOTAL LIABILITIES AND EQUITY		9,611,756,261	8,501,122,048

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Profit or Loss For the Nine-Month Period Ended 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

		<i>Unaudited 1 January- 30 September 2020</i>	<i>Unaudited 1 January- 30 September 2019</i>	<i>Unaudited 1 July- 30 September 2020</i>	<i>Unaudited 1 July- 30 September 2019</i>
PROFIT OR LOSS:	<i>Notes</i>				
Revenue	11	5,267,896,719	3,799,886,130	1,800,984,479	1,486,920,923
Cost of sales (-)	11	(4,382,580,784)	(2,996,237,096)	(1,493,441,145)	(1,246,456,768)
Gross profit		885,315,935	803,649,034	307,543,334	240,464,155
Administrative expenses (-)		(83,549,540)	(74,549,916)	(24,385,719)	(27,939,089)
Marketing expenses		(3,905,905)	(1,186,873)	(3,075,909)	(241,798)
Other operating income		6,266,214	28,368,204	1,921,667	16,875,651
Other operating expenses (-)		(35,562,610)	(8,266,442)	(18,852,239)	(4,172,125)
Operating profit		768,564,094	748,014,007	263,151,134	224,986,794
Expected credit losses accordance with TFRS 9 (-)		(20,875,722)	(2,678,527)	(2,546,515)	12,693,050
Gain from investing activities		153,358	482,032	77,521	-
Operating profit before finance costs		747,841,730	745,817,512	260,682,140	237,679,844
Financial income	12	362,907,668	300,929,695	157,296,562	61,127,082
Financial expenses (-)	13	(609,805,765)	(662,942,222)	(231,824,940)	(163,239,473)
Net financial costs		(246,898,097)	(362,012,527)	(74,528,378)	(102,112,391)
Profit before tax from continuing activities		500,943,633	383,804,985	186,153,762	135,567,453
Tax expense from continuing activities		(53,304,259)	(34,221,226)	(29,615,632)	(14,613,046)
- Current tax expense	14	(80,569,172)	(50,704,200)	(41,731,800)	(16,986,000)
- Deferred tax income / (expense)	14	27,264,913	16,482,974	12,116,168	2,372,954
Profit for the period from continuing activities		447,639,374	349,583,759	156,538,130	120,954,407
Profit for the period attributable to:					
- Non-controlling interests	10	92,176,342	175,123,756	23,382,155	54,078,634
- Owners of the Company	15	355,463,032	174,460,003	133,155,975	66,875,773
Profit for the period		447,639,374	349,583,759	156,538,130	120,954,407
Earnings per share					
- Attributable to equity holders of the parent	15	0.580	0.2845	0.217	0.1091

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Other Comprehensive Income For the Nine-Month Period Ended 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

OTHER COMPREHENSIVE INCOME	<i>Notes</i>	<i>Unaudited 1 January- 30 September 2020</i>	<i>Unaudited 1 January- 30 September 2019</i>	<i>Unaudited 1 July- 30 September 2020</i>	<i>Unaudited 1 July- 30 September 2019</i>
Profit for the period		447,639,374	349,583,759	156,538,130	120,954,407
Items that will not be reclassified to profit or loss:					
Loss on remeasurements of the defined benefit obligation		-	-	-	-
Tax related to other comprehensive income not to be reclassified to profit or loss:					
- Deferred tax income	14	-	-	-	-
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences		522,662,677	171,583,795	328,144,819	(48,946,627)
Gains/(loss) on cash flow hedging		(15,332,501)	(13,745,578)	(905,717)	(11,352,235)
Tax related to other comprehensive income to be reclassified subsequently to profit or loss:					
- Deferred tax income/(expense)	14	674,630	2,749,116	25,425	2,270,447
Other comprehensive income		508,004,806	160,587,333	327,264,527	(58,028,415)
Total comprehensive income		955,644,180	510,171,092	483,802,657	62,925,992
Total comprehensive income attributable to					
Non-controlling interests		130,036,921	175,123,739	77,273,137	54,078,634
Equity holders of the parent		825,607,259	335,047,353	406,529,520	8,847,358
Total		955,644,180	510,171,092	483,802,657	62,925,992

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Changes in Equity For the Nine-Month Period Ended 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

	Share capital	Share premium	Other comprehensive income and expenses not to be reclassified in profit or loss		Other comprehensive income and expenses that will be reclassified in profit or loss		Retained earnings			Attributable to equity holders of the parent	Non-controlling interests	Total equity
			Gain/(loss) on remeasurements of defined benefit plans	Gains on revaluation of property, plant and equipment	Gain / (loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit/(loss)	Net profit for the period			
Balance as of 1 January 2019	613,169,118	247,403,635	898,193	821,844,347	(3,518,526)	45,726,065	48,267,560	(163,783,444)	26,094,071	1,636,101,019	181,851,117	1,817,952,136
- Total comprehensive income	-	-	-	(80,685,995)	(10,996,462)	171,583,795	-	80,685,995	174,460,003	335,047,336	175,123,739	510,171,075
-Transfers	-	-	-	-	-	-	16,713,028	9,381,043	(26,094,071)	-	-	-
Balance as of 30 September 2019	613,169,118	247,403,635	898,193	741,158,352	(14,514,988)	217,309,860	64,980,588	(73,716,406)	174,460,003	1,971,148,355	356,974,856	2,328,123,211
Balance as of 1 January 2020	613,169,118	247,403,635	793,476	2,262,917,793	(13,622,807)	248,243,241	64,980,588	(262,622,830)	329,182,900	3,490,445,114	328,515,851	3,818,960,965
- Total comprehensive income	-	-	-	-	(14,657,871)	484,802,098	-	-	355,463,032	825,607,259	130,036,921	955,644,180
-Transfers (*)	-	-	-	(49,243,539)	-	-	3,762,366	374,664,073	(329,182,900)	-	-	-
Balance as of 30 September 2020	613,169,118	247,403,635	793,476	2,213,674,254	(28,280,678)	733,045,339	68,742,954	112,041,243	355,463,032	4,316,052,373	458,552,772	4,774,605,145

(*) The transfer amount of TL 49,243,539 represents the current period depreciation difference incurred by the Group due to the increase in the value of tangible fixed assets caused from revaluation of property, plant and equipment.

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Cash Flow For the Nine-Month Period Ended 30 September 2020 (Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

	Notes	Unaudited 1 January- 30 September 2020	Unaudited 1 January- 30 September 2019
A. Cash flows from operating activities		1,170,734,801	893,717,641
Profit for the period		447,639,374	349,583,759
Adjustments to reconcile net profit/loss to net cash:		1,303,503,824	1,259,293,134
Adjustments related to depreciation and amortization expenses		341,401,685	357,477,704
Adjustments related to provision for employee benefits		3,453,270	1,063,127
Adjustments related to interest expenses	13	327,884,773	520,332,298
Adjustments related to interest income	12	(119,482,472)	(103,330,070)
Adjustments related to expected provision losses		20,875,722	2,678,527
Adjustments related to impairment in inventories		1,877,899	(1,515,937)
Adjustments related to tax income/(expense)		53,304,259	34,221,226
Adjustments related to derivative transactions expense/(income)		5,694,429	(66,508)
Adjustments related to loss/(gain) on disposal of property, plant and equipment		(77,759)	-
Adjustments related to unrealized currency translation differences		668,572,018	448,432,767
Adjustments related to other increase / (decrease) in working capital		(556,041,482)	(636,841,054)
Decrease/ (increase) in inventories		112,461,745	(148,219,088)
Increase in trade receivables from third parties		(871,935,995)	(575,425,329)
Decrease/(increase) in trade receivables from related parties		16,141,942	(31,395,523)
Decrease in other operating receivables from related parties		1,851	160,642,105
Decrease in other operating receivables from third parties		97,837,352	(30,099,160)
Increase in trade payables to third parties		73,721,774	139,574,149
Decrease/(increase) in other operating payables to third parties		4,865,245	18,515,674
Increase/(decrease) in trade payables to related parties		21,407,847	(182,218,942)
Decrease/(increase) in other operating payables to related parties		(272,784)	(4,866,720)
Increase in other liabilities related to operations		27,461,360	41,944,238
(Increase) in prepaid expenses		(37,731,819)	(25,292,458)
Cash generated from operations		(24,366,915)	(78,318,198)
Taxes paid		(23,689,039)	(77,644,982)
Provision for employee benefits paid		(677,876)	(673,216)
B. Cash flows from investing activities		(156,615,750)	(44,045,966)
Proceeds from sale of property, plant and equipment and intangible assets		217,371	-
Purchases of property, plant and equipment		(156,799,531)	(43,348,458)
Purchases of intangible assets		(33,590)	(697,508)
C. Cash flows from financing activities		(825,792,000)	(770,787,735)
Cash inflows from borrowings	19	3,653,779,725	2,260,478,342
Cash outflows from borrowings	19	(4,224,758,350)	(2,609,747,635)
Payment of obligations under finance liability	19	(6,100,468)	(4,516,214)
Interest paid		(368,195,379)	(520,332,298)
Interest received		119,482,472	103,330,070
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		188,327,051	78,883,940
D. Cash and cash equivalents at the beginning of the year		121,503,123	52,995,042
Cash and cash equivalents at the end of the year (A+B+C+D)		309,830,174	131,878,982

(*) The Group calculated expected credit loss amounting to TL 2,694,468 on Cash and Cash Equivalents within the scope of TFRS 9 (30 September 2019: None).

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

As At 30 September 2020

(Amounts expressed in Turkish Liras (“TL”), unless otherwise stated.)

1 Organization and operations of the Company

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 has been registered in Capital Markets Board (CMB) and the shares of the Company have been traded in the Borsa İstanbul A.Ş. (“BIST”) on 21 May 2010 under the name “AKSEN”. As of 30 September 2020, the Company's share in actual circulation is 20.58% (31 December 2019: 20.58%).

The main shareholder of the Company is Kazancı Holding A.Ş. (“Kazancı Holding”). The Company's registered office address is Rüzgarlıbahçe Mahallesi, Özalp Çıkmaşı, No:10, Kavacık-Beykoz, İstanbul / Turkey.

Aksa Enerji and its subsidiaries are collectively referred to as “the Group” in this report. As of 30 September 2020 and 31 December 2019, the details of the subsidiaries included in the consolidation are as follows:

Name of subsidiary – Foreign Branch	Principal activity	Place of operation	Voting power held (%)	
			30 September 2020	31 December 2019
Aksa Aksen Enerji Ticareti A.Ş. (“Aksa Aksen Enerji”)	Electricity trade	Turkey	100.00	100.00
Aksa Energy Company Ghana Limited (“Aksa Enerji Gana”)	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.	Holding company	Netherlands	100.00	100.00
Aksa Uzbekistan Investment B.V. (*)	Holding company	Netherlands	100.00	100.00
Aksa Global Investment B.V. (“Aksa Global B.V.”)	Holding company	Netherlands	100.00	100.00
Aksa Göynük Enerji Üretim A.Ş. (“Aksa Göynük Enerji”)	Electricity production	Turkey	99.99	99.99
Aksa Madagascar B.V.	Holding company	Netherlands	100.00	100.00
Aksa Mali S.A.	Electricity production	Mali	100.00	100.00
Aksaf Power Ltd. (“Aksaf Power”)	Electricity production	Mauritius	100.00	100.00
İdil İki Enerji Sanayi ve Ticaret A.Ş. (“İdil İki Enerji”)	Electricity production	Turkey	99.99	99.99
Overseas Power Ltd. (“Overseas Power”)	Good and supply trade	Mauritius	100.00	100.00
Rasa Enerji Üretim A.Ş. (“Rasa Enerji”)	Electricity production	Turkey	99.99	99.99
Aksa Energy Company Congo (“Aksa Enerji Kongo”) (**)	Electricity production	Congo	100.00	100.00
Aksa Energy Cameroon (“Aksa Enerji Kamerun”) (**)	Electricity production	Cameroon	75.00	75.00
Aksa Energy Tashkent LLC (***)	Electricity production	Uzbekistan	100.00	--

(*) Aksa Indonesia BV changed its title in 2020 and continues to operate as Aksa Uzbekistan Investment BV.

(**) Aksa Enerji Congo and Aksa Enerji Cameroon have been established and have not started their operations yet.

(***) Aksa Energy Tashkent LLC was established in 2020 and is in the investment phase, and it has not started its operations yet.

As of 30 September 2020, the number of employees of the Group is 809 (31 December 2019: 907).

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Notes to the Condensed Consolidated Financial Statements

As At 30 September 2020

(Amounts expressed in Turkish Liras (“TL”), unless otherwise stated.)

1 Organization and operations of the Company (continued)

Aksa Aksen Enerji:

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

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 – Kıbrıs (“Aksa Enerji Y.Ş.”)

On 10 June 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 and extended until 2027 on 1 April 2009. Kıbrıs Türk Elektrik Kurumu 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 fuel-oil power plant located in Mogosa City whose licenses were cancelled in Turkey. 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 Energy Company Cameroon Plc

Aksa Energy Company Cameroon Plc was established in 2019 as the holding company of Aksa Energy Cameroon.

Aksa Uzbekistan Investment B.V.:

Aksa Indonesia B.V. has changed its trade name as Aksa Uzbekistan Investment B.V. Aksa Uzbekistan Investment B.V. is the partner of Aksa Energy Tashkent LLC Company.

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., Aksa Madagascar B.V., Aksa Uzbekistan Investment B.V. and Aksa Energy Company Cameroon Plc 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 ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

1 Organization and operations of the Company (continued)

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 S.A. was established for plant installing, operating and sales of generated energy in Mali. 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. Negotiations regarding the extension of the agreement with the Republic of Mali are ongoing.

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. On 22 October 2019, Aksa Energy acquired the entire company by purchasing 41.65% of the shares belonging to the local partner.

The first engines of the power plant with an installed power of 25 MW, whose construction started in the last quarter of 2016, were put in use on 10 July 2017, earlier than the planned period and 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 5 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. In the guaranteed electricity sales agreement, the tariff was determined in USD, and the field, fuel supply, all licenses and permissions related to the project were provided by Jirama.

İdil İki Enerji:

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

Rasa Enerji:

Rasa Enerji was established in 2000 for production and distribution of electricity and its 99.99% shares have been acquired by Aksa Enerji on 5 June 2010 from one of the related parties of Koni İnşaat. Şanlıurfa Natural Gas Power 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 on 8 October 2012. As of 18 November 2015, the installed capacity of Şanlıurfa Natural Gas Power Plant is increased to 147 MW with an increase of 18 MW.

Aksa Enerji Congo:

It was established in 2019 to develop projects in the Republic of Congo.

Aksa Enerji Cameroon:

It was established in 2019 to develop projects in Cameroon.

Overseas Power:

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

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As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

1 Organization and operations of the Company (continued)

Aksa Energy Tashkent LLC:

Aksa Energy has established a company named Aksa Energy Tashkent LLC located in Uzbekistan which is 100% owned by Aksa Energy, in order to establish a natural gas combined cycle power plant with an installed capacity of 240 MW in Uzbekistan and to make guaranteed sales of the generated electricity for 25 years. As of the reporting date, the Company has not started its operations yet and is at the investment stage.

As of 30 September 2020, electricity production licenses held by the Group are as follows and there is no change compared to December 31, 2019.

Licence owner	Location	Type of facility	Date of licence	Licence Duration	The capacity of the plant (MWhe)
Aksa Enerji	TRNC	Fuel oil	1 April 2009	15+3	153
Aksa Enerji	Antalya	Natural gas	13 November 2007	30 years	900
Aksa Göynük Enerji	Bolu	Thermal	25 June 2008	30 years	270
Aksa Enerji Gana	Ghana	Fuel Oil	1 August 2017	6,5 years	370
Aksa Mali S.A	Mali	Fuel Oil	28 September 2017	3 years	40
Aksaf Power	Madagascar	Fuel Oil	5 September 2017	20 years	66
Rasa Enerji	Şanlıurfa	Natural gas	12 May 2011	49 years	147
Total					1.946

Licence owner	Location	Name of facility	Type of facility	Date of licence	Licence Duration	Type of licence	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

2 Basis of preparation of financial statements

2.1 Basis of Preparation

a) Preparation of Financial Statements

Statement of compliance to TAS

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the Capital Markets Board (CMB) "Communiqué on Principles Regarding Financial Reporting in the Capital Market" No:14.1 published in the Official Gazette No: 28676 of 13 June 2013. Pursuant to Article 5 of the Communiqué, the financial statements are based on Turkish Financial Reporting Standards ("TFRS") and exhibits and interpretations associated which were enacted by the Public Oversight Accounting and Auditing Standards Authority ("POA"). TFRS Standards include Standards and Interpretations published as Turkish Accounting Standards ("TAS"), Turkish Reporting Standards, TAS Interpretations and TFRS Interpretations.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement illustrations specified in the Illustrative Financial Statements and User Guide published by the POA in the Official Gazette dated 7 June 2019 and numbered 30794.

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 ("TCC") and the Uniform Chart of Accounts published by the Ministry of Finance. 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.

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(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

2 Basis of preparation of financial statements *(continued)*

2.1 Basis of preparation *(continued)*

a) Preparation of Financial Statements *(continued)*

Statement of compliance to TAS *(continued)*

The interim condensed consolidated financial statements have been prepared from the statutory financial statements of Group's subsidiaries' and joint ventures and presented in TL in accordance with CMB Accounting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employee termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities included in Business Combination application, consolidated financial statements are prepared on a historical cost basis.

The accompanying interim condensed consolidated financial statements have been prepared in accordance with the provisions of the CMB's "Communiqué on Principles Regarding Financial Reporting in the Capital Market" No:14.1 published in the Official Gazette No: 28676 of 13 June 2013.

The companies reporting according to the CMB regulations apply Turkish Financial Reporting Standards and additional provisions and interpretations ("TFRS") issued by Public Oversight, Accounting and Auditing Board ("POA") in accordance with the Article 5 of the Communiqué.

The consolidated financial statements of the Group as of 30 September 2020 were approved by the Board of Directors of the Company on 5 November 2020. The Company's General Assembly and the relevant regulatory bodies have the right to request the change of the consolidated financial statements after the publication.

b) Adjustment of Financial Statements in Hyperinflationary Periods

In accordance with the decision numbered 11/367 and dated 17 March 2005 issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Financial Reporting Standards, it is decided not to apply inflation accounting from 1 January 2005. Accordingly, as of 1 January 2005, No:29 "Financial reporting in Hyperinflationary Economies" ("TAS 29") was not applied.

c) 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:

- Derivative financial instruments.
- Financial investments.
- Land and building and land improvements and machinery and equipment in property, plant and equipment are measured at fair value.

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Notes to the Condensed Consolidated Financial Statements

As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

2 Basis of preparation of financial statements (*continued*)

2.1 Basis of preparation (*continued*)

d) Functional and presentation currency

The Group 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 ("TCC") and the Uniform Chart of Accounts published by the Ministry of Finance. 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 functional currency of the Group, except for its subsidiaries in foreign countries, is Turkish Lira ("TL"). The accompanying consolidated financial statements expressed in TL. All financial information presented in TL has been rounded to the nearest TL amounts, except when otherwise indicated.

The table below summarizes functional currencies of the Group entities.

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

*Aksa Energy Congo, Aksa Energy Cameroon and Aksa Energy Tashkent LLC have been established but have not started operating yet.

Functional currencies are used to a significant extent in, or have a significant impact on the operations of the related Group entities and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currencies selected for measuring items in the consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currencies have been re-measured to the related functional currencies.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

2 Basis of preparation of financial statements (*continued*)

2.1 Basis of preparation (*continued*)

e) Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

(ii) 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.

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.

(iii) 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.

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Notes to the Condensed Consolidated Financial Statements

As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

2 Basis of preparation of financial statements (*continued*)

2.1 Basis of preparation (*continued*)

e) Basis of consolidation (*continued*)

(iv) 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.

f) Foreign currency

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 hedge instruments recognized in other comprehensive income.

The EUR/TL, USD/TL, GHS/USD and TL/USD as of the end of the reporting periods are as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>
EUR / TL	9.1281	6.6506
USD / TL	7.8080	5.9402
GHS / USD	0.1754	0.1807
TL / USD	0.1281	0.1683

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 difference 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.

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Notes to the Condensed Consolidated Financial Statements

As At 30 September 2020

(Amounts expressed in Turkish Liras (“TL”), unless otherwise stated.)

2 Basis of preparation of financial statements (*continued*)

2.1 Basis of preparation (*continued*)

f) Foreign currency (*continued*)

Foreign operations (continued)

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 foreign currency translation difference.

2.2 Summary of the accounting policies

According to CMB, the entities have option to prepare interim financial statements prepared according to IAS 34 “Interim Financial Statements” as condensed or full set. Therefore, the Company decided to prepare its interim financial statements as of 30 September 2020 as condensed.

Some of the disclosures and notes that are required to be included in IFRS financial statements under the CMB are summarized in accordance with IAS 34 or not included in the financial statements. The accompanying condensed financial statements should be presented with the audited financial statements and accompanying notes prepared as of 31 December 2019. The results of interim financial statements cannot be solely considered as the results of the entire financial period.

Accounting policies and accounting estimates disclosed in the 31 December 2019 financial statements are applied in the current period.

2.3 Standards issued but not yet effective and not early adopted

a) New and amended TFRS Standards that are effective as of 2020

Amendments to TFRS 3	<i>Definition of a Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to TFRS 16	<i>COVID-19 Related Rent Concessions</i>
Conceptual Framework	<i>Amendments to References to the Conceptual Framework in TFRS Standards</i>

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

As At 30 September 2020

(Amounts expressed in Turkish Liras (“TL”), unless otherwise stated.)

2 Basis of presentation of financial statements (*continued*)

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

a) New and amended TFRS Standards that are effective as of 2020 (*continued*)

Amendments to TFRS 3 Definition of a Business

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 Definition of Material

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 Interest Rate Benchmark Reform

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendment to TFRS 16, COVID-19 Related Rent Concessions

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 and
- there are no substantive changes to other terms and conditions of the lease.

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Notes to the Condensed Consolidated Financial Statements As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements (*continued*)

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

a) New and amended TFRS Standards that are effective as of 2020 (*continued*)

Amendments to TFRS 16 COVID-19 Related Rent Concessions (cont'd)

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

KGK has made changes on TFRS 16 Lease Liabilities standard regarding to rent concessions given to lessees due to Covid-19 pandemic on June 5, 2020. The lessees who take advantage of these rent concessions should recognize any change in rent payment according to current sentences of the standard same as applied for as unchanged in lease liabilities.

The Group has decided to not to take any advantage of rent concessions mentioned above. So, no assessment has been made by the Group whether if there is any change in rent conditions or not."

Amendments to References to the Conceptual Framework in TFRS Standards

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and TFRS Interpretation 32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted. If all other changes made by the *Amendments to References to the Conceptual Framework in TFRS Standards* are applied, early application is allowed.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9, TFRS 16 and TAS 41</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

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As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements (*continued*)

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

b) New and revised TFRSs in issue but not yet effective (*continued*)

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are deferred and are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements (*continued*)

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

b) New and revised TFRSs in issue but not yet effective (*continued*)

Annual Improvements to TFRS Standards 2018-2020 (*continued*)

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

2.4 Significant accounting judgements, estimates and assumptions

Other matters that significantly affect the financial statements or are required to be disclosed in order to make the financial statements clear, interpretable and understandable

A new type of coronavirus (COVID-19), which first appeared in China, was classified by the World Health Organization as a pandemic that affects countries globally on 11 March 2020. COVID-19 has effects on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues, and its future effects remain uncertain. Many countries have announced financial support programs in order to limit the damage caused by the virus to economies, and Turkey has implemented regulatory financial and monetary actions in order to support companies and households in these difficult conditions. Additional regulatory measures continue to be announced to diminish negative impacts on companies and specific sectors. The effects of this global pandemic on the financial statements of the Company are regularly monitored by the Company Management. While preparing the interim financial statements dated 30 September 2020, the Company evaluated the possible effects of the COVID-19 outbreak on the significant estimates and assumptions used in the preparation of the financial statements and concluded that there is no significant effect. The Company Management takes the necessary precautions to keep the possible negative effects under control and to minimize its exposure. This approach, which is preferred for the 30 September 2020 period, will be revised in the subsequent reporting periods, taking into account the impact of the pandemic and future expectations.

Useful life of tangible assets

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements *(continued)*

2.5 Significant accounting judgements, estimates and assumptions *(continued)*

Useful life of tangible assets *(continued)*

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

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

	<u>Year</u>
Buildings	10 - 50
Plant, machinery and equipment	3 - 40
Furnitures and fixtures	5 - 15
Vehicles	5 - 8
Land improvements	5
Leasehold improvements	5

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

	<u>Year</u>
Fuel oil power plants	4-22
Natural gas power plants	33
Coal plants	43

Overhaul costs related to power generation plants have different useful lives, then they are accounted as separate items (major components) of power generation plants.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.6 Comparative information and restatement of prior periods' consolidated financial statements

The financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends. The Group restated its statement of financial position prepared as of 30 September 2020 compared to its statement of financial statement prepared as of 31 December 2019, its statement of profit or loss, other comprehensive income, cash flows and changes in equity for the period ended 1 January – 30 September 2020 compared to its statement of profit or loss, other comprehensive income, cash flows and changes in equity for the period ended 1 January – 30 September 2019, respectively. The financial statement prepared as of 30 September 2020 contains no amendments for previous periods.

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Notes to the Condensed Consolidated Financial Statements As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

3 Operating Segments

The geographical information presented below analyzes the Group's revenue, profit before interest, tax, depreciation and amortization (EBITDA), assets and liabilities, taking into account the country where the Group is located and the African region. In the presentation of this information, segment revenue and EBITDA are presented according to the geographical location of the customers, and the segment assets and liabilities are presented according to the geographical location.

	1 January – 30 September 2020		
	Turkey (*)	Africa	Total
Total segment income	4,202,804,300	1,065,092,419	5,267,896,719
Profit before interest, tax, depreciation and amortization (EBITDA)	363,766,451	725,323,606	1,089,090,057
	1 January – 30 September 2019		
	Turkey (*)	Africa	Total
Total segment income	2,780,610,558	1,019,275,572	3,799,886,130
Profit before interest, tax, depreciation and amortization (EBITDA)	385,692,875	717,120,309	1,102,813,184
	1 January – 30 September 2020		
	Turkey (*)	Africa	Total
Reconciliation of EBITDA with profit			
before taxes:	363,766,451	725,323,606	1,089,090,057
Depreciation and amortisation	(122,653,459)	(218,748,226)	(341,401,685)
Finance income/(expenses), net	(257,868,381)	10,970,284	(246,898,097)
Income from investing activities	75,612	77,746	153,358
Profit before tax	(16,679,777)	517,623,410	500,943,633
	1 January – 30 September 2019		
	Turkey (*)	Africa	Total
Reconciliation of EBITDA with profit			
before taxes:	385,692,875	717,120,309	1,102,813,184
Depreciation and amortisation	(190,856,065)	(166,621,639)	(357,477,704)
Financing income/(expenses), net	(419,051,716)	57,039,189	(362,012,527)
Income from investing activities, net	482,032	-	482,032
Profit before tax	(223,732,874)	607,537,859	383,804,985

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(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

3 Operating Segments (cont'd)

	30 September 2020		
	Turkey (*)	Africa	Total
Segment assets	5,489,020,967	4,122,735,294	9,611,756,261
Segment liabilities	3,764,857,860	1,072,293,256	4,837,151,116
	31 December 2019		
	Turkey (*)	Africa	Total
Segment assets	5,691,940,213	2,809,181,835	8,501,122,048
Segment liabilities	3,787,152,257	895,008,826	4,682,161,083

(*) Including the TRNC.

4 Related party disclosures

(a) Related party balances

Short-term receivables from related parties as of 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020		31 December 2019	
Short-term receivables	Trade	Other	Trade	Other
Short-term receivables	193,058,664	3,774,048	209,200,606	3,775,899
Total	193,058,664	3,774,048	209,200,606	3,775,899

i) Receivables from related parties:

	30 September 2020		31 December 2019	
	Trade	Other	Trade	Other
Aksa Elektrik Satış A.Ş.	148,256,985	3,774,048	157,669,120	3,770,092
Koni İnşaat Sanayi A.Ş.	14,560,787	-	32,497,061	-
Çoruh Elektrik Perakende Satış A.Ş.	9,608,252	-	2,077,944	-
Fırat Elektrik Perakende Satış A.Ş.	9,138,833	-	7,693,333	-
Aksa Doğalgaz Toptan Satış A.Ş.	4,986,827	-	-	-
Aksa Power Generation FZE	3,788,773	-	5,966,648	-
Flamingo Biyoyakıt Üretim ve Sanayi A.Ş.	-	-	1,263,465	-
Diğer	2,718,207	-	2,033,035	5,807
Total	193,058,664	3,774,048	209,200,606	3,775,899

Maturity difference is calculated by taking into account the legal interest rate for the receivables from related parties.

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4 Related party disclosures (*cont'd*)

(a) Related party balances (*cont'd*)

ii) Payables to related parties:

Short-term payables to related parties as of 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020		31 December 2019	
Short-term payables	Trade	Other	Trade	Other
Short-term payables	38,584,973	-	17,177,126	272,784
Total payables	38,584,973	-	17,177,126	272,784

	30 September 2020		31 December 2019	
	Trade	Other	Trade	Other
Aksa Doğalgaz Toptan Satış A.Ş.	23,503,457	-	-	-
ATK Sigorta Aracılık Hizmetleri A.Ş.	12,388,480	-	11,479,357	-
Kazancı Holding A.Ş.	1,422,076	-	1,580,435	269,188
Aksa Jeneratör Sanayi A.Ş.	728,051	-	1,816,970	3,000
Koni İnşaat Sanayi A.Ş.	399,390	-	49,419	-
Aksa Elektrik Satış A.Ş.	25,761	-	167,186	-
Fırat Elektrik Perakende Satış A.Ş.	-	-	7,619	-
Çoruh Elektrik Perakende Satış A.Ş.	-	-	5,957	-
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	-	-	2,013,906	-
Diğer	117,758	-	56,277	596
Total	38,584,973	-	17,177,126	272,784

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4 Related party disclosures (*cont'd*)

(b) Related party transactions

i) Purchases and sales from/to related parties:

1 January - 30 September 2020

	Electricity Sales	Electricity Purchases	Natural Gas Purchases	Interest Income	Interest Expense	Rent Expenses	General Administrative Expenses	Reflection of Common Expenses	Material Purchases	Material Sales	Other (Expense) / Income, Net
Aksa Elektrik Satış A.Ş.	200,031,475	35,621,717	-	20,343,657	-	-	5,200	-	-	-	211
ATK Sigorta Aracılık Hizmetleri A.Ş.	-	482	-	-	-	-	-	-	45	-	(651,755)
Aksa Doğal Gaz Toptan Satış A.Ş.	-	-	168,855,159	-	1,294	-	-	-	-	-	(2,251,630)
Kazancı Holding A.Ş.	-	-	-	44,958,790	445,641	-	213,896	10,095,522	-	-	-
Koni İnşaat Sanayi A.Ş.	1,018	-	-	1,164,744	19,731	2,813,378	1,167,722	-	-	81,833	68,919
Aksa Jeneratör Sanayi A.Ş.	-	-	-	2,396,107	51,136	-	3,678	-	-	-	(550,779)
Flamingo Enerji Üretim A.Ş.	-	-	-	90,748	-	-	-	-	-	-	-
Flamingo Biyokütle Üretim Sanayi A.Ş.	-	-	-	128,166	-	-	-	-	-	-	-
Aksa Jeneratör Sanayi A.Ş.	-	-	-	-	-	-	-	-	3,519	-	(4)
Aksa Power Generation (Dubai)	-	-	-	-	-	-	-	-	-	-	(269,272)
Aksa Ankara Makine Sat. ve Servis A.Ş.	-	-	-	-	-	-	-	-	-	-	(40,379)
Çoruh Elektrik Perakende Satış A.Ş.	104,688,369	5,325,695	-	-	2,161,827	-	-	-	-	-	2,751
Fırat Elektrik Perakende Satış A.Ş.	80,379,019	7,493,913	-	463,459	1,092,617	-	-	-	-	-	1,704
Aksa Generators Ghana LTD.	-	-	-	-	-	-	-	-	32,237	133,345	(574,997)
Aksa Satış ve Pazarlama A.Ş.	-	-	-	-	1,666	-	-	-	72,860	-	(21,975)
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	-	-	11,934,126	-	94,035	-	-	-	-	5,000	-
Çoruh Elektrik Dağıtım A.Ş.	-	-	-	9,787	-	-	-	-	-	172,350	-
Elektrik Altyapı Hizmetleri	-	-	-	-	2,918	-	-	-	-	-	-
	385,099,881	48,441,807	180,789,285	69,555,456	3,870,865	2,813,378	1,390,496	10,095,522	108,661	392,528	(4,287,206)

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4 Related party disclosures (cont'd)

(b) Related party transactions (cont'd)

i) Purchases and sales from/to related parties: (cont'd)

1 January – 30 September 2019

	Electricity Sales	Electricity Purchases	Natural Gas Purchases	Interest Income	Interest Expense	Rent Expenses	General Administrative Expenses	Reflection of Common Expenses	Material Purchases	Material Sales	Other (Expense) / Income, Net
Aksa Elektrik Satış A.Ş.	79,435,398	22,103,980	-	46,607,927	16,424	-	4,806	-	19,001	-	-
ATK Sigorta Aracılık Hizmetleri A.Ş.	-	-	-	-	-	-	162	-	331,240	263,265	(4,394,322)
Aksa Doğal Gaz Toptan Satış A.Ş.	-	-	3,316,914	-	-	-	-	-	-	-	-
Kazancı Holding A.Ş.	-	-	-	1,289,364	361,322	-	590,370	8,655,210	-	-	(275)
Koni İnşaat Sanayi A.Ş.	11,824	-	-	7,464,278	32,055	3,263,650	785,429	-	92,153	948,282	252,113
Aksa Jeneratör Sanayi A.Ş.	-	-	-	938,122	235,912	-	164,942	-	62,788	-	(3,418)
Flamingo Enerji Üretim A.Ş.	-	-	-	68,428	-	-	-	-	-	-	-
Flamingo Biyoyakıt Üretim Sanayi A.Ş.	-	-	-	142,440	-	-	-	-	-	-	-
Aksa Power Generation (Dubai)	-	-	-	-	-	-	2,436	-	-	-	(1,185,063)
Aksa Ankara Makine Sat. ve Servis A.Ş.	-	-	-	-	-	-	565	-	-	-	(22,239)
Çoruh Elektrik Perakende Satış A.Ş.	18,447,697	1,820,259	-	1,630,685	14,125,229	-	-	-	52,976	-	-
Fırat Elektrik Perakende Satış A.Ş.	18,301,905	5,547,072	-	316,828	12,937,778	-	-	-	-	-	-
Fırat Elektrik Dağıtım A.Ş.	-	-	-	-	52,872	-	-	-	-	735	-
Aksa Satış ve Pazarlama A.Ş.	-	-	-	-	2,468	-	-	-	-	118,794	(8,371)
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	-	-	45,272,009	-	-	-	-	-	-	-	-
Çoruh Elektrik Dağıtım A.Ş.	16,374	-	-	2,443	17,395	-	500	-	-	-	-
Elektrik Altyapı Hizmetleri	-	-	-	-	108,830	430,354	340,671	-	-	-	(29,104)
Aksa Teknoloji ve Müşteri Hiz. A.Ş.	-	-	-	5,453	-	-	-	-	-	-	-
Aksa Servis Kirlama A.Ş.	-	-	-	-	-	-	-	-	6,075	-	-
	116,213,198	29,471,311	48,588,923	58,465,968	27,890,285	3,694,004	1,889,881	8,655,210	564,233	1,331,076	(5,390,679)

ii) Guarantees and other liabilities given by the related parties in favor of the Group:

The total amount of guarantees given by the partners and related parties in favor of the Group within the framework of the general loan agreements made against the loans used by the Group is TL 13,267,822,292 as of 30 September 2020 (31 December 2019: TL 10,161,287,700).

iii) Total salaries and benefits provided to key management personnel:

The total amount of benefits provided to key management for the nine-month financial period ended on 30 September 2020 is TL 1,185,000 (30 September 2019: TL 1,085,000).

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5 Trade receivables and payables

(a) Short-term trade receivables

As of 30 September 2020 and 31 December 2019, trade receivables from third parties consist of the following items:

Current trade receivables	30 September 2020	31 December 2019
Trade receivables	2,622,413,225	1,740,243,835
Provision of expected credit losses (-)	(44,984,450)	(16,569,801)
Total trade receivables from third parties	2,577,428,775	1,723,674,034

Details on credit risk, currency risk and impairment of the Group's short-term trade receivables are explained in Note 17.

(b) Short-term trade payables

As of 30 September 2020 and 31 December 2019, trade payables to third parties consist of the following items:

Current trade payables	30 September 2020	31 December 2019
Trade payables	662,920,109	589,198,335
Unearned credit finance charges (-)	(6,827,322)	(6,827,322)
Total trade payables to third parties	656,092,787	582,371,013

The foreign currency and liquidity risk regarding the short-term trade payables of the Group is explained in Note 17.

6 Borrowings

Short-term	30 September 2020	31 December 2019
Short-term bank loans	467,753,469	785,721,878
Short-term portion of long-term bank loans	1,688,433,796	1,206,661,882
Total Current Borrowings	2,156,187,265	1,992,383,760
Long-term		
Long-term bank loans	927,769,212	1,133,695,421
Total Borrowings	3,083,956,477	3,126,079,181

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6 Borrowings (cont'd)

The maturities and terms for the open loans as of 30 September 2020 and 31 December 2019 are as follows:

Currency	Interest rate	30 September 2020
TL	% 7.5 - %26.05	1,626,032,005
USD	Libor6M +%6.35 - %8.35	1,443,464,237
EUR	Euribor6M+% 1.95	14,460,235
Total		3,083,956,477

Currency	Interest rate	31 December 2019
TL	11.50% - 28.90%	1,510,079,050
USD	Libor6M + 0.15% – 8.35%	1,582,930,035
EUR	Euribor6M+ 1.95% - 3.84%	33,070,096
Total		3,126,079,181

30 September 2020			
Maturity	Currency	Currency amount	TL Amount
Less than 1 year	USD	103,183,693	805,658,273
	EUR	1,584,145	14,460,235
	TL	1,336,068,757	1,336,068,757
1-2 Years	USD	27,459,742	214,405,663
	TL	274,617,770	274,617,770
2-3 Years	USD	23,994,939	187,352,483
	TL	15,345,478	15,345,478
3-4 Years	USD	20,862,266	162,892,574
4-5 Years	USD	9,369,268	73,155,244
Total			3,083,956,477

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6 Borrowings (cont'd)

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

Other financial liabilities as of 30 September 2020 and 31 December 2019 are as follows:

Other short-term financial liabilities	30 September 2020	31 December 2019
Factoring liabilities	22,279,406	79,680,483
Total	22,279,406	79,680,483
Other long-term financial liabilities	30 September 2020	31 December 2019
Factoring liabilities	-	8,361,393
Total	-	8,361,393

The details of factoring payables as of 30 September 2020 and 31 December 2019 are as follows:

30 September 2020		
Maturity	Currency	TL
Less than 1 year	TL	22,279,406
1-2 Years	TL	-
Total		22,279,406
31 December 2019		
Maturity	Currency	TL
Less than 1 year	TL	79,680,483
1-2 Years	TL	8,361,393
Total		88,041,876

Details of the liquidity and exchange rate risk regarding the borrowings of the Group are explained in Note 17.

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6 Borrowings (cont'd)

The details of payables from leases are as follows:

The Group's lease obligations represent the present value of the future payables of the power plant land, vehicle and building leased from third parties during the useful life of the asset.

As of 30 September 2020 and 31 December 2019, the TL equivalent values and the repayment schedule of financial lease payables as of the balance sheet date are as follows:

Currency	Interest Type	Agreement Date	Interest Rate	30 September 2020
TL	Fixed	1 June 2038	% 16.88-% 29.40	53,562,879
USD	Fixed	19 October 2039	% 3.84-% 8.36	4,110,407
EUR	Fixed	17 February 2022	% 5.17-% 7.00	536,167
Total				58,209,453

Currency	Interest Type	Agreement Date	Interest Rate	31 December 2019
TL	Fixed	1 March 2038	21.29%-29.40%	47,499,812
USD	Fixed	1 November 2020	7.70%	819,884
EUR	Fixed	1 August 2020	7.00%	1,015,226
Total				49,334,922

7 Property, plant and equipment

As of 30 September 2020 and 31 December 2019, property, plant and equipment consists of other tangible assets and mining assets.

	30 September 2020	31 December 2019
Property, plant and equipment	5,797,652,039	5,468,215,676
Mining assets	48,730,391	31,041,454
Total	5,846,382,430	5,499,257,130

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7 Property, plant and equipment (cont'd)

a) Other tangible assets

	Land	Land improvements	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance as of 1 January 2020	90,951,776	8,559,932	117,630,717	7,027,288,865	7,421,782	16,357,642	26,815,088	160,937,044	7,455,962,846
Additions	2,083,308	767,231	12,185	14,002,200	357,598	1,046,398	-	108,968,273	127,237,193
Disposals	-	-	-	-	(191,234)	-	-	-	(191,234)
Transfers	-	-	-	41,674,463	-	-	-	(20,368,939)	21,305,524
Effect of movements in exchange rates	-	1,781,028	26,342,035	709,078,679	1,923,784	1,922,903	-	64,646,083	805,694,512
Closing balance as of 30 September 2020	93,035,084	11,108,191	143,984,937	7,792,044,207	9,511,930	19,326,943	26,815,088	314,182,461	8,410,008,841
<u>Accumulated depreciation</u>									
Opening balance as of 1 January 2020	-	2,899,113	32,214,490	1,929,664,937	3,134,271	14,704,316	5,130,043	-	1,987,747,170
Depreciation for the period	-	507,004	7,044,650	310,158,984	341,732	1,876,151	939,001	-	320,867,522
Disposals	-	-	-	-	(51,622)	-	-	-	(51,622)
Transfers	-	-	-	(17,224,454)	-	-	-	-	(17,224,454)
Effect of movements in exchange rates	-	330,968	11,262,502	306,619,237	1,149,346	1,656,133	-	-	321,018,186
Closing balance as of 30 September 2020	-	3,737,085	50,521,642	2,529,218,704	4,573,727	18,236,600	6,069,044	-	2,612,356,802
Net book value	93,035,084	7,371,106	93,463,295	5,262,825,503	4,938,203	1,090,343	20,746,044	314,182,461	5,797,652,039

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7 Property, plant and equipment (cont'd)

a) Other tangible assets (cont'd)

	Land	Land improvements	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost									
Opening balance as of 1 January 2019	43,488,513	6,541,481	100,433,931	4,975,385,471	4,312,293	14,233,479	26,810,511	78,220,961	5,249,426,640
Additions	2,992,937	21,310	-	36,147,772	669,284	591,068	-	19,581,459	60,003,830
Transfers	-	-	64,515	251,677,390	-	-	-	(659,722)	251,082,183
Effect of movements in exchange rates	-	246,188	2,529,459	137,468,491	307,259	409,518	-	4,788,472	145,749,387
Closing balance as of 30 September 2019	46,481,450	6,808,979	103,027,905	5,400,679,124	5,288,836	15,234,065	26,810,511	101,931,170	5,706,262,040
Accumulated depreciation									
Opening balance as of 1 January 2019	-	1,995,509	14,531,808	1,502,744,760	1,231,642	10,566,137	3,886,227	-	1,534,956,083
Depreciation for the period	-	1,494,767	9,846,723	326,409,990	898,029	1,621,346	17,210	-	340,288,065
Effect of movements in exchange rates	-	51,653	11,875,437	75,298,155	66,346	131,212	-	-	87,422,803
Closing balance as of 30 September 2019	-	3,541,929	36,253,968	1,904,452,905	2,196,017	12,318,695	3,903,437	-	1,962,666,951
Net book value	46,481,450	3,267,050	66,773,937	3,496,226,219	3,092,819	2,915,370	22,907,074	101,931,170	3,743,595,089

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7 Property, plant and equipment (cont'd)

a) Other property, plant and equipment (cont'd)

As of 30 September 2020 and 31 December 2019, the details of the expenditures classified under the construction in progress item of the projects under construction are as follows:

Project	30 September 2020	Technical completion rate (%)	31 December 2019	Technical completion rate (%)
Ghana investment	274,771,350	99%	117,138,279	99%
Bolu Göynük power plant investment	700,517	99%	3,698,373	99%
Kıbrıs Kalecik – Mobile power plant investment	-	-	15,092,713	99%
Other (*)	38,710,594	99%	25,007,679	99%
Total	314,182,461		160,937,044	

(*) It consists of construction in progress in Africa and Uzbekistan.

(**) It indicates the completion of the planned phases of the related investments in the technical completion percentage.

b) Mining assets

As of 30 September 2020 and 31 December 2019, mining assets consist of mine site development and deferred mining costs.

Cost:	30 September 2020	31 December 2019
Stripping costs	82,828,182	53,265,844
Mining development assets	5,477,772	5,477,772
	88,305,954	58,743,616
Amortization:		
Stripping costs	39,343,230	27,469,829
Mining development assets	232,333	232,333
	39,575,563	27,702,162
Carrying amount	48,730,391	31,041,454

8 Right-of-use Assets

	Land of Power Plants	Buildings	Vehicles	Total
Balance as of 1 January 2020	46,989,961	1,161,619	554,643	48,706,223
Additions	7,557,567	4,321,136	4,060,104	15,938,807
Disposals	-	(250,532)	(713,276)	(963,808)
Amortization and depreciation for the period	(2,484,118)	(2,997,377)	(1,093,102)	(6,574,597)
Balance as of 30 September 2020	52,063,410	2,234,846	2,808,369	57,106,625

The Group, as a lessee, has included the right-of-use asset representing the right to use the underlying asset and the lease payables representing the lease payments for which the rent is required to be paid in the condensed consolidated financial statements.

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Notes to the Condensed Consolidated Financial Statements As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

9 Commiments

(a) Guarantees, pledges and mortgages given

As of 30 September 2020 and 31 December 2019, the table regarding the Group's guarantee, pledge and mortgage (CPM) position is as follows:

GPM Given by the Group	30 September 2020	31 December 2019
A. GPM given for companies own legal personality	2,041,409,706	2,161,287,700
B. GPM given in behalf of fully consolidated companies	6,498,941,681	6,628,392,413
C. GPM given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other GPM's	-	-
i. Total amount of GPM's given on behalf of majority shareholder	-	-
ii. Total amount of GPM's given on behalf of other Group companies which are not in scope of B and C	-	-
iii. Total amount of GPM's given on behalf of third parties which are not in scope of C	-	-
Total CPM	8,540,351,387	8,789,680,113

(*) The personal guarantees and pledges given by the company partners are presented under the partnerships included in the scope of consolidation, regardless of the ownership in the parent company.

The details of the letters of guarantee given by the Group as of 30 September 2020 and 31 December 2019 are as follows:

30 September 2020	TL	USD	EUR	CHF	TL Equivalent
Republic of Turkey Energy Market Regulatory Authority	51,618,000	-	-	-	51,618,000
Turkey Electricity Transmission Company (TEIAS)	19,498,306	2,062,080	200,000	-	37,424,647
Turkish Coal Enterprises Institution(TKI)	7,497,253	-	-	-	7,497,253
Botaş-Petroleum Pipeline Corporation	665,042	-	-	-	665,042
Enforcement Offices	1,409,490	-	-	-	1,409,490
Electricity Distribution Companies	135,592,570	6,000,000	-	-	182,440,570
Other	10,129,436	3,000,000	370,000	800,000	43,683,873
Total	226,410,097	11,062,080	570,000	800,000	324,738,875

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9 Commiments (*cont’d*)

(a) Guarantees, pledges and mortgages given (*cont’d*)

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

(b) Guarantees received

The details of the letters of guarantee received by the Group as of 30 September 2020 and 31 December 2019 are as follows:

	TL	USD	EUR	30 September 2020 TL Equivalent
Type of Guarantees				
Letter of guarantee	78,683,746	75,000,000	1,580,000	678,706,144
Notes taken for collaterals	26,268,905	2,034,174	1,184,169	52,960,949
Cheques taken for collaterals	8,400,000	28,000	3,456,000	40,165,338
Mortgage	700,000	-	-	700,000
Total	114,052,651	77,062,174	6,220,169	772,532,431

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

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(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

10 Share capital, reserves and other equity items

(a) Issued capital

The Company has switched to the registered capital system with the permission of the CMB dated 16.04.2010 and numbered 10/330, and the registered capital ceiling is TL 4,750,000,000 (31 December 2019: TL 4,750,000,000). The registered capital ceiling permission given by the Capital Markets Board is valid for the years 2014-2018 (5 years). Since the permitted registered capital ceiling has not been reached at the end of 2018, the Board of Directors must obtain authorization from the General Assembly for a new period by obtaining permission from the Capital Markets Board for the previously allowed ceiling or a new ceiling amount in order to take a decision to increase the capital.

As of 30 September 2020, the issued capital of the Company is TL 613,169,118 (31 December 2019: TL 613,169,118). The issued capital consists of 613,169,118 shares each with a nominal value of 1 TL (31 December 2019: 613,169,118).

The capital structure of the Group as of 30 September 2020 and 31 December 2019 is as follows:

Shareholders	30 September 2020		31 December 2019	
	Share rate (%)	Amount	Share rate (%)	Amount
Kazancı Holding	79.42	486,950,830	79.42	486,950,830
Public share (*)	20.58	126,218,288	20.58	126,218,288
Total	100.00	613,169,118	100.00	613,169,118

(*) The shares acquired by Kazancı Holding from the shares under the publicly traded item in 2012, 2013 and 2018 are presented in the publicly traded item shares in the table above. Together with the shares purchased by Kazancı Holding among the publicly traded shares, its shareholding portion in our partnership is 79.42%. As of 30 September 2020, these shares are 4,958,962 (31 December 2019: 4,958,962).

The details of the shares on a group basis as of 30 September 2020 are as follows:

Group	30 September 2020		31 December 2019	
	Share rate (%)	Amount	Share rate (%)	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
Paid in Capital	100.00	613,169,118	100.00	613,169,118

TL 131,158,000 of the bearer B group shares are traded on BIST.

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Notes to the Condensed Consolidated Financial Statements As At 30 September 2020

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10 Share capital, reserves and other equity items (*cont'd*)

(a) Issued capital (*cont'd*)

Due to a loan agreement ("the Old Loan") amounting to USD 500 million between the ultimate partner of the Company, Kazancı Holding and Goldman Sachs International, China Development Bank, Türkiye Garanti Bankası A.Ş. ("Garanti Bankası") and Türkiye İş Bankası A.Ş. ("İş Bankası"), the Company has established a pledge as a collateral for loan agreement in favor of Türkiye Garanti Bankası A.Ş., which is the loan collateral representative, on the shares corresponding to 68.86% of the capital.

Under the leadership of Garanti Bank and İşbank, a new loan agreement with a total amount of USD 800 million ("the New Loan") was signed between the consortium consisting T.C. Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Odea Bank A.Ş. ve Türkiye Sınai Kalkınma Bankası A.Ş. and Kazancı Holding and Akso Doğal Gaz Dağıtım A.Ş. on 2 August 2016. With this financing, the above-mentioned Old Loan was fully repaid and Akso Energy shares owned by Kazancı Holding, which were pledged, has become free. In addition to these liberalized shares belonging to the Kazancı Holding, representing %61.98 capital shares of Akso Energy which is owned by Kazancı Holding and is 9.74% shares of Kazancı Holding, was pledged to be a guarantee for the new loan, to the Guarantee Representative Türkiye İş Bankası A.Ş. by Kazancı Holding. In addition, Akso Energy shares representing 16.62% of the capital that Kazancı Holding bought back from Goldman Sachs International has been pledged to İşbank by Kazancı Holding to provide additional security for the new loan.

(b) Share premium

The difference between the nominal value of each share and the selling price is recognized as the share premium in equity. As of 30 September 2020, 96,523,266 TL of the total issue amounting to TL 247,403,635 (31 December 2019: TL 247,403,635) have occurred as a result of first public offering in 2010 and TL 150,880,369 have occurred as a result of allocated capital increase in 2012.

(c) Loss on Remeasurement of Defined Benefit Plans:

It consists of actuarial gains and losses recognized as other comprehensive income as a result of the adoption of TAS 19 (2011) standard.

(d) Hedging reserve:

The hedging reserve consists of the effective portion of the accumulated net change in the fair value of the cash flow hedging instrument related to the transaction subject to hedging, which has not yet been realized.

(e) Foreign currency translation differences:

Foreign currency translation differences consist of all foreign currency exchange differences arising from the conversion of foreign currency based financial statements to TL, which is the Company's functional currency.

(f) Valuation increase of property, plant and equipment:

Valuation increases of property, plant and equipment consist of revaluation differences in land, buildings, land improvements and plant, machinery and equipment.

(g) Restricted reserves appropriated from profit:

i) Legal reserves:

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 1/10 of all cash dividend distributions exceeding 5% of the company's capital in cases where profit distribution is made according to CMB regulations, and in cases where dividends are distributed according to legal records, it is appropriated at the rate of 1/11 per annum of all cash distributions in excess of 5% of the historical paid-in share capital. The legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. As of 30 September 2020, the Group's total legal reserves are TL 68,742,954 (31 December 2019: TL 64,980,588).

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10 Share capital, reserves and other equity items (*cont'd*)

ii) Dividend:

It has been decided that the profit distribution will be realized within the framework of the principles in the "Dividend Communiqué" Serial: II-19.1 of the CMB, the provisions in the articles of association of the partnerships and the profit distribution policies disclosed to the public by the companies. In addition, in the aforementioned Communiqué, companies that are obliged to prepare consolidated financial statements are required to calculate the net distributable profit amount, as long as it can be covered from the resources in their legal records, by taking into account the net profit for the period in their consolidated financial statements that they will prepare and publicly disclose in accordance with the Communiqué Serial: II-14.1.

In publicly held partnerships, dividends are distributed equally to all of the existing shares as of the date of distribution, regardless of their issue and acquisition dates.

Provisional article 13 of the "Law on Reducing the Effects of New Coronavirus (Covid-19) Outbreak on Economic and Social Life" numbered 7244 accepted in Turkey on 16 April 2020 and published in the Official Gazette on 17 April 2020, has brought restrictions on profit distribution in capital companies. Accordingly, companies will be able to distribute only up to twenty-five percent (25%) of the net profit of 2019 as dividends until 30 September 2020, and prior years' profits and free reserves will not be distributed.

(h) Non-controlling interest:

The parts of the net assets of the subsidiaries, which correspond to the shares not in the direct and/or indirect control of the parent company, are classified under the "Non-controlling interests" item under equity in the consolidated statement of financial position. As of 30 September 2020 and 31 December 2019, the amounts classified under the line item "Non-controlling interests" in the consolidated statement of financial position are positive TL 458,552,772 and positive TL 328,515,851, respectively.

In addition, the parts of the net assets of the subsidiaries, which correspond to the shares not in the direct and/or indirect control of the parent company, are classified under the "Non-controlling interests" item in the consolidated statement of profit or loss and other comprehensive income. As of the period ended 30 September 2020 and 30 September 2019, the profit and loss of non-controlling interests out of the total comprehensive income is TL 130,036,921 and TL 175,123,739, respectively, within the item "Non-controlling interests".

(i) Prior years' profit/(loss):

Accumulated profits/losses other than net profit for the period are offset in this item. Extraordinary reserves that are in the nature of accumulated profit/loss are also considered as accumulated profit and presented in this item. As of 30 September 2020, the Group's prior years' profit is TL 112,041,243 (31 December 2019: prior years' loss is TL 262,622,830).

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Notes to the Condensed Consolidated Financial Statements As At 30 September 2020

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

11 Revenue

Revenue for the six-month accounting period ended on 30 September is as follows:

	1 January- 30 September 2020	1 January- 30 September 2019	1 July- 30 September 2020	1 July- 30 September 2019
Domestic sales	4,202,804,300	2,606,336,263	1,463,876,025	1,021,041,833
Foreign sales	1,065,092,419	1,193,549,867	337,108,454	465,879,090
Net sales	5,267,896,719	3,799,886,130	1,800,984,479	1,486,920,923
Cost of sales (-)	(4,382,580,784)	(2,996,237,096)	(1,493,441,145)	(1,246,456,768)
Gross profit	885,315,935	803,649,034	307,543,334	240,464,155

The details of the Group's sales revenues and gross profit are as follows:

	1 January- 30 September 2020	1 January- 30 September 2019	1 July- 30 September 2020	1 July- 30 September 2019
Revenue – Amount				
Electricity	5,264,022,803	3,747,053,353	1,799,742,663	1,467,070,650
Other	3,873,916	52,832,777	1,241,816	19,850,273
Total	5,267,896,719	3,799,886,130	1,800,984,479	1,486,920,923
Gross profit				
Electricity	884,664,890	792,475,275	307,330,937	230,939,521
Other	651,045	11,173,759	212,397	9,524,634
Total	885,315,935	803,649,034	307,543,334	240,464,155

12 Finance income

Finance income for the nine-month accounting period ended on 30 September is as follows:

	1 January- 30 September 2020	1 January- 30 September 2019	1 July- 30 September 2020	1 July- 30 September 2019
Interest income	119,482,473	123,534,894	65,532,057	40,736,437
Exchange difference income	176,837,066	151,037,890	65,642,444	15,502,622
Income from derivative transactions	66,588,129	26,356,911	26,122,061	4,888,023
Total	362,907,668	300,929,695	157,296,562	61,127,082

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13 Finance expenses

Financial expenses for the six-month accounting period ended on 30 September are as follows:

	1 January- 30 September 2020	1 January- 30 September 2019	1 July- 30 September 2020	1 July- 30 September 2019
Interest and late charge expenses	327,884,773	520,332,298	118,206,249	134,622,660
Translation income expenses	217,263,373	69,461,990	99,992,389	(1,873,682)
Expense from derivative transactions	43,734,226	41,847,991	11,500,691	15,773,157
Other	20,923,393	31,299,943	2,125,611	14,717,338
Total	609,805,765	662,942,222	231,824,940	163,239,473

(*) Foreign exchange gains and expenses are offset on company basis in subsidiaries of the consolidation.

14 Taxation

Turkey

Corporate tax

In accordance with the tax laws, the corporate tax rate applied in Turkey to the legal tax base to be found by adding the non-deductible expenses to the commercial earnings of the companies and deducting the exemptions included in the tax laws is 22%. The corporate tax rate was increased from 20% to 22% for 2018, 2019 and 2020 within the scope of the "Law on Amendments to Some Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 5 December 2018. Within the scope of the aforementioned law, deferred tax assets and liabilities in the condensed consolidated financial statements dated 30 September 2020, it is calculated with 22% tax rate for the part of temporary differences that will have tax effect in 2018, 2019 and 2020, and with a rate of 20% for the part of temporary differences that will have tax effect in 2021 and beyond.

According to the Corporate Tax Law, if 75% of the revenues obtained from the sales of subsidiaries and property, plant and equipment owned for at least two years are recorded in equity accounts to be used in capital increase within five years from the date of sale, it becomes subject to tax exemption. The remaining 25% is subject to corporate tax. This rate has been revised as 50% for immovables, effective from 2018.

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.

Income tax withholding

There is a withholding tax obligation on dividend distributions, and this withholding obligation is accrued in the period when the dividend payment is made. A business or a corporate taxpayer who earns revenue through permanent representative in Turkey and dividend payments to non-resident institutions other than those made in Turkey are subject to withholding at the rate of 15%. In the application of the withholding rates regarding the dividend distributions made to non-resident companies and real persons, the withholding rates included in the related Double Taxation Agreements are also taken into consideration. Allocation of prior years' profits to the capital is not considered as profit distribution, therefore it is not subject to withholding tax.

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14 **Taxation** (*cont'd*)

Transfer pricing regulations

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

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

Tax applications for foreign subsidiaries of the Group

Turkish Republic Of Northern Cyprus ("TRNC")

The applicable corporate tax rate in TRNC is 23.5% (31 December 2019: 23.5%).

Republic of Ghana

The applicable corporate tax rate in Republic of Ghana is 25% (31 December 2019: 25%).

Netherlands

Corporate income tax is levied at the rate of 20% (31 December 2019: 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 2020. 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

There is no corporate tax in Mauritius (31 December 2019: none)

Republic of Mali

The applicable corporate tax rate in Mali 25% (31 December 2019: 25%).

Madagascar

The applicable corporate tax rate in Madagascar 20% (31 December 2019: 20%).

Deferred tax assets and liabilities

Deferred tax is calculated over the temporary differences between the carrying values of assets and liabilities in the financial statements and the values used in the tax base, except for the goodwill not subject to tax deduction and the differences in the first recorded assets and liabilities that are not subject to accounting and tax.

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14 Taxation (cont'd)

Deferred tax assets and liabilities recognized

As of 30 September 2020 and 31 December 2019, items of deferred tax assets and deferred tax liabilities consist of the following:

	30 September 2020	31 December 2019
	Asset / (Liability)	Asset / (Liability)
The difference between carrying values of property, plant and equipment and intangible assets and tax base	(426,712,921)	(384,421,546)
Losses carried forward	3,425,815	21,205,461
Adjustments under TFRS 9	10,668,791	3,604,862
Provision for impairment of inventory	(3,902,677)	(4,347,706)
Derivative transactions	2,246,613	2,864,107
Adjustment related to interest rediscount for bank loans	(514,172)	(3,096,886)
Other	(186,956)	3,065,597
Net deferred tax asset/(liabilities)	(414,975,507)	(361,126,111)

The movement of deferred tax for the years 30 September 2020 and 2019 is as follows:

	1 January 2020	Effects of exchange differences	Recognized in profit or loss	Recognized in other comprehensive income	30 September 2020
Total deferred tax asset/(liabilities)	(361,126,111)	(81,788,939)	27,264,913	674,630	(414,975,507)

	1 January 2019	Effects of exchange differences	Recognized in profit or loss	Recognized in other comprehensive income	30 September 2019
Total deferred tax asset/(liabilities)	(62,359,590)	4,119,857	16,482,974	2,749,116	(39,007,643)

15 Earning per share

Earnings per share calculations are made by dividing the net profit/(loss) for the period in the profit or loss statement given in this report by the weighted average number of shares issued.

	1 January-30 September 2020	1 January-30 September 2019	1 July-30 September 2020	1 July-30 September 2019
Profit for the period attributable to equity holders	355,463,032	174,460,003	133,155,975	66,875,773
Weighted average number of common shares issued	613,169,118	613,169,118	613,169,118	613,169,118
Profit per share (full TL)	0.580	0.285	0.217	0.109

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16 Financial instruments

Grup risk management

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 in Note 14 and 15.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established an Early Detection of Risk Committee responsible for developing and monitoring the Group's risk management policies.

The risk management policies of the Group are determined in order to identify and analyze the risks to be encountered, to determine the appropriate risk limits and to establish their controls, and to observe the risks and the dependency of the risks to the limits. Risk management policies and systems are regularly reviewed to reflect changes in the Group's activities and market conditions. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities through training and management standards and procedures.

Aksa Energy Audit Committee audits the management in terms of compliance with the risk management policies and procedures of the Group and provides support during the fulfillment of the risk management framework depending on the risks exposed by the Group. The internal audit department makes regular and specific evaluations of risk management policies and procedures and reports the results to the Audit Committee.

Credit risk

The Group closely monitors customer credit risks in order to eliminate possible risks that may arise in the collection of trade receivables. Certain credit control procedures, credit rating system and internal control policies are used in the management of credit risk. The Group management covers these risks by limiting the average risk for the counterparty in each agreement and by obtaining guarantees if necessary. Foreign customer credit risks are related to public institutions and organizations with low collection risk, and guarantees are received for these customer credit risks.

Credit risk is the risk of financial loss to the other party as a result of one of the parties in a mutual relationship not fulfilling its obligations regarding a financial instrument.

Holding financial instruments also bears the risk of failure of the counterparty to fulfill the requirements of the agreement. The collection risk of the Group mainly arises from its trade receivables. Trade receivables are evaluated by taking into account the Group's policies and procedures, and accordingly, they are presented as net in the consolidated statement of financial position after making provision for doubtful receivables.

A significant proportion of the Group's trade receivables are receivables from TEİAŞ, and similarly, it has receivables arising from agreements with the governments or ministries of the countries in its operations in foreign countries. The Group takes part in a sector with low collection risk.

The Group manages the liquidity risk by maintaining the continuation of sufficient funds by regularly monitoring the cash flows and matching the maturities of financial assets and liabilities.

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16 Financial instruments (cont'd)

Liquidity risk

Liquidity risk is the possibility of the Group not meeting its net funding liabilities. Occurrence of events that cause a decrease in fund resources such as deterioration in the markets or a decrease in credit score, cause liquidity risk. The Group management manages the liquidity risk by distributing the fund resources and keeping sufficient cash and similar resources to fulfill its current and possible liabilities.

The Group uses activity-based costing in costing its products and services, which helps to monitor cash flow needs and makes effective cash return on investments. The Group generally ensures that it has sufficient cash to cover financial and operational expenses, including the fulfillment of financial liabilities, excluding the potential impact of unreasonably foreseeable events such as natural disasters.

Market risk

Market risk is the changes that will occur in interest rates, exchange rates or the value of securities and other financial agreements and will affect the Group negatively. The main important risks for the Group are changes in currency and interest rates.

Foreign currency risk

Foreign currency risk arises from the Group's liabilities in US Dollars and Euro and the changes in the value of Turkish Lira against US Dollars and Euro.

The Group also has a foreign currency risk arising from its transactions. These risks arise from the Group's purchase and sale of goods in a currency other than the functional currency and using bank loans in foreign currency.

The Group aims to balance the exchange rate risk against foreign currency through derivative financial contracts.

The basis of the sensitivity analysis made in order to measure the currency risk is to make the total currency statement throughout the Group. Total foreign currency position includes all short-term and long-term foreign currency-based purchase and sale contracts and all assets and liabilities.

The Group is exposed to foreign exchange risk due to various income and expense items in foreign currencies and foreign currency payables, receivables and financial borrowings arising from these.

Interest rate risk

Within the scope of fund management, sensitivity analysis is performed in measuring the interest risk of interest sensitive assets in the portfolio. By determining the average maturity and interest rate of interest-sensitive assets, the sensitivity to changes in market interest rates is calculated, and the interest risk arising from the securities portfolio created within the scope of fund management by monitoring the markets is managed within the framework of the decisions taken to move, increase or decrease the existing securities portfolio in accordance with market interest rates expectations.

Capital management

The main purpose of the capital management of the Company is to provide a strong capital ratio in order to continue the operations of the Company and to increase the value it provides to the Company partners.

The Company manages the capital structure and makes the necessary arrangements according to the market competition conditions, economic conjuncture and growth strategy. In order to strengthen and regulate the capital structure, shareholders can make direct cash payments according to their working capital needs.

During the period, there has been no change in the Group's perspective on capital management.

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17 Nature and level of risks arising from financial instruments

Credit risk

Carrying value of financial assets shows the maximum credit risk of the Group. The table below shows the details of the values exposed to maximum credit risk as of 30 September 2020 and 31 December 2019:

	Receivables				Deposits at banks
30 September 2020	Trade receivables		Other receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)	193,058,664	2,577,428,775	3,774,048	43,602,194	307,135,706
A. Carrying amount of financial assets not overdue or not impaired	193,058,664	2,052,356,974	3,774,048	11,797,399	307,135,706
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	-	-	-	-	-
C. Carrying amount of financial assets overdue but not impaired	-	525,071,801	-	31,804,795	-
D. Carrying amount of assets impaired	-	-	-	-	-
- Overdue (gross book value)	-	44,984,450	-	5,228	2,694,468
- Impairment (-)	-	(44,984,450)	-	(5,228)	(2,694,468)
E. Off balance sheet items with credit risk	-	-	-	-	-

	Receivables				Deposits at banks
31 December 2019	Trade receivables		Other receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)	209,200,606	1,723,674,034	3,775,899	139,819,625	121,503,123
A. Carrying amount of financial assets not overdue or not impaired	209,200,606	1,631,320,389	3,775,899	12,044,701	121,503,123
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	-	-	-	-	-
C. Carrying amount of financial assets overdue but not impaired	-	92,353,645	--	127,774,924	--
D. Carrying amount of assets impaired	-	-	-	-	-
- Overdue (gross book value)	-	16,569,801	-	94,798	159,330
- Impairment (-)	-	(16,569,801)	-	(94,798)	(159,330)
E. Off balance sheet items with credit risk	-	-	-	-	-

(*) Deposits and guarantees are not included in other receivables.

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17 Nature and level of risks arising from financial instruments (*cont'd*)

Liquidity risk

The maturities of the financial liabilities determined according to the payment schedule of the Group, including the estimated interest payments as of 30 September 2020 and 31 December 2019, are as follows:

30 September 2020	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	3,164,445,336	3,629,242,809	520,445,763	1,807,942,470	1,132,587,433	168,267,142
Financial liabilities	3,083,956,477	3,427,994,189	518,735,102	1,780,439,683	1,128,819,404	-
Other financial liabilities	22,279,406	23,781,606	-	23,781,606	-	-
Leases	58,209,453	177,467,014	1,710,661	3,721,181	3,768,029	168,267,142
Derivative financial assets, net	50,281,717	36,054,565	2,906,230	33,171,841	(23,506)	-
Cash inflow	-	402,041,960	65,686,930	331,282,836	5,072,194	--
Cash outflow	-	(365,987,395)	(62,780,700)	(298,110,995)	(5,095,700)	--

Expected maturity	Carrying amount	Total expected 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	775,572,067	775,572,067	723,518,734	19,520,000	32,533,333	-
Trade payables to related parties	38,584,973	38,584,973	38,584,973	-	-	-
Trade payables to third parties	656,092,787	656,092,787	656,092,787	-	-	-
Other payables to third parties	80,894,307	80,894,307	28,840,974	19,520,000	32,533,333	-

31 December 2019	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	3,263,455,979	3,875,746,836	1,027,682,725	1,276,275,552	1,339,589,358	232,199,201
Financial liabilities	3,126,079,181	3,604,119,633	990,024,202	1,211,251,610	1,324,425,223	78,418,598
Other financial liabilities	88,041,876	99,635,293	37,510,916	50,581,902	11,542,475	-
Leases	49,334,922	171,991,910	147,607	14,442,040	3,621,660	153,780,603
Derivative financial assets, net	29,254,785	6,772,317	1,315,083	5,457,234	-	-
Cash inflow	-	234,193,205	117,010,980	117,182,225	-	-
Cash outflow	-	(227,420,888)	(115,695,897)	(111,724,991)	-	-

Expected maturity	Carrying amount	Total expected 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	715,451,326	715,451,326	660,999,493	14,850,500	39,601,333	-
Trade payables to related parties	17,177,126	17,177,126	17,177,126	-	-	-
Trade payables to third parties	621,972,354	621,972,354	621,972,354	-	-	-
Other payables to related parties	272,784	272,784	272,784	-	-	-
Other payables to third parties	76,029,062	76,029,062	21,577,229	14,850,500	39,601,333	-

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17 Nature and level of risks arising from financial instruments (*cont'd*)

Market risk

Foreign currency risk

As of 30 September 2020, the Group's foreign currency position arises from foreign currency-based assets and liabilities stated in the table below. The currency risk table shows the foreign currency position of companies whose functional currency is TL, since the reporting currency is TL. **Companies whose functional currency is foreign currency stated in section 2 article 1.d. are not presented in the foreign currency risk table.**

FOREIGN CURRENCY RISK					
	30 September 2020				
	TL Equivalent	USD	EUR	GBP	CHF
1. Trade receivables	819,970,488	47,011,224	49,486,002	-	141,409
2a. Monetary financial assets (including cash, bank accounts)	204,677,555	21,342,764	4,163,298	3,016	-
2b. Non-monetary financial assets	16,265,495	1,379,610	601,823	-	-
3. Other	31,804,795	4,073,360	-	-	-
4. Current assets (1+2+3)	1,072,718,333	73,806,958	54,251,123	3,016	141,409
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-
9. Total assets (4+8)	1,072,718,333	73,806,958	54,251,123	3,016	141,409
10. Trade payables	81,147,634	2,990,336	5,757,144	75,342	532,093
11. Financial liabilities	328,837,478	40,263,479	1,584,145	-	-
12a. Other monetary liabilities	6,246,400	800,000	-	-	-
12b. Other non-monetary liabilities	972,879	64,240	51,631	-	-
13. Short-term liabilities (10+11+12)	417,204,391	44,118,055	7,392,920	75,342	532,093
14. Trade payables	-	-	-	-	-
15. Financial liabilities	637,805,967	81,686,215	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	3,673,692	462,195	7,107	-	-
17. Long-term liabilities (14+15+16)	641,479,659	82,148,410	7,107	-	-
18. Total liabilities (13+17)	1,058,684,050	126,266,465	7,400,027	75,342	532,093
19. Off statement of financial position derivatives net asset/(liability) position (19a-19b)	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	14,034,283	(52,459,507)	46,851,096	(72,326)	(390,684)
21. Net foreign currency asset / (liability) position of monetary items (IFRS 7,B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(29,389,436)	(57,386,042)	46,308,011	(72,326)	(390,684)
22. Fair value of derivative instruments used in foreign currency hedge	(50,281,717)	(6,439,769)	-	-	-
23. Hedged portion of foreign currency assets	-	-	-	-	-
24. Hedged portion of foreign currency liabilities	443,823,156	56,842,105	-	-	-

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17 Nature and level of risks arising from financial instruments (cont'd)

Market risk (cont'd)

Foreign currency risk (cont'd)

As of 31 December 2019, the Group's foreign currency position arises from foreign currency-based assets and liabilities presented in the table below. **Companies whose functional currency is foreign currency stated in section 2 article 1.d. are not presented in the foreign currency risk table.**

FOREIGN CURRENCY RISK					
	31 December 2019				
	TL Equivalent	USD	EUR	GBP	CHF
1. Trade receivables	598,879,062	82,063,750	16,750,966	-	-
2a. Monetary financial assets (including cash, bank accounts)	66,503,464	7,146,484	3,613,266	2,769	-
2b. Non-monetary financial assets	15,820,757	582,530	1,858,541	-	-
3. Other	127,774,927	21,510,206	-	-	-
4. Current assets (1+2+3)	808,978,210	111,302,970	22,222,773	2,769	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-
9. Total assets (4+8)	808,978,210	111,302,970	22,222,773	2,769	-
10. Trade payables	255,209,373	38,398,388	3,733,611	70,114	285,445
11. Financial liabilities	409,050,724	64,068,658	4,280,829	-	-
12a. Other monetary liabilities	5,084,690	800,000	50,000	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	669,344,787	103,267,046	8,064,440	70,114	285,445
14. Trade payables	-	-	-	-	-
15. Financial liabilities	664,951,375	110,354,728	1,416,747	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Long-term liabilities (14+15+16)	664,951,375	110,354,728	1,416,747	-	-
18. Total liabilities (13+17)	1,334,296,162	213,621,774	9,481,187	70,114	285,445
19. Off statement of financial position derivatives net asset/(liability) position (19a-19b)	(17,027,993)	(2,866,569)	-	-	-
20. Net foreign currency asset/ (liability) position (9-18+19)	(542,345,945)	(105,185,373)	12,741,586	(67,345)	(285,445)
21. Net foreign currency asset / (liability) position of monetary items (IFRS 7,B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(668,913,636)	(124,411,540)	10,883,045	(67,345)	(285,445)
22. Fair value of derivative instruments used in foreign currency hedge	(12,648,241)	(2,141,155)	10,622	-	-
23. Hedged portion of foreign currency assets	-	-	-	-	-
24. Hedged portion of foreign currency liabilities	450,204,639	75,789,475	-	-	-

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17 Nature and level of risks arising from financial instruments (cont'd)

Market risk (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

The Group's currency risk generally consists of changes in the value of TL against Euro and USD.

The basis of the sensitivity analysis made to measure the currency risk is to make the total currency statement throughout the entity. Total foreign currency position includes all short-term and long-term purchase contracts and all assets and liabilities based on foreign currency. The analysis does not include net foreign currency investments. The Group realizes its medium and long-term loans in the currency of the project revenues it generates. For short-term loans, borrowings are made in TL, Euro and US Dollars balanced under the pool/portfolio model.

Sensitivity Analysis				
30 September 2020				
	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	(44,807,022)	44,807,022	(44,807,022)	44,807,022
2- Portion secured from USD risk (-)	44,382,316	(44,382,316)	44,382,316	(44,382,316)
3- USD net effect (1 +2)	(424,706)	424,706	(424,706)	424,706
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	42,270,416	(42,270,416)	42,270,416	(42,270,416)
5 - Portion secured from Euro risk (-)	-	-	-	-
6 - Euro net effect (4+5)	42,270,416	(42,270,416)	42,270,416	(42,270,416)
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(402,338)	402,338	(402,338)	402,338
8- Portion secured from other currency risk (-)	-	-	-	-
9- Other currency net effect (7+8)	(402,338)	402,338	(402,338)	402,338
Total (3+6+9)	41,443,372	(41,443,372)	41,443,372	(41,443,372)
Sensitivity Analysis				
31 December 2019				
	Profit/Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
ABD 10% appreciation / depreciation of TL against the USD				
1 - USD net asset / liability	(73,902,943)	73,902,943	(73,902,943)	73,902,943
2- Portion secured from USD risk (-)	45,020,464	(45,020,464)	45,020,464	(45,020,464)
3- USD net effect (1 +2)	(28,882,479)	28,882,479	(28,882,479)	28,882,479
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	7,237,878	(7,237,878)	7,237,878	(7,237,878)
5 - Portion secured from Euro risk (-)	-	-	-	-
6 - Euro net effect (4+5)	7,237,878	(7,237,878)	7,237,878	(7,237,878)
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(226,298)	226,298	(226,298)	226,298
8- Portion secured from other currency risk (-)	-	-	-	-
9- Other currency net effect (7+8)	(226,298)	226,298	(226,298)	226,298
Total (3+6+9)	(21,870,899)	21,870,899	(21,870,899)	21,870,899

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17 Nature and level of risks arising from financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk

Profile

The interest structure of the Group's financial items with an interest component at the reporting date is as follows:

Interest rate position			
		30 September 2020	30 September 2019
Fixed rate instruments			
Financial assets		193,820,181	131,910,302
Financial liabilities		2,186,533,012	2,638,463,392
Other financial liabilities		22,279,406	184,635,562
Financial lease		58,209,453	49,177,681
Variable rate instruments			
Financial liabilities		897,423,465	877,260,089

Fair value risk of financial instruments with fixed interest:

The Group does not have financial assets and liabilities with fixed interest fair value difference reflected on profit or loss and hedging derivatives (forward interest rate swaps) registered under the accounting model for hedging purposes of fair value risk. Therefore, as of the reporting period, changes in interest rates will not affect profit or loss.

Cash flow sensitivity analysis for financial instruments with floating interest:

As of 30 September 2020, how much a 100 basis point change in interest rates will increase (decrease) equity and profit or loss before tax is presented below. This analysis assumes that all other variables, especially foreign exchange rates, remain constant. This analysis was conducted in the same way as of 31 December 2019.

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
30 September 2020				
Variable rate instruments	(17,963,569)	17,276,895	(17,963,569)	17,276,895
Cash flow sensitivity (net)	(686,674)		(686,674)	
30 September 2019				
Variable rate instruments	(19,788,286)	18,999,754	(19,788,286)	18,999,754
Cash flow sensitivity (net)	(788,532)		(788,532)	

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17 Nature and level of risks arising from financial instruments (*cont'd*)

Market risk (*cont'd*)

Interest rate risk

Capital risk management

While managing the capital, the Group's goals are to maintain the Group's continuity of activity in order to maintain the most appropriate capital structure in order to provide return to its partners, benefit to other shareholders and to reduce the cost of capital.

The Group monitors capital using the net financial debt/equity ratio. Net financial debt is calculated by deducting cash and cash equivalents from the total financial debt amount.

Net debt/invested capital ratios as of 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
Total financial liabilities	3,164,445,336	3,263,455,979
Less: cash and cash equivalents	(307,104,385)	(121,471,803)
Net financial debt	2,857,340,951	3,141,984,176
Total equity	4,774,605,145	3,818,960,965
Gearing ratio (net financial debt / equity ratio)	%60	82%

18 Financial instruments (fair value disclosures and disclosures within the framework of hedge accounting)

Fair value

Fair value refers to the price of a financial instrument subject to purchase and sale between willing parties in a current transaction, except in cases such as a forced sale or liquidation. Quoted market price, if any, is the value that best reflects the fair value of a financial instrument.

Foreign currency based financial receivables and payables are evaluated at the exchange rates valid on the date of the financial statement.

The following methods and assumptions have been used in estimating the fair values of the Group's financial instruments:

Financial Assets - The fair values of some financial assets include their cost values, cash and cash equivalents in the financial statements, interest accruals on them and other short-term financial assets, and due to their short-term nature, their fair values are considered to approximate their carrying values. The values of trade receivables carried, after deducting the provision for doubtful receivables, is considered to approximate their fair values.

Financial Liabilities - Due to the short-term nature of trade payables and other monetary liabilities, it is considered that their fair values approximate their carrying values. Fixed interest bank loans are expressed with discounted cost and transaction costs are added to the initial carrying values of the loans. Since the interest rates on variable rate loans are updated taking into account the changing market conditions, it is considered that the fair values of the loans represent the value they carry. Due to the short-term nature of trade payables, it is predicted that their fair values approximate their carrying values.

The Group classifies fair value measurements according to the source of the inputs of each financial instrument class, using a three-level hierarchy as follows:

Level 1: Valuation techniques using market prices traded in the active market

Level 2: Other valuation techniques involving direct or indirect observable input

Level 3: Valuation techniques that do not contain observable market inputs

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18 Financial instruments (fair value disclosures and disclosures within the framework of hedge accounting) (cont'd)

Financial instruments at fair value

The table below presents the financial instruments measured with their fair value according to their fair value levels and their values in the statement of financial position.

30 September 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative assets held for risk management and trade	-	14,439,277	-	14,439,277
	-	14,439,277	-	14,439,277
Financial liabilities measured at fair value:				
Derivative assets held for risk management and trade	-	(64,720,994)	-	(64,720,994)
	-	(64,720,994)	-	(64,720,994)
31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative assets held for risk management and trade	-	4,387,466	-	4,387,466
	-	4,387,466	-	4,387,466
Financial liabilities measured at fair value:				
Derivative assets held for risk management and trade	-	(33,642,251)	-	(33,642,251)
	-	(33,642,251)	-	(33,642,251)

19 Notes to the Statement of Cash Flows

Changes in the Group's obligations resulting from financing activities between 1 January – 30 September 2020 and 1 January 2019 – 30 September 2019 are as follows:

	1 January 2020	Cash inflows	Cash outflows	Other non- cash movements	30 September 2020
Financial borrowings	3,263,455,979	3,653,779,725	(4,230,858,818)	478,068,450	3,164,445,336
Total financial liabilities	3,263,455,979	3,653,779,725	(4,230,858,818)	478,068,450	3,164,445,336

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19 Notes to the Statement of Cash Flows (cont'd)

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

It represents the change in cash amounts related to the lines "Cash Inflows from Borrowing" and "Cash Outflows from Debt Payments" within the financing activities in the cash flow statement.

20 Events after the reporting period

Aksa Aksen Enerji Ticareti A.Ş., 100% power trading subsidiary of Aksa Enerji Üretim A.Ş., applied to Turkish Energy Market Regulation Authority in order to start electricity export operations to Iraq up to 150 MW capacity via Turkey-Iraq electricity transmission line in accordance with the agreement signed with the importer.