Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries

Consolidated Interim Financial Statements
As At and For The Nine-Month Period
Ended 30 September 2017
With Independent Auditor's Report on Review of
Consolidated Interim Financial Statements

8 November 2017

This report includes 2 pages of independent auditor's report on review of consolidated interim financial statements and 77 pages of consolidated interim financial statements together with their explanatory notes.

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries

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

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of Aksa Enerji Üretim A.Ş. ("the Company") and its subsidiaries (together "the Group") as at 30 September 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended, and notes, comprising significant accounting policies and other explanatory information ("the consolidated interim financial statements"). Management is responsible for the preparation and presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS) including the requirements of IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not prepared, in all material respects, in accordance with IFRS including the requirements of IAS 34, 'Interim Financial Reporting'.

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

Gökçe Adıgüzel
Engagement Partner
8 November 2017
İstanbul, Turkey

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Consolidated Interim Statement of Financial Position
As at 30 September 2017
(Amounts expressed in Turkish Lira unless otherwise stated.)

ASSETS	Notes	Reviewed 30 September 2017	Audited 31 December 2016	Audited 1 January 2016
Current assets				
Cash and cash equivalents	*22*	4,481,368	219,364,855	48,452,416
Trade and other receivables	*21*	494,346,402	219,696,945	119,782,399
Due from related parties	*33*	44,187,315	59,937,752	67,345,504
Derivative financial assets	*30*	1,330,620	6,505,190	36,357
Inventories	*18*	403,613,463	416,441,014	339,796,708
Prepayments	*20*	7,878,942	7,235,914	21,076,251
Current tax assets		748,201	3,311,741	5,005,240
Other current assets	*19*	115,798,298	94,280,951	138,687,819
Subtotal		**1,072,384,609**	**1,026,774,362**	**740,182,694**
Assets held for sale	*35*	294,949,559	542,005,035	--
Total current assets		**1,367,334,168**	**1,568,779,397**	**740,182,694**
Non-current assets				
Financial investments	*16*	412,408	412,408	412,408
Trade receivables and other receivables	*21*	12,964,979	20,170,031	2,484,450
Property, plant and equipment	*13*	2,454,881,642	2,453,630,577	3,236,028,056
Intangible assets	*14*	67,895,243	60,978,594	3,432,802
Goodwill	*15*	3,349,356	6,848,196	6,848,196
Prepayments	*20*	1,597,109	1,467,215	99,858,150
Deferred tax asset	*17*	172,474,033	143,133,739	63,167,570
Total non-current assets		**2,713,574,770**	**2,686,640,760**	**3,412,231,632**
TOTAL ASSETS		**4,080,908,938**	**4,255,420,157**	**4,152,414,326**

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Consolidated Interim Statement of Financial Position
As at 30 September 2017

(Amounts expressed in Turkish Lira unless otherwise stated.)

LIABILITIES	Notes	Reviewed 30 September 2017	Audited 31 December 2016	Audited 1 January 2016
Current liabilities				
Loans and borrowings	*25*	1,145,418,740	1,054,527,686	884,776,408
Other financial liabilities	*26*	391,418,959	290,803,980	53,220,162
Trade payables and other payables	*21*	420,246,341	294,361,854	280,445,059
Due to related parties	*33*	39,392,154	64,689,396	132,755,519
Derivative financial liabilities	*30*	--	--	7,207,234
Taxation payable on income		4,137,533	8,664,346	6,801,785
Provisions	*29*	2,192,499	2,034,761	990,316
Other current liabilities	*28*	142,076,070	6,769,071	3,770,301
Deferred revenue		2,540,811	619,344	--
Subtotal		**2,147,423,107**	**1,722,470,438**	**1,369,966,784**
Liabilities held for sale	*35*	234,704,881	369,543,650	--
Total current liabilities		**2,382,127,988**	**2,092,014,088**	**1,369,966,784**
Non-current liabilities				
Loans and borrowings	*25*	1,096,826,198	1,366,741,968	1,664,241,052
Other financial liabilities	*26*	143,386,977	251,312,465	188,119,144
Reserve for employee severance indemnity	*27*	3,850,653	2,899,099	4,385,783
Deferred tax liabilities	*17*	43,497,075	52,187,628	44,578,442
Total non-current liabilities		**1,287,560,903**	**1,673,141,160**	**1,901,324,421**
Total liabilities		**3,669,688,891**	**3,765,155,248**	**3,271,291,205**
EQUITY				
Share capital	*23*	615,157,050	615,157,050	615,157,050
Legal reserve	*23*	48,267,560	44,342,753	42,114,653
Cash flow hedge reserves		1,064,085	1,071,273	(5,765,383)
Actuarial gain/loss		780,768	1,214,288	121,695
Translation reserves		(47,208,875)	28,453,746	59,613,269
Share premium	*23*	247,403,635	247,403,635	247,403,635
Accumulated losses		(470,560,923)	(77,029,456)	(74,801,356)
Net loss for the period		(23,249,445)	(368,010,433)	--
Total equity attributable to equity holders of the Company		**371,653,855**	**492,602,856**	**883,843,563**
Non-controlling interests	*23*	39,566,192	(2,337,947)	(2,720,442)
Total equity		**411,220,047**	**490,264,909**	**881,123,121**
TOTAL EQUITY AND LIABILITIES		**4,080,908,938**	**4,255,420,157**	**4,152,414,326**

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Nine-Month Period Ended 30 September 2017
(Amounts expressed in Turkish Lira unless otherwise stated.)

PROFIT OR LOSS	**Notes**	**Reviewed 1 January-30 September 2017**	**Reviewed 1 July-30 September 2017**	**Reviewed and restated (*) 1 January-30 September 2016**	**Reviewed and restated (*) 1 July-30 September 2016**
Revenues	6	2,565,379,499	952,382,175	2,212,136,415	909,992,008
Cost of sales	6	(2,353,212,205)	(817,358,061)	(1,993,392,438)	(834,366,510)
Gross profit		**212,167,294**	**135,024,114**	**218,743,977**	**75,625,498**
Administrative expenses	9	(43,897,435)	(13,225,962)	(25,187,921)	(9,729,743)
Marketing and selling expenses	10	(907,695)	(255,611)	(495,368)	(162,572)
Other operating income	7	10,819,980	(5,425,684)	8,024,998	3,040,201
Other operating expenses	7	(9,785,467)	(1,323,611)	(5,140,174)	(2,114,479)
Operating profit		**168,396,677**	**114,793,246**	**195,945,512**	**66,658,905**
Gain from investing activities	8	150,637,575	73,976,232	583,910	392,714
Loss from investing activities	8	(42,364,023)	(42,253,348)	(1,234,869)	--
Operating profit before finance costs		**276,670,229**	**146,516,130**	**195,294,553**	**67,051,619**
Financial income	11	79,215,430	22,244,079	31,181,823	(1,403,421)
Financial expenses	11	(363,436,405)	(75,296,412)	(320,301,204)	(152,767,298)
Net financial costs		**(284,220,975)**	**(53,052,333)**	**(289,119,381)**	**(154,170,719)**
(Loss)/ income before tax for the period		**(7,550,746)**	**93,463,797**	**(93,824,828)**	**(87,119,100)**
Tax income		**27,313,577**	**8,283,419**	**8,943,218**	**17,757,981**
Current tax expense	12	(7,309,891)	(1,559,194)	(6,867,708)	108,679
Deferred tax benefit/(expense)	12	34,623,468	9,842,613	15,810,926	17,649,302
Profit/(loss) for the period		**19,762,831**	**101,747,216**	**(84,881,610)**	**(69,361,119)**
Non-controlling interest		43,012,276	34,285,744	2,478,008	2,738,153
Attributable to equity holders of the parent		(23,249,445)	67,461,472	(87,359,618)	(72,099,272)
Total		**19,762,831**	**101,747,216**	**(84,881,610)**	**(69,361,119)**

*See Note 3 (t)

(Amounts expressed in Turkish Lira unless otherwise stated.)

OTHER COMPREHENSIVE INCOME	**Notes**	**Reviewed 1 January- 30 September 2017**	**Reviewed 1 July- 30 September 2017**	**Reviewed and restated (*) 1 January- 30 September 2016**	**Reviewed and restated (*) 1 July- 30 September 2016**
Items that will not be reclassified to profit or loss:					
Remeasurements of the defined benefit liability	27	(545,016)	(424,505)	2,202,824	3,186,978
Tax on items that will not be reclassified to profit or loss		109,003	84,904	(440,565)	(637,396)
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedges		(9,002)	668,369	4,767,471	(3,958,804)
Foreign currency translation differences from foreign operations		(76,682,518)	(68,483,101)	(44,631,814)	11,663,621
Tax on items that are or may be reclassified subsequently to profit or loss		1,804	(133,674)	(953,649)	495,934
Other comprehensive loss for the period, net of tax		**(77,125,729)**	**(68,288,007)**	**(39,055,733)**	**10,750,333**
Total comprehensive loss for the period					
Non-controlling interests		41,989,876	33,265,847	2,485,909	2,688,995
Attributable to equity holders of the parent		(99,352,774)	193,362	(126,423,252)	(61,299,771)
Total		**(57,362,898)**	**33,459,209**	**(123,937,343)**	**(58,610,776)**

*See Note 3 (t)

(Amounts expressed in Turkish Lira unless otherwise stated.)

	Attributable to owners of the Company										
SHAREHOLDERS' EQUITY	**Share capital**	**Share premium**	**Legal reserves**	**Actuarial gain/ (loss)**	**Cash flow hedge reserve**	**Translation differences**	**Retained earnings/ accumulated losses**	**Net profit /(loss)**	**Total**	**Non-controlling interests**	**Total Equity**
Balance at 1 January 2016	**615,157,050**	**247,403,635**	**42,114,653**	**121,695**	**(5,765,383)**	**59,613,269**	**144,479,048**	**(219,280,404)**	**883,843,563**	**(2,720,442)**	**881,123,121**
Net loss for the period	--	--	--	--	--	--	--	(87,359,618)	**(87,359,618)**	2,478,008	**(84,881,610)**
Actuarial gain	--	--	--	1,770,898	--	--	--	--	**1,770,898**	(8,639)	**1,762,259**
Translation difference	--	--	--	--	--	(44,647,985)	--	--	**(44,647,985)**	16,171	**(44,631,814)**
Effective portion of changes in fair value of cash hedges	--	--	--	--	3,813,453	--	--	--	**3,813,453**	369	**3,813,822**
Total other comprehensive loss for the period	**--**	**--**	**--**	**1,770,898**	**3,813,453**	**(44,647,985)**	**--**	**(87,359,618)**	**(126,423,252)**	**2,485,909**	**(123,937,343)**
Transfers	--	--	2,228,100	--	--	--	(221,508,504)	219,280,404	--	--	--
Change in non-controlling interest	--	--	--	--	--	--	2,002,794	--	**2,002,794**	**(2,002,794)**	**--**
Transaction with owners of the Company, recognised directly in equity	**--**	**--**	**2,228,100**	**--**	**--**	**--**	**(219,505,710)**	**219,280,404**	**2,002,794**	**(2,002,794)**	**--**
Balance at 30 September 2016	**615,157,050**	**247,403,635**	**44,342,753**	**1,892,593**	**(1,951,930)**	**14,965,284**	**(75,026,662)**	**(87,359,618)**	**759,423,105**	**(2,237,327)**	**757,185,778**

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Consolidated Interim Statement of Changes in Equity
For The Nine-Month Period Ended 30 September 2017
(Amounts expressed in Turkish Lira unless otherwise stated.)

	Attributable to owners of the Company										
SHAREHOLDER'S EQUITY	**Share capital**	**Share premium**	**Legal reserves**	**Actuarial gain/ (loss)**	**Cash flow hedge reserve**	**Translation differences**	**Retained earnings/ accumulated losses**	**Net loss**	**Total**	**Non-controlling interests**	**Total Equity**
Balance at 1 January 2017	**615,157,050**	**247,403,635**	**44,342,753**	**1,214,288**	**1,071,273**	**28,453,746**	**(77,029,456)**	**(368,010,433)**	**492,602,856**	**(2,337,947)**	**490,264,909**
Net profit for the period	--	--	--	--	--	--	--	(23,249,445)	**(23,249,445)**	43,012,276	**19,762,831**
Actuarial gain loss	--	--	--	(433,520)	--	--	--	--	**(433,520)**	(2,493)	**(436,013)**
Translation difference	--	--	--	--	--	(75,662,621)	--	--	**(75,662,621)**	(1,019,897)	**(76,682,518)**
Effective portion of changes in fair value of cash hedges	--	--	--	--	(7,188)	--	--	--	**(7,188)**	(10)	**(7,198)**
Total other comprehensive loss for the period	**--**	**--**	**--**	**(433,520)**	**(7,188)**	**(75,662,621)**	**--**	**(23,249,445)**	**(99,352,774)**	**41,989,876**	**(57,362,898)**
Transfers	--	--	3,924,807	--	--	--	(371,935,240)	368,010,433	--	--	--
Acquisition of non-controlling interest without a change in control	--	--	--	--	--	--	(21,596,227)	--	**(21,596,227)**	(85,737)	**(21,681,964)**
Transaction with owners of the Company, recognised directly in equity	**--**	**--**	**3,924,807**	**--**	**--**	**--**	**(393,531,467)**	**368,010,433**	**(21,596,227)**	**(85,737)**	**(21,681,964)**
Balance at 30 September 2017	**615,157,050**	**247,403,635**	**48,267,560**	**780,768**	**1,064,085**	**(47,208,875)**	**(470,560,923)**	**(23,249,445)**	**371,653,855**	**39,566,192**	**411,220,047**

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

Aksa Enerji Üretim Anonim Şirketi and its Subsidiaries
Consolidated Interim Statement of Cash Flows
For The Nine-Month Period Ended 30 September 2017
(Amounts expressed in Turkish Lira unless otherwise stated.)

CASH FLOWS FROM OPERATING ACTIVITIES	**Notes**	**Reviewed 1 January- 30 September 2017**	**Reviewed 1 January- 30 September 2016**
Net income/(loss) for the period		**19,762,831**	**(84,881,610)**
Depreciation and amortization	13,14	163,368,235	143,703,458
Provision for employee severance indemnity	27	1,454,883	3,132,296
Interest expense	11	319,393,307	269,009,769
Interest income	11	(30,970,971)	(13,981,965)
Tax benefit	12	(27,313,577)	(8,943,218)
Expense from derivative transactions, net	11	6,258,056	21,855,805
Gain on sale of asset-held-for-sale	8	(57,182,866)	--
Loss/(gain) on disposal of subsidiary	34	(60,098,877)	843,299
Gain on sale of tangible assets	8	9,008,190	(192,340)
Unrealized foreign currency income/loss		19,161,016	(40,448,636)
Operating profit before working capital changes		**362,840,227**	**290,096,858**
Change in inventories		(12,001,324)	(67,828,808)
Change in trade and other receivables		(93,011,032)	(87,175,947)
Change in due from related parties		15,750,437	(11,452,408)
Change in trade and other payables		255,849,587	27,494,917
Change in due to related parties		(27,664,312)	89,953,164
Change in other current liabilities		(1,277,592)	19,650,355
Change in assets and liabilities held for sale		139,496,959	--
Change in other current assets		24,055,953	40,056,972
		664,038,903	**300,795,103**
Taxes paid		(3,920,559)	(8,487,468)
Employee termination indemnity paid	27	(1,001,810)	(2,061,605)
Interest paid		(298,967,169)	(209,343,460)
Interest received		30,970,971	2,828,009
Net cash provided from operating activities		**391,120,336**	**83,730,579**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of subsidiary	34	141,935,428	23,617,991
Proceeds from sale of asset-held-for-sale		72,066,016	--
Proceeds from sale of property, plant and equipment and intangible assets		(7,525,315)	(193,750)
Purchases of property, plant and equipment	13	(249,387,156)	(180,636,355)
Purchases of intangible assets	14	(10,210,268)	(387,226)
Net cash used in investing activities		**(53,121,295)**	**(157,599,340)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(repayments) from banks borrowings		(362,769,584)	(67,932,053)
Proceeds from issued debt instruments		--	200,000,000
Net cash outflow from derivatives		(1,083,486)	(27,194,690)
Net cash (used in)/provided from financing activities		**(363,853,070)**	**104,873,257**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(25,854,029)**	**31,004,496**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	22	**41,608,428**	**38,526,030**
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	**22**	**15,754,399**	**69,530,526**

*See Note 3 (t)

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY

Aksa Enerji Üretim A.Ş. ("Aksa Enerji" or "the Company") was established on 12 March 1997 to engage in constructing, lending and operating of electricity power plant, production and sale of electricity or energy production capacity to the customers. The Company's registered office address is Rüzgarlıbahçe Mahallesi, Özalp Çıkmazı, No:10, Kavacık-Beykoz, İstanbul / Turkey.

The shares of Company have been registered in the Borsa İstanbul A.Ş. ("BIST") on 21 May 2010 under the name "AKSEN" and the shares are now publicly traded on the Istanbul Stock Exchange.

The main shareholder of the Company is Kazancı Holding A.Ş. ("Kazancı Holding").

Aksa Enerji and its subsidiaries are collectively referred to as "the Group" in this report. The details of the subsidiaries included in the consolidation are as follows:

			Voting power held (%)	
Name of subsidiary – Foreign Branch	**Principal activity**	**Place of operation**	**30 September 2017**	**31 December 2016**
Aksa Aksen Enerji Ticareti A.Ş. ("Aksa Aksen Enerji")	Electricity trade	Turkey	100.00	100.00
Aksa Energy Company Ghana Limited ("Aksa Enerji Ghana")	Electricity production	Ghana	75.00	75.00
Aksa Enerji Üretim A.Ş.-Y.Ş. ("Aksa Enerji – Y.Ş.")	Electricity production	TRNC	100.00	100.00
Aksa Ghana B.V. (Aksa Ghana B.V)	Holding company	Netherlands	100.00	100.00
Aksa Global Investment B.V. ("Aksa Global B.V.")	Holding company	Netherlands	100.00	100.00
Aksa Göynük Enerji Üretim A.Ş. ("Aksa Göynük Enerji")	Electricity production	Turkey	99.99	99.99
Aksa Madagascar B.V.	Holding company	Netherlands	100.00	100.00
Aksa Mali S.A.	Electricity production	Mali	100.00	--
Aksaf Power Ltd.("Aksaf Power")	Electricity production	Mauritius	58.35	58.35
Alenka Enerji Üretim ve Yatırım Ltd. Şti.("Alenka Enerji")	Electricity production	Turkey	100.00	99.56
Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali A.Ş. ("Ayres Ayvacık Rüzgar") (*)	Electricity production	Turkey	--	99.00
Baki Elektrik Üretim Ltd. Şti. ("Baki Elektrik")	Electricity production	Turkey	95.00	95.00
Deniz Elektrik Üretim Ltd. Şti. ("Deniz Elektrik") (**)	Electricity production	Turkey	--	99.99
İdil İki Enerji Sanayi ve Ticaret A.Ş. ("İdil İki Enerji")	Electricity production	Turkey	99.99	99.99
Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Kapıdağ Rüzgar Enerjisi") (**)	Electricity production	Turkey	--	94.00
Overseas Power Ltd. ("Overseas Power")	Good and supply trade	Mauritius	100.00	100.00
Rasa Elektrik Üretim A.Ş. ("Rasa Elektrik")	Electricity production	Turkey	99.96	99.96
Rasa Enerji Üretim A.Ş. ("Rasa Enerji")	Electricity production	Turkey	99.99	99.99

(*) On 15 March 2017, the Group sold its shares in Ayres Ayvacık Rüzgar with all assets and liabilities to Notos Elektrik Üretim A.Ş. For detail information please see Note 34.

(**) On 8 September 2017, the Group sold its shares in Deniz Elektrik and Kapıdağ Rüzgar Enerjisi with all assets and liabilities to Fernas Şirket Grubu. For detail information please see Note 34.

At 30 September 2017, the number of employees of the Group is 1,187 (31 December 2016: 782).

1. REPORTING ENTITY (continued)

Aksa Aksen Enerji:

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

Aksa Energy Ghana

Aksa Energy Ghana was founded on 15 July 2015 by the Aksa Enerji in accordance with the electricity production and sale agreement signed with the Government of Ghana Republic. Unit of the power plant with a capacity 192.5 MW started its operations on 10 April 2017. The installed power of the power plant has increased from 192.5 MW to 35 MW with a reserve capacity of total 280 MW as of 1 August 2017.

Aksa Enerji - Y.Ş.:

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

In accordance with the capacity increase investments of Kalecik Power Plant in KKTC, the installed capacity has been increased by 33 MW by the instalment of two units with the same engine specifications from the power plants whose licenses were cancelled. The installed capacity of our KKTC Kalecik Power Plant has increased to 153 MW, thus its percentage of availability has also grown by the increase in spare units capacity.

Aksa Enerji-Y.Ş.’s factory land was leased from a third party in TRNC for 10 years on 12 February 2010 by Kazancı Holding. Aksa Enerji-Y.Ş. subleases from Kazancı Holding for 10 years.

Aksa Ghana B.V:

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

Aksa Global B.V.:

On 24 November 2016, Aksa Global was established in Netherland to coordinate the foreign investments as a holding Company of Aksa Gana B.V. and Aksa Madagascar B.V.

Aksa Göynük Enerji:

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

On 28 October 2011, Aksa Enerji acquired 99.99% of all shares of Aksa Göynük Enerji from Kazancı Holding, the ultimate parent company. The main operations of Aksa Göynük Enerji are constructing, lending and operating of electricity power plant, production and sale of electricity and all kind of exploration and production of natural gas and petroleum resources and mining.

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

Aksa Madagascar B.V.:

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

Aksa Mali S.A.:

On 6 February 2017, Aksa Mali S.A. was established for operating and maintenance coordination of Mali plant. On 4 August 2017, 10 MW powered portion from the first phase has been put in use. On 28 September 2017, the remaining 30 MW portion of 40 MW installed powered plant in total has been put in use.

1. REPORTING ENTITY (continued)

Aksaf Power:

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

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

Alenka Enerji:

On 17 August 2011, Aksa Enerji acquired 80.00% of all shares of Alenka Enerji from a third party. Alenka Enerji has a wind power station with a total capacity of 27 MW including a power generation capacity of 3 MW under construction. In 2012, 2016 and 2017 the Group’s ownership in Alenka Enerji increased to 90.45%, 99.56% and 100%, respectively, as a result of the additional share purchases. As described in Note 35, sales process of Alenka Enerji is in progress as at the reporting date.

Ayres Ayvacık Rüzgar:

On 18 April 2011, Aksa Enerji acquired 99.99% of all shares of Ayres Ayvacık Rüzgar from Kazancı Holding, the ultimate parent company. Ayres Ayvacık Rüzgar has a wind power station with an installed capacity of 5 MW in Ayvacık-Çanakkale.

On 15 March 2017, the Group sold its shares in Ayres Ayvacık Rüzgar with all assets and liabilities to Notos Elektrik Üretim A.Ş. For detail information please see Note 34.

Baki Elektrik:

Baki Elektrik was established on 4 July 2003 in Ankara for the purpose of production and sale of wind power electricity. In March 2004, Aksa Enerji acquired 95% of the shares of Baki Elektrik. In 2007, Baki Elektrik started the construction of a wind power station with a capacity of 90 MW in Şamlı-Balıkesir and the company started the electricity production after completion of the construction of this wind power station in September 2008.

The capacity of the plant increased to 114 MW upon completion of the additional capacity investment of 24 MW. The land in Şamlı- Balıkesir, where the wind power stations are located, are the own property of Baki Elektrik. As described in Note 35, sales process of Baki Elektrik is in progress as at the reporting date.

Deniz Elektrik:

Deniz Elektrik was initially established in 1997 in Izmir under the name of “Deniz Rüzgar Enerjisi ve Cihazları Sanayi ve Ticaret Limited Şirketi”. In 2003, the company changed its name to Deniz Elektrik Üretim Limited Şirketi.

In May 2004, Aksa Enerji acquired 95.00% of all shares of Deniz Elektrik. On 13 August 2010, Aksa Enerji has made the purchase of new shares participate in Deniz Elektrik and raised its shares to 99.99%.

Deniz Elektrik establishedfor the purpose of producing electricity from wind energy. In 2004, the company obtained the operating licences of two wind power stations with a capacity of 30 MW and 10.8 MW, respectively, located in Sebenova-Hatay and Karakurt/Manisa.. As a result of the capacity expansion of Sebenova/Hatay wind power station, the total installed capacity increased to 60 MW.

Wind power station with a capacity of 11 MW in Karakurt/Manisa started its operation in June 2007. Wind power station with a capacity of 11 MW in Karakurt/Manisa started its operation in June 2007.

The lands in Karakurt-Manisa and Sebanova-Hatay, where the wind power stations are located, are the own property of Deniz Elektrik. On 8 September 2017, the Group sold its shares in Deniz Elektrik with all assets and liabilities to Fernas Şirket Grubu. For detail information please see Note 34.

1. REPORTING ENTITY (continued)

İdil İki Enerji:

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

Kapıdağ Rüzgar Enerjisi:

On 31 May 2013, Aksa Enerji acquired 94.00% of all shares of Kapıdağ Rüzgar Enerjisi from Kazancı Holding. Kapıdağ Rüzgar Enerjisi has wind power station located located in Balıkesir with a capacity of 27 MW. On 8 September 2017, the Group sold its shares in Kapıdağ Rüzgar Enerjisi with all assets and liabilities to Fernas Şirket Grubu. For detail information please see Note 34.

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.

Rasa Elektrik:

Rasa Elektrik located at Mardin established on January 1996 in order to meet the electricity needs of Mardin and surrounding areas. It sells its production to TEİAŞ ("Turkish Electricity Transmission Company").

The land over which the power plant is located in Mardin, has been leased from Koni İnşaat A.Ş. ("Koni İnşaat") in 2002, to be renewed annually. The factory which Rasa Elektrik manufacture of radiators has been leased from Koni İnşaat until 31 December 2012, the factory land is the property of Aksa Enerji.

In November 2013, part of the manufacturing of radiators was split and received the title which was the Rasa Endüstriyel Radyatörler Sanayi ve Ticaret A.Ş. Aksa Enerji does not have any partnership in the company.

The machine and equipment of Siirt power plant was sold to Rasa Elektrik before its transfer.

Rasa Enerji:

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

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

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

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY (continued)

As of 30 September 2017, electricity production licences held by the Group are as follows:

Licence Owner	**Location**	**Type of Facility**	**Date of Licence Started**	**Licence Duration**	**The capacity of the plant (MWh)**	**The capacity in use (MWh)**
Aksa Enerji	TRNC	Fuel oil	--	--	153	153
Aksa Enerji	Antalya	Natural Gas	13.11.2007	30 year	2,050	1,150
Aksa Enerji	Manisa	Natural Gas	21.02.2008	30 year	115	115
Aksa Enerji	İncesu-Ortaköy-Çorum	HPP	29.09.2005	40 year	15	15
Aksa Enerji	Belen-Atik (İskenderun-Hatay) (**)	RES	13.03.2008	49 year	--	--
Aksa Enerji	Bolu	Thermal	25.03.2008	30 year	270	270
Aksa Energy Ghana	Ghana	Fuel Oil	--	6.5 year	370	280
Aksa Mali S.A	Mali	Fuel Oil	--	3 year	40	40
Aksaf Power	Madagaskar	Fuel Oil	--	20 year	120	66
Alenka	Kırklareli-Kıyıköy(**)	WPP	04.04.2007	20 year	27	27
Ayres	Ayvacık (*)	WPP	01.11.2007	25 year	--	--
Baki Elektrik	Merkez-Şamlı-Balıkesir (**)	WPP	06.04.2004	49 year	127	114
Deniz Elektrik	Sebenoba-Gözene-Yayladağı-Samandağ-Hatay(**)	WPP	04.06.2004	49 year	--	--
Deniz Elektrik	Karakurt-İlyaslar-Çakaltepe-Manisa(**)	WPP	05.12.2003	49 year	--	--
Rasa Enerji	Şanlıurfa	Natural Gas	12.05.2011	49 year	270	147
Kapıdağ	Balıkesir(**)	WPP	12.12.2006	49 year	--	--
Total					**3,557**	**2,377**

(*) On 15 March 2017, the Group sold its shares in Ayres Ayvacık Rüzgar with all assets and liabilities to Notos Elektrik Üretim A.Ş. For detail information please see Note 34.

(**) The sale process details of the wind power plants were described in Note 35. Belen/Atik power plant which is reclassified as asset held for sale, was sold to Güriş İnşaat ve Mühendislik A.Ş. on 7 April 2017. Sebenoba, Karakurt and Balıkesir power plants, which is reclassified as asset held for sale, was sold to Fernas Şirketler Grubu on 8 September 2017.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") including the requirements of IAS 34 "Interim Financial Reporting".

The consolidated interim financial statements as at and for the nine-month period ended 30 September 2017 were approved by the Board of Directors on 8 November 2017.

b) Basis of measurement

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

- derivative financial instruments are measured at fair value,
- assets and liabilities held for sale are measured at the lower of their carrying amount and fair value less costs to sell,

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

Until 31 December 2005, the financial statements of the Company's Turkish entities have been restated for the changes in the general purchasing power of the Turkish Lira based on IAS 29 "Financial Reporting in Hyperinflationary Economies".

Beginning from 1 January 2006, it was concluded that Turkey should be considered a non-hyperinflationary economy under IAS 29. Therefore, IAS 29 has not been applied to the accompanying consolidated financial statements since 1 January 2006.

c) Functional and presentation currency

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

The accompanying consolidated interim financial statements expressed in TL. All financial information is presented in TL at full terms unless otherwise stated.

The table below summarizes functional currencies of the Group entities.

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

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency (continued)

Group entities that use USD as functional currencies since these 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 interim financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currencies have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21, "*The Effects of Changes in Foreign Exchange Rates*".

d) Basis of consolidation

i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

ii) Acquisitions from entities under common control

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

iii) Subsidiaries

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

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

iv) Non-controlling interests

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

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

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation (continued)

v) Loss of control

When the Group loses control over a subsidiary, it derecognises 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 recognised in profit or loss. Any interest retained in the former subsidiary, then such interest is measured at fair value at the date when control is lost.

vi) Transactions eliminated on consolidation

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

Unrealised losses are eliminated in the same way as unrealised 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.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than TL, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is different than TL) cannot be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated interim financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kind of foreign exchange differences are recognized in profit or loss of consolidated interim financial statements of the Group.

e) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised 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 recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or qualifying cash flow hedges to the extent the hedge is effective.

ii) Foreign operations

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

e) Foreign currency (continued)

ii) Foreign operations (continued)

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

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

The EUR/TL, USD/TL, GHS/USD and TL/USD as at 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
EUR/TL	4.1924	3.7099
USD/TL	3.5521	3.5192
GHS/USD	0.2286	0.2324
TL/USD	0.2815	0.2842

f) Use of judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment as at and for the nine month period ended 30 September 2017 is included in the following notes:

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

Note 13 and Note 14 – Useful lives of property and equipment and other intangible assets: The Group estimates its useful lives of property and equipment and intangible assets through the experience of the technical team. Management strategies and future marketing plans are also considered especially for estimating useful lives of leasehold improvements.

Note 13– Impairment of property, plant and equipment: The Group estimates the timing and value of the future cash flows generated through the Group's property, plant and equipment in determination of the impairment of property, plant and equipment.

Note 17 – Deferred tax assets and liabilities: Deferred tax assets arising from taxable temporary differences and accumulated losses are recognised when it is probable that future taxable profits will be available. Important estimations and evaluations are required regarding future taxable profits to determine deferred tax assets.

Note 18 – Inventory provisions: Aging of inventories is analysed and obsolete inventories are detected to determine impairment of inventories.

Note 27 – Provision for employee benefits: Actuarial computations are made using estimations for discount rates, salary increase rates and turnover rates to determine severance pay liability. These estimations contain uncertainties due to long term nature of the liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available for sale assets.
The Group classifies non-derivative financial liabilities into other financial liabilities category.

i) Non-derivative financial assets and financial liabilities - Recognition and derecognition

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the consolidated interim statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables, and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade receivables including service concession receivables and due from customers for contract work, receivables related to finance sector operations (including banking loans and advances to banks and customers and finance lease receivables) and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in loans and receivables, at fair value through profit or loss and held to maturity of financial assets. The Group's investments in certain debt and equity instruments are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits and other liquid assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Other

Other non-derivative financial assets are measured at amortised cost using the effective interest rate method, less any impairment losses.

ii) Non-derivative financial liabilities

The Group initially recognises all financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

ii) Non-derivative financial liabilities (continued)

Financial assets and liabilities are offset and the net amount is presented in the consolidated interim statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
The Group classifies non-derivative financial liabilities into other financial liabilities which mainly are comprises of loans and borrowings, trade payables, payables related to finance sector operations, payables related to employee benefits and other payables.

Such financial liabilit6es are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

iii) Derivative financial instruments and hedge accounting

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

b) Impairment

i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Impairment (continued)

i) Non-derivative financial assets (continued)

Financial assets measured at amortised cost

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

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

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

ii) Non-financial assets

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

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

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

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

c) Inventories

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Related parties

For the purposes of the financial statements, the shareholders, key management personnel and member of the Board of the Directors, in each case together with companies controlled by or affiliated with them are considered and referred to as related parties (Note 33).

Parties are considered related to the Group if;

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

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

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

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

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

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

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

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

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

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

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

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

e) Property, plant and equipment

i) Recognition and measurement

The costs of items of property, plant and equipment of the Group purchased before 31 December 2005 are restated for the effects of inflation in TL units at 31 December 2005 pursuant to IAS 29. Property and equipment purchased after this date are recognised at their historical cost. Accordingly, property and equipment of the Group are carried at costs, less accumulated depreciation and impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "Gain/(loss) from investing activities" in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Property, plant and equipment (continued)

i) Recognition and measurement (continued)

During the production phase of the mine, the material removed when stripping in the production phase, often it will be a combination of ore and waste. Removal of material with a low ratio of ore to waste may produce some usable material, which can be used to produce inventory. This removal might also provide access to deeper levels of material that have a higher ratio of ore to waste that will be mined in future periods. The Group, recognize stripping activity asset when it is probable that the future economic benefit associated with the stripping activity will flow to the Group, identify the component of the ore body for which access has been improved; and the costs relating to the stripping activity associated with that component can be measured reliably. The Group shall allocate the production stripping costs between the inventory produced and the stripping activity asset by using an allocation basis that is based on mineral content of the ore extracted compared with expected mineral content to be extracted, for a given quantity of ore produced.
Since some incidental operations may take place at the same time as the production stripping activity, but which are not necessary for the production stripping activity to continue as planned, these incidental operations are not be included in the cost of the stripping activity asset.

ii) Subsequent costs

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

iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant 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.

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

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

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

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

Wind electricity powerhouse	20 years
Fuel oil power plants	3-40 years
Natural gas power plants	20 years
Hydroelectric power plants	40 years
Coal plants	40 years

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Intangible assets

Other intangible assets

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

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill related to purchases of Baki Elektrik and Alenka Enerji are completely impaired as at 30 September 2017.

i) Subsequent measurement

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

ii) Amortisation

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

g) Provisions

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

h) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Other long-term employee benefits

In accordance with the existing labour law in Turkey, the Group entities in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum TL 4,732 as at 30 September 2017 (31 December 2016: TL 4,297) per year of employment at the of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 27) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

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

i) Contingent assets and liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Contingent assets and liabilities (continued)

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

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

j) Revenue

i) Electricity sales

Revenue mainly comprises electricity sales which are recognised when the electricity delivered to the customers and related risks and rewards transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of sales can be estimated reliably. Electricity sales revenue are recorded at invoiced amounts by the delivery of electricity power to customers on an accrual basis. Revenue is measured net of sales commissions, taxes. Balancing invoices issued by TEIAŞ is recognised in cost of sales.

A certain portion of the Group's sales is realized with maturity and the fair value of the sales price determined by rediscounting of receivables to present value. Determination of the present value of the receivables; the interest rate that reduces the nominal value of the sales price to the sale price of the related good or service is used. The difference between the nominal value of the sales price and the fair value recognized as interest income in related periods.

k) Leases

i) Determining whether an agreement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group’s incremental borrowing rate.

ii) Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group’s statement of financial position.

iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Finance income and finance costs

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

m) Tax

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

i) Current tax

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

ii) Deferred tax

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

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

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

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

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

iii) Tax exposures

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

n) Borrowing costs

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

o) Earnings/(loss) per share

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Financial guarantee contract

A financial guarantee contract that requires a certain amount to be paid to the other side of the contract, When, a borrower does not meet its obligations with respect to a borrowing instrument in accordance with the original or amended terms of the borrowing instrument. The main reason of contract is to cover losses of group guarantee contract side.

The financial guarantee contract must be accounted for at fair value at the date of initial recognition. In subsequent periods it is measured at the higher of the amount to be determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets Standard or IAS 18 Revenue Standard.

Kazancı Holding, Kazancı Family and related companies, have signed the general loan contract as joint debtor and mutual assurance. As of 30 September 2017, The guarantees given for the loans are disclosed in Note 31 which used by group companies.

q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

As at 30 September 2017 sales of industrial part, consist of electricity sales by 99 % (1 January-30 September 2016: 99 %) For this reason, the Group management makes decisions regarding of the resources to be allocated and performance evaluations as a single operating department instead of separate departments.

In the nine month period ended 30 September 2017, the Group commenced to generate considerable era revenue from its operations other than Turkey which constituted a material portion of the Group's operating results. Accordingly, the Group's geografic information is disclosed in Note 37.

r) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, intangible assets and property, plant and equipment are not amortised or depreciated, and equity accounted investee is no longer equity accounted.

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

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

IFRS 15 Revenue from Contracts with Customers

The new standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is ef0fective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 "*Financial Instruments: Recognition and Measurement*". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Group does not expect that these amendments will have significant impact on the consolidated interim financial position or performance of the Group.

IAS 40 – Transfers of Investment Property

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management's intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of consolidated financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 40.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

On 8 December 2016, IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. This IFRIC is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 22.

IFRIC 23 –Uncertainty Over Income Tax Treatments

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

IFRS 16 Leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 17 –Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly international standard for insurance contracts will help investors and others better understand insurers’ risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier. The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated interim financial position or performance of the Group.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 1 “First Time Adoption of International Financial Reporting Standards”

IFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters within the context of ‘Annual Improvements to IFRSs 2012-2014 Cycle’ related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

IFRS 12 “Disclosure of Interests in Other Entities”

The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity’s interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.

IAS 28 “Investments in Associates and Joint Ventures”

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

t) Correction of error and reclasifications

The Group determined that there is an inconsistency in useful lives of similar assets under property, plant and equipment account and restated its consolidated financial statements as at 31 December 2016. as a result of correction of this error in the group’s restated consolidated interim financial statement as at and for the nine-month period ended 30 September 2016 for the following accounts: increase in depreciation expenses by TL 5,468,278 and decrease in deferred tax benefit by TL 1,093,656.

As of 31 December 2016, the Group reclassified the carrying amount of the property, plant and equipment of Kapıdağ amounting to TL 93,116,697 from property, plant and equipment to assets held for sale account.

4. DETERMINATION OF FAIR VALUES

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

i) Trade and other receivables

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

ii) Derivatives

The fair value of interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group when appropriate.

iii) Non-derivative financial liabilities

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

5. FINANCIAL RISK MANAGEMENT

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

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

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and bank balances.

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

Liquidity risk

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

Market risk

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

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

i) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 30 September 2017, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily TL, but also GHS which are disclosed within the relevant notes to these consolidated for the nine-month period ended financial statements. The currencies in which these transactions primarily denominated are USD and EUR. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments as mentioned in Note 32.

ii) Interest rate risk

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

Capital management

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

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

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

(Amounts expressed in Turkish Lira unless otherwise stated.)

6. REVENUE

The details of the Group's revenue, for the nine-month period ended 30 September is as follows:

	1 January-30 September 2017	1 July-30 September 2017	1 January-30 September 2016	1 July-30 September 2016
Domestic sales	1,967,540,968	490,759,898	2,018,945,961	792,880,216
Foreign sales	597,838,531	461,622,277	193,190,454	117,111,792
Net sales	**2,565,379,499**	**952,382,175**	**2,212,136,415**	**909,992,008**
Cost of sales (-)	(2,353,212,205)	(817,358,061)	(1,993,392,438)	(834,366,510)
Gross profit	**212,167,294**	**135,024,114**	**218,743,977**	**75,625,498**

	1 January-30 September 2017	1 July-30 September 2017	1 January-30 September 2016	1 July-30 September 2016
Revenue – amount				
Electricity	2,531,152,641	951,446,332	2,209,378,293	907,872,584
Other	34,226,858	935,843	2,758,122	2,119,424
Total	**2,565,379,499**	**952,382,175**	**2,212,136,415**	**909,992,008**
Gross margin - amount				
Electricity	202,333,188	137,119,119	215,217,647	72,937,678
Other	9,834,106	(2,095,005)	3,526,330	2,687,820
Total	**212,167,294**	**135,024,114**	**218,743,977**	**75,625,498**

(Amounts expressed in Turkish Lira unless otherwise stated.)

7. OTHER OPERATING INCOME AND EXPENSES

The details of the Group's other operating income, for the nine-month period ended 30 September is as follows:

Other operating income	1 January-30 September 2017	1 July-30 September 2017	1 January-30 September 2016	1 July-30 September 2016
Financial income from credit sales	4,337,658	2,153,032	1,332,892	(90)
Foreign exchange gain related to operating activities	280,946	(9,038,725)	1,667,992	976,583
Insurance income	162,623	162,623	2,377,602	--
Provisions no longer required	--	--	375,050	375,050
Other	6,038,753	1,297,386	2,271,462	1,688,658
Total	**10,819,980**	**(5,425,684)**	**8,024,998**	**3,040,201**

The details of the Group's other operating expenses, for the nine-month period ended on 30 September is as follows:

Other operating expenses	1 January-30 September 2017	1 July-30 September 2017	1 January-30 September 2016	1 July-30 September 2016
Discount effect on credit sales	2,972,044	1,269,517	788,920	26,882
Lawsuit provisions	2,223,836	--	395,858	199,623
Doubtful expenses	1,882,007	--	832,504	391,154
Foreign exchange loss related to operating activities	1,722,783	36,478	2,554,270	2,040,711
Donations	70,483	17,616	120,092	4,792
Other	914,314	--	448,530	(548,683)
Total	**9,785,467**	**1,323,611**	**5,140,174**	**2,114,479**

(Amounts expressed in Turkish Lira unless otherwise stated.)

8. GAIN AND LOSS FROM INVESTING ACTIVITIES

The details of the Group's gain from investing activities, for the nine-month period ended 30 September is as follows:

Gain from investing activities	**1 January-30 September 2017**	**1 July-30 September 2017**	**1 January-30 September 2016**	**1 July-30 September 2016**
Gain on disposal of subsidiaries (Note 34)	92,796,883	73,976,232	--	--
Gain on sale of assets held for sale (*)	57,182,866	--	--	--
Gain on disposal of property, plant and equipment	657,826	--	583,910	392,714
Total	**150,637,575**	**73,976,232**	**583,910**	**392,714**

(*) Gain on sale of Belen-Atik power plant which was classified in assets-held-for-sale on 31 December 2016.

The details of the Group's loss from investing activities, for the nine-month period ended 30 September is as follows:

Loss from investing activities	**1 January-30 September 2017**	**1 July-30 September 2017**	**1 January-30 September 2016**	**1 July-30 September 2016**
Loss on disposal of subsidiaries (Note 34)	32,698,007	32,698,007	843,299	--
Loss on disposal of property, plant and equipment	9,666,016	9,555,341	391,570	--
Total	**42,364,023**	**42,253,348**	**1,234,869**	**--**

(Amounts expressed in Turkish Lira unless otherwise stated.)

9. ADMINISTRATIVE EXPENSES

The details of the Group's administrative expenses, for the nine-month periods ended 30 September is as follows:

General administrative expenses	1 January- 30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2016
Personnel expenses	27,969,514	8,834,684	10,833,682	3,206,400
Consultancy expenses	5,242,253	2,150,189	2,725,420	900,670
Travelling, vehicle and transportation expenses	5,051,898	871,593	5,801,486	3,347,584
Rent expenses	1,547,587	638,602	1,145,298	352,669
Tax and charge expenses	1,205,225	502,020	662,370	18,596
Depreciation and amortization expenses	617,627	103,701	552,093	279,175
Electricity, gas and water expenses	150,331	52,758	410,898	146,998
Representation expenses	133,721	26,754	307,191	83,267
Other	1,979,279	45,661	2,749,483	1,394,384
Total	**43,897,435**	**13,225,962**	**25,187,921**	**9,729,743**

The details of Group's expense by nature, fort he nine-month periods ended 30 September is as follows:

Depreciation and amortisationexpenses	1 January- 30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2016
Cost of sales	162,750,608	59,573,477	143,151,365	54,150,980
General administrative expenses	617,627	103,701	552,093	279,175
Total	**163,368,235**	**59,677,178**	**143,703,458**	**54,430,155**

Personel expenses	1 January- 30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2016
Cost of sales	59,111,329	24,651,514	29,778,603	9,358,388
General administrative expenses	27,969,514	8,834,684	10,833,682	3,206,400
Total	**87,080,843**	**33,486,198**	**40,612,285**	**12,564,788**

10. MARKETING AND SELLING EXPENSE

The details of the Group's marketing and selling expenses, for the nine-month periods ended 30 September is as follows:

Marketing and selling expenses	1 January- 30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2016
Freight and export expenses	179,929	27,012	175,717	25,156
Other	727,766	228,599	319,651	137,416
Total	**907,695**	**255,611**	**495,368**	**162,572**

(Amounts expressed in Turkish Lira unless otherwise stated.)

11. FINANCIAL INCOME AND FINANCIAL EXPENSES

The details of the Group's financial income and expenses, for the nine-month periods ended 30 September is as follows:

Financial income	**1 January-30 September 2017**	**1 July-30 September 2017**	**1 January-30 September 2016**	**1 July-30 September 2016**
Foreign exchange gain from borrowings, net	42,269,024	13,689,504	12,905,928	(7,228,408)
Interest and discount income	24,311,948	4,178,667	7,685,700	5,226,203
Interest and discount income on due from related parties (Note 33)(*)	6,659,023	2,786,796	6,296,265	1,143,092
Income from derivative transactions	5,975,435	1,589,112	4,293,930	(544,308)
Total	**79,215,430**	**22,244,079**	**31,181,823**	**(1,403,421)**

Financial expenses	**1 January-30 September 2017**	**1 July-30 September 2017**	**1 January-30 September 2016**	**1 July-30 September 2016**
Interest and discount expenses	309,420,667	102,854,147	228,915,202	123,630,663
Foreign exchange loss from borrowings, net	24,901,885	(36,340,892)	12,122,119	7,959,868
Expenses from derivative transactions	12,233,491	4,154,942	26,149,735	7,388,046
Interest expense on financial liabilities and intercompany loans (Note:33)	9,972,640	3,005,110	40,094,567	5,007,312
Guarantee letters and bank commission expenses	6,907,722	1,623,105	6,913,545	2,955,444
Other	--	--	6,106,036	5,825,965
Total	**363,436,405**	**75,296,412**	**320,301,204**	**152,767,298**

(*) Foreign exchange gains and losses were presented on a net basis at each entity level for the consolidated subsidiaries.

12. TAXATION

Turkey

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

Corporate income tax is levied at the rate of 20% (2016: 20%) and advance tax returns are filed on a quarterly basis.

According to the new Corporate Tax Law, 75% (2016: 75%) of the capital gains arising from the sale of properties and investments owned for at least two years are exempted from corporate tax on the condition that such gains are kept under equity as restricted funds within five years from the date of the sale. The remaining 25% of such capital gains are subject to corporate tax.

12. TAXATION (continued)

Turkey (continued)

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

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

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

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

Transfer pricing regulations

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

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

Tax applications for foreign subsidiaries of the Group

Republic of Ghana

The applicable corporate tax rate in Republic of Ghana is 25% (31 December 2016: 25%).

Turkish Republic Of Northern Cyprus (“TRNC”)

The applicable corporate tax rate in TRNC is 23.5% (31 December 2016: 23.5%).

The Netherlands

Corporate income tax is levied at the rate of 20% (31 December 2016: 20%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the year 2017. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments.

Under the Dutch taxation system, tax losses can be carried forward to be offset against future taxable income for nine years. Tax losses can be carried back to offset profits up to one year. Entities must file their tax returns within six months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

(Amounts expressed in Turkish Lira unless otherwise stated.)

12. TAXATION (continued)

Republic Of Mauritius

The applicable corporate tax rate in Mauritius 15% (31 December 2016: 15%).

Mali

The applicable corporate tax rate in Mali is 10.1% (31 December 2016: 10.1%).

Madagascar

The applicable corporate tax rate in Madagascar is 20% (31 December 2016: 20%).

Tax income/(expense) recognised in profit or loss

Tax income/(expense) for the nine-month period ended 30 September comprised the following items:

	1 January-30 September 2017	1 July-30 September 2017	1 January-30 September 2016	1 July-30 September 2016
Current period tax expense	(7,309,891)	(1,559,194)	(6,867,708)	108,679
Deferred tax income originating and reversal of temporary differences	34,623,468	9,842,613	15,810,926	17,649,302
Total tax income	**27,313,577**	**8,283,419**	**8,943,218**	**17,757,981**

The reported income tax expense for the nine month period ended 30 September are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2017		2016	
	Amount	%	Amount	%
Reported loss before tax	(7,550,746)		(89,435,075)	
Taxes on reported profit per statutory tax rate of the Company	1,510,149	(20)	17,887,015	(20)
Permanent differences:				
Disallowable expenses	(2,140,714)	28	(17,095,073)	19
Tax exempt income	12,303,182	(163)	16,766,556	(19)
Derecognition of previously recognized tax losses	(25,972,486)	344	--	--
Carry forward tax losses used	(370,652)	5	(2,086,742)	2
Permanent differences	22,030,852	(292)	--	--
Tax exempt income resulting from sale of subsidiaries	17,731,671	(235)	--	--
Others, net	2,221,574	(29)	(6,528,537)	7
Tax income/(expense)	**27,313,576**	**(362)**	**8,943,219**	**(11)**

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 30 September 2017 and 31 December 2016 as follows:

	30 September 2017	31 December 2016
Property, plant and equipment	2,354,429,381	2,360,142,034
Mining assets	100,452,261	93,488,543
Total	**2,454,881,642**	**2,453,630,577**

(Amounts expressed in Turkish Lira unless otherwise stated.)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The movements of property, plant and equipment comprising cost and related accumulated depreciation for the nine-month periods ended 30 September were as follows:

Cost	**Land and buildings and land improvements**	**Machinery and equipment**	**Vehicles**	**Furniture and fixtures**	**Leasehold improvements**	**Construction in progress**	**Total**
Balance at 1 January 2017 previously reporting	**96,875,469**	**2,792,111,351**	**3,144,551**	**12,403,165**	**515,366**	**369,786,001**	**3,274,835,903**
Effect of reclassification	--	(117,219,402)	--	--	--	--	**(117,219,402)**
Balance at 1 January 2017 restated	**96,875,469**	**2,674,891,949**	**3,144,551**	**12,403,165**	**515,366**	**369,786,001**	**3,157,616,501**
Effect of movements in exchange rates	529,994	3,513,987	15,209	(355,320)	280,849	4,577,605	**8,562,324**
Additions	5,035	184,002,705	340,655	474,001	--	64,564,760	**249,387,156**
Disposals	(1,231,430)	(1,624,967)	--	(385,633)	--	(1,545,497)	**(4,787,527)**
Transfers (*)	13,495,440	323,288,070	--	--	--	(336,783,510)	--
Transfers to assets held for sale	(127,105)	(132,040,379)	--	(81,221)	(1,983)	(223,474)	**(132,474,162)**
Balance at 30 September 2017	**109,547,403**	**3,052,031,365**	**3,500,415**	**12,054,992**	**794,232**	**100,375,885**	**3,278,304,292**
Accumulated depreciation							
Balance at 1 January 2017 previously reporting	**7,085,940**	**804,540,962**	**574,175**	**9,148,228**	**227,867**	**--**	**821,577,172**
Effect of reclassification	--	(24,102,705)	--	--	--	**--**	**(24,102,705)**
Balance at 1 January 2017 restated	**7,085,940**	**780,438,257**	**574,175**	**9,148,228**	**227,867**	**--**	**797,474,467**
Depreciation for the period	2,255,606	149,864,631	348,658	971,634	19,313	**--**	**153,459,842**
Effect of movements in exchange rates	46,054	(5,887,836)	3,762	65,470	--	**--**	**(5,772,550)**
Disposals	(528,501)	(2,538,869)	--	(237,282)	--	**--**	**(3,304,652)**
Transfers to assets held for sale	(45,170)	(17,900,786)	--	(34,893)	(1,347)	**--**	**(17,982,196)**
Balance at 30 September 2017	**8,813,929**	**903,975,397**	**926,595**	**9,913,157**	**245,833**	**--**	**923,874,911**
Carrying amount as of 30 September 2017	**100,733,474**	**2,148,055,969**	**2,573,820**	**2,141,835**	**548,399**	**100,375,884**	**2,354,429,381**

(*) Transfers to the buildings consist of the office building in Ghana and Aksa Göynük amounting to TL 5,627,022 and TL 7,796,217, respectively. Power plant in Ghana with a cost amount of TL 323,288,070 was transferred to the machinery and equipment during to nine-month period ended 30 September 2017.

(Amounts expressed in Turkish Lira unless otherwise stated.)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Cost	Land and buildings and land improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Balance at 1 January 2016	**95,479,057**	**3,387,340,062**	**2,484,955**	**13,764,963**	**500,859**	**463,509,476**	**3,963,079,372**
Effect of movements in exchange rates	280,370	9,408,246	22,307	24,217	--	368,566	10,103,706
Additions	603,468	28,426,460	294,360	644,435	10,445	150,657,187	180,636,355
Disposals	--	--	(231,591)	--	--	--	(231,591)
Transfer(*)	--	4,409,490	--	--	--	(8,198,118)	(3,788,628)
Disposal of subsidiaries (**)	(148,115)	(70,112,178)	--	(61,545)	(271)	(14,783)	(70,336,892)
Balance at 30 September 2016	**96,214,780**	**3,359,472,080**	**2,570,031**	**14,372,070**	**511,033**	**606,322,328**	**4,079,462,322**
Accumulated depreciation							
Balance at 1 January 2016	**3,793,309**	**784,170,564**	**1,635,493**	**7,982,715**	**198,413**	**--**	**797,780,494**
Depreciation for the period	2,093,019	137,983,788	197,008	947,547	22,379	--	141,243,741
Effect of movements in exchange rates	125,371	3,981,203	10,642	11,605	--	--	4,128,821
Disposals	--	--	(230,181)	--	--	--	(230,181)
Disposal of subsidiaries (**)	(20,278)	(1,631,010)	--	(20,031)	(68)	--	(1,671,387)
Balance at 30 September 2016	**5,991,421**	**924,504,545**	**1,612,962**	**8,921,836**	**220,724**	**--**	**941,251,488**
Carrying amount as of 30 September 2016	**90,223,359**	**2,434,967,535**	**957,069**	**5,450,234**	**290,309**	**606,322,328**	**3,138,210,834**

(*) Comprises of power plant equipments transferred to Africa projects.

(**) Disposal of Siirt Akköy Enerji.

(Amounts expressed in Turkish Lira unless otherwise stated.)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Construction in progress

At 30 September 2017 and 31 December 2016, construction in progress represents, stationary export and import warehouse.

Project	30 September 2017	Technical completion rate (%)	31 December 2016	Technical completion rate (%)
Ghana investment	72,023,790	99%	289,933,213	94%
Bolu Göynük power plant investment	10,957,027	99%	19,015,117	99%
Kıbrıs Kalecik – Mobile power plant investment	7,121,977	99%	6,952,044	99%
Other (*)	10,273,091		53,885,626	
Total	**100,375,885**		**369,786,000**	

(*) This balance comprises of the ongoing investment projects in Africa region.

Mining assets

At 30 September 2017 and 31 December 2016, mining assets comprise mining development assets and stripping cost.

Cost:	30 September 2017	31 December 2016
Stripping costs	108,024,553	93,884,938
Mining development assets	5,477,773	5,477,772
Total	**113,502,326**	**99,362,710**
Amortisation:		
Stripping costs	12,817,732	5,641,834
Mining development assets	232,333	232,333
Total	**13,050,065**	**5,874,167**
Carrying amount	**100,452,261**	**93,488,543**
Depreciation expense for nine month period ended 30 September	7,175,898	3,281,795
Total	**7,175,898**	**3,281,795**

(Amounts expressed in Turkish Lira unless otherwise stated.)

14. INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortisation during the nine month period ended 30 September were as follows:

Cost	Rights	Other	Total
Balance at 1 January 2017	**62,155,254**	**916,655**	**63,071,909**
Additions	10,191,873	18,395	10,210,268
Effect of movements in exchange rates	573,511	--	573,511
Disposal	(142,655)	(7,914)	(150,569)
Transfers to assets held for sale	(985,950)	(19,806)	(1,005,756)
Balance at 30 September 2017	**71,792,033**	**907,330**	**72,699,363**
Amortisation			
Balance at 1 January 2017	**1,585,211**	**508,104**	**2,093,315**
Amortisation for the period	2,635,179	97,316	2,732,495
Effect of movements in exchange rates	281,238	--	281,238
Disposal	(77,466)	(2,891)	(80,357)
Transfers to assets held for sale	(212,571)	(10,000)	(222,571)
Balance at 30 September 2017	**4,211,591**	**592,529**	**4,804,120**
Carrying amount as of 30 September 2017	**67,580,442**	**314,801**	**67,895,243**

Cost			
Balance at 1 January 2016	**4,141,451**	**888,685**	**5,030,136**
Additions	330,614	56,612	387,226
Effect of movements in exchange rates	17,686	--	17,686
Transfer	2,157,618	--	2,157,618
Disposal of subsidiary	(30,500)	--	(30,500)
Balance at 30 September 2016	**6,616,869**	**945,297**	**7,562,166**
Amortisation			
Balance at 1 January 2016	**1,225,823**	**371,511**	**1,597,334**
Amortisation for the period	258,132	102,344	360,476
Effect of movements in exchange rates	4,266	--	4,266
Disposal of subsidiary	(3,840)	--	(3,840)
Balance at 30 September 2016	**1,484,381**	**473,855**	**1,958,236**
Carrying amount as of 30 September 2016	**5,132,488**	**471,442**	**5,603,930**

15. GOODWILL

At 30 September 2016 and 31 December 2016, goodwill comprised the following:

	30 September 2017	31 December 2016
Goodwill	3,349,356	6,848,196
-İdil İki Enerji	*3,349,356*	*3,349,356*
-Ayres Ayvacık Rüzgar (*)	--	*3,498,840*
Total	**3,349,356**	**6,848,196**

(*) In 2017, the Group sold its shares in Ayres Ayvacık Rüzgar. As a result of this transaction, the Group lost the control on this subsidiary and the goodwill amounting to TL 3,498,840 related to Ayres Ayvacık Rüzgar was derecognised. (Note 34)

(Amounts expressed in Turkish Lira unless otherwise stated.)

16. FINANCIAL INVESTMENTS

Financial investments

At 30 September 2017 and 31 December 2016, financial investments comprised the following:

	Rate %	30 September 2017	31 December 2016
Enerji Piyasaları İşletme A.Ş. (*)	0.67	412,408	412,408
		412,408	**412,408**

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

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Unrecognized deferred tax assets and liabilities

As at 30 September 2017, deferred tax assets amounting to TL 2,908,391 (31 December 2016: TL 12,638,390) have not been recognized with respect to the statutory tax losses carried forward amounting to TL 14,541,955 (31 December 2016: TL 5,437,701). The tax losses carried forward expire until 2022. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 30 September 2017 and 31 December 2016 are attributable to the items detailed in the table below:

	30 September 2017	31 December 2016
	Asset / (Liability)	**Asset / (Liability)**
Property, plant and equipment and intangible assets	41,089,514	(2,765,431)
Provision to doubtful receivables	4,039,704	5,384,955
Inventory impairment loss	1,962,073	1,964,682
Derivatives	(266,124)	(1,301,038)
Loans and borrowings	(2,776,217)	390,996
Reserve for employee severance indemnity	663,321	685,195
Bonds issued	744,298	429,145
Litigation provisions	15,009	90,661
Vacation pay liability	384,244	388,844
Other asset	205,739	587,040
Losses carried forward	51,493,998	58,619,557
Consolidation adjustments	35,973,969	28,626,246
Other	(4,552,570)	(2,154,741)
Net deferred tax assets	**128,976,958**	**90,946,111**
Deferred tax asset	172,474,033	143,133,739
Deferred tax liabilities	(43,497,075)	(52,187,628)
Net deferred tax assets	**128,976,958**	**90,946,111**

(Amounts expressed in Turkish Lira unless otherwise stated.)

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Recognised deferred tax assets and liabilities

Movements in deferred tax balances during the nine month periods ended on 30 September 2017 and 2016 are as follows::

	1 January 2017	*Effects of translation*	*Recognised in profit or loss*	*Recognised in other comprehensive income*	*30 September 2017*
Total deferred tax assets/(liabilities)	**90,946,111**	**3,296,572**	**34,623,468**	**110,807**	**128,976,958**
	1 January 2016	*Effects of translation*	*Recognised in profit or loss*	*Recognised in other comprehensive income*	*30 September 2016*
Total deferred tax assets/(liabilities)	**18,589,128**	**2,637,257**	**15,810,927**	**(1,394,214)**	**35,643,098**

18. INVENTORIES

At 30 September 2017 and 31 December 2016, inventories comprised the following:

	30 September 2017	**31 December 2016**
Other spare parts and operating supplies inventory	236,284,322	255,002,524
Raw materials	118,500,471	102,737,428
Work-in-progress	37,822,754	22,559,114
Advances given for raw materials and supplies	23,565,755	48,394,631
Trade goods	--	298,603
Provision for impairment on inventories (-)	(12,559,839)	(12,551,286)
Total	**403,613,463**	**416,441,014**

As of 30 September 2017 there is no mortgage, warrant or annotation on the inventories. Group's inventories is mainly consists of fuel oil, oil, operating equipment and spare parts that are essential for operating materials.

Inventory provisions are tested by identifying slow moving inventories taking net realizable value based on the reason of slow movings as a result of aging work into consideration.

As at 30 September 2017, inventory provisions for the slow moving inventories, inventory provisions in accordance with the Group’s impairment policy and net realizable value on inventories is TL 12,559,839 (31 December 2016: TL 12,551,286).

19. OTHER CURRENT ASSETS

At 30 September 2017 and 31 December 2016, other current assets comprised the following:

	30 September 2017	**31 December 2016**
Deferred value added tax (“VAT”)	115,153,573	93,749,062
Other	644,725	531,889
Total	**115,798,298**	**94,280,951**

(Amounts expressed in Turkish Lira unless otherwise stated.)

20. CURRENT AND NON-CURRENT PREPAYMENTS

At 30 September 2017 and 31 December 2016, current prepayments comprised the following:

	30 September 2017	31 December 2016
Prepaid insurance expenses	5,873,951	4,315,929
Other	2,004,991	2,919,985
Total	**7,878,942**	**7,235,914**

At 30 September 2017 and 31 December 2016, non-current prepayments comprised the following:

	30 September 2017	31 December 2016
Advances given for tangible assets	1,542,183	1,347,580
Other prepaid expenses	54,926	119,635
Total	**1,597,109**	**1,467,215**

21. TRADE AND OTHER RECEIVABLES AND PAYABLES

At 30 September 2017 and 31 December 2016, trade receivables to third parties comprised the following:

	30 September 2017	31 December 2016
Trade receivables	488,994,364	222,049,699
Doubtful receivables	27,626,467	25,744,460
Allowance for doubtful receivables (-)	(27,626,467)	(25,744,460)
Unearned credit finance charges (-)	(3,300,271)	(2,931,279)
Income accruals	--	175,779
Other receivables	8,652,309	402,746
Total	**494,346,402**	**219,696,945**

As of 30 September movements of doubtful receivables as below:

	2017	2016
Balance at 1 January	25,744,460	25,637,972
Current year charge	1,889,836	187,076
Collections	(7,829)	(5,655)
Balance at 30 September	**27,626,467**	**25,819,393**

(Amounts expressed in Turkish Lira unless otherwise stated.)

21. TRADE AND OTHER RECEIVABLES AND PAYABLES (continued)

At 30 September 2017 and 31 December 2016, trade and other payables to third parties comprised the following:

	30 September 2017	31 December 2016
Trade and other payables to third parties	424,547,387	292,858,336
Expense accruals	--	4,030,575
Unearned credit finance charges (-)	(4,301,046)	(2,527,057)
Total	**420,246,341**	**294,361,854**

At 30 September 2017 and 31 December 2016, long term trade and other receivables comprised the following:

Trade and other receivables	30 September 2017	31 December 2016
Deposits given(*)	12,964,979	20,170,031
Total	**12,964,979**	**20,170,031**

(*) Comprises of deposits given to Takasbank amounting to TL 11,778,762 (31 December 2016: TL 19,708,127)

The exposure to credit, liquidity and currency risk related to trade and other receivables and payables, respectively, are disclosed in Note 32.

22. CASH AND CASH EQUIVALENTS

At 30 September 2017 and 31 December 2016, cash and cash equivalents comprised the following:

	30 September 2017	31 December 2016
Cash on hand	268,134	404,486
Cash at banks	4,213,234	218,960,369
- Demand deposits	4,181,914	20,450,147
- Time deposits	--	5,091,722
- Blocked cash (*)	31,320	193,418,500
Total	**4,481,368**	**219,364,855**
Restricted cash amount	(31,320)	(193,418,500)
Cash and cash equivalents classified as asset-held-for-sale	11,304,351	15,662,073
Cash and cash equivalents presented in the consolidated statement of cash flows	**15,754,399**	**41,608,428**

(*) As at 31 December 2016, restricted cash amount is related to the consideration received for the sale of Kozbükü power plant held by İdil İki Enerji. The portion of the received consideration for the sale of Kozbükü power plant amounting to USD 55,000,000 is held by the bank in order to repay the investment loan obtained by the Group as restricted cash in the Group's accounts. The Group repaid the outstanding bank loan on 27 January 2017.

The exposure to credit and liquidity related to cash and cash equivalents are disclosed in Note 32.

(Amounts expressed in Turkish Lira unless otherwise stated.)

23. CAPITAL AND RESERVES

Paid in capital

At 30 September 2017, the Group's statutory nominal value of authorised and paid-in share capital is TL 613,169,118 (31 December 2016: TL 613,169,118) (comprising of 613,169,118 registered shares (31 December 2016: 613,169,118) having par value of TL 1 (31 December 2016: TL 1) each).

At 30 September 2017 and 31 December 2016, the shareholding structure of the Group was as follows:

	30 September 2017		**31 December 2016**	
Shareholders	**(%)**	**Amount**	**(%)**	**Amount**
Kazancı Holding	61.98	380,064,978	61.98	380,064,978
Goldman Sachs International	16.62	101,911,765	16.62	101,911,765
Public share	21.39	131,158,000	21.39	131,158,000
Other	0.01	34,375	0.01	34,375
Inflation adjustment to share capital		1,987,932		1,987,932
Paid in capital in TL (nominal)	**100.00**	**615,157,050**	**100.00**	**615,157,050**

	30 September 2017		**31 December 2016**	
Group	**(%)**	**Amount**	**(%)**	**Amount**
A Group (Registered share)	47.93	293,896,220	47.93	293,896,220
B Group (Bearer share)	52.07	319,272,898	52.07	319,272,898
Inflation adjustment to share capital		1,987,932		1,987,932
Paid in capital	**100.00**	**615,157,050**	**100.00**	**615,157,050**

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

Kazancı Holding, the parent company of Aksa Enerji, has secured USD 500 million long term credit facility arranged by Goldman Sachs International , China Development Bank, Garanti Bankası and İş Bankası. 68.86% of issued capital of Aksa Enerji are pledged as security of the credit facility to Garanti Bankası acting as security agent.

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

Legal reserves

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

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

Group's statutory accounts until it reaches 20% of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5% of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5% of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 30 September 2017, legal reserves of the Group amounted to TL 48,267,560 (31 December 2016: TL 44,342,753).

(Amounts expressed in Turkish Lira unless otherwise stated.)

23. CAPITAL AND RESERVES (continued)

Share premium

Share premium represents differences resulting from the sale of the Group's shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies. As at 30 September 2017, the share premiums amounting to TL 247,403,635 (31 December 2016: TL 247,403,635) consist of the share premiums from the initial public offering in 2010 and capital increase in 2012 by TL 96,523,266 and TL 150,880,369, respectively.

Actuarial gain/loss:

Actuarial gain/loss reserves comprises actuarial gains and losses recognised in other comprehensive income based on IAS 19 (2011).

Cash flow hedge reserve

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

Translation reserve

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

Dividend distribution

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

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

Non-controlling interests

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

As at 30 September 2017 and 31 December 2016 the related amounts in the "Non-controlling interests" in the consolidated interim statement of financial position are respectively TL 39,566,192 asset and TL 2,337,947 liability. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "Non-controlling interests" in the consolidated interim financial statements.

24. LOSS PER SHARE

The calculation of basic and diluted loss per share at 30 September 2017 and 2016 is as follows:

	1 January- 30 September 2017	1 January- 30 September 2016
Numerator:		
Loss for the period attributable to equity holders	(23,249,445)	(87,359,618)
Weighted average number of shares	613,169,118	613,169,118
Basic and diluted profit per share (full TL)	(0.038)	(0.142)

(Amounts expressed in Turkish Lira unless otherwise stated.)

25. LOANS AND BORROWINGS

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

	30 September 2017	31 December 2016
Current liabilities		
Short term bank loans	257,689,687	377,122,889
Current portion of the long term bank loans	886,977,211	658,708,167
Finance lease liabilities	751,842	18,696,630
Total	**1,145,418,740**	**1,054,527,686**
Non-current liabilities		
Long term bank loans	1,096,757,538	1,296,240,646
Finance lease liabilities	68,660	70,501,322
Total	**1,096,826,198**	**1,366,741,968**
Total loans and borrowings	**2,242,244,938**	**2,421,269,654**

The Group's total bank loans and finance lease liabilities as at 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Bank loans	2,241,424,436	2,332,071,702
Finance lease liabilities	820,502	89,197,952
Total	**2,242,244,938**	**2,421,269,654**

Redemption schedules of the Group's bank loans according to original maturities as at 30 September 2017 are as follows:

30 September 2017			
Maturity	**Currency**	**Original Amount**	**TL Amount**
0-12 months	USD	154,634,935	549,278,752
	EUR	13,916,986	58,345,574
	TL	537,042,572	537,042,572
1-2 year	USD	44,721,786	158,856,254
	EUR	13,083,412	54,850,896
	TL	249,935,187	249,935,187
2-3 year	USD	33,110,904	117,613,244
	EUR	3,895,572	16,331,797
	TL	99,861,758	99,861,758
3-4 year	USD	25,272,604	89,770,815
	EUR	1,543,076	6,469,192
	TL	34,889,560	34,889,560
4-5 year	USD	22,437,832	79,701,424
	TL	22,956,278	22,956,278
5 year and more	USD	46,368,448	164,705,364
	TL	815,769	815,769
Total			**2,241,424,436**

(Amounts expressed in Turkish Lira unless otherwise stated.)

25. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2016 are as follows:

31 December 2016			
Maturity	**Currency**	**Original Amount**	**TL Amount**
0-12 months	USD	84,381,738	296,956,211
	EUR	14,763,984	54,772,903
	TL	684,101,942	684,101,942
1-2 year	USD	46,839,672	164,838,174
	EUR	13,203,152	48,982,373
	TL	210,519,783	210,519,783
2-3 year	USD	44,446,723	156,416,907
	EUR	9,894,615	36,708,033
	TL	22,849,844	22,849,844
3-4 year	USD	35,625,416	125,372,963
	EUR	3,338,969	12,387,242
4-5 year	USD	30,689,744	108,003,346
	EUR	1,431,137	5,309,374
5 year and more	USD	114,959,159	404,564,272
	EUR	77,720	288,335
Total			**2,332,071,702**

Terms and debt repayment schedule

The breakdown of bank loans as at 30 September 2017 is as follows:

Original Currency	**Nominal Interest rate %**	**Nominal Value**	**Carrying Amount**
TL	% 12.00 -18.50	938,001,815	946,055,462
USD	6MLibor +%0.15-6MLibor+%6.35	1,126,019,856	1,159,925,853
EUR	Euribor6M+% 1.60 - % 6.50	126,357,779	135,443,121
Total		**2,190,379,450**	**2,241,424,436**

As at 30 September 2017, the Group's interest expense accrual charge is TL 18,974,012.

The breakdown of bank loans as at 31 December 2016 is as follows:

Original Currency	**Nominal Interest rate %**	**Nominal Value**	**Carrying Amount**
TL	%11.50-3MTRL Libor+%7.00	896,697,513	917,471,569
USD	Libor +%0.15 – %6.35	1,175,894,001	1,256,151,873
EUR	Euribor +%1.80 –Euribor +%6.50	154,245,049	158,448,260
Total		**2,226,836,563**	**2,332,071,702**

(Amounts expressed in Turkish Lira unless otherwise stated.)

25. LOANS AND BORROWINGS (continued)

The breakdown of finance lease as at 30 September 2017 is as follows:

30 September 2017			
Maturity	**Currency**	**Original Amount**	**TL Amount**
0-12 Months	EUR	179,335	751,842
1-2 Year	EUR	16,377	68,660
Total			**820,502**

The breakdown of financial liabilities as at 31 December 2016 is as follows:

31 December 2016			
Maturity	**Currency**	**Original Amount**	**TL Amount**
0-12 Months	EUR	5,039,659	18,696,630
1-2 Year	EUR	4,275,230	15,860,676
2-3 Year	EUR	3,265,769	12,115,676
3-4 Year	EUR	2,901,102	10,762,800
4-5 Year	EUR	2,819,899	10,461,544
5 Year and more	EUR	5,741,563	21,300,626
Total			**89,197,952**

26. OTHER FINANCIAL LIABILITIES

Other short term financial liabilities

At 30 September 2017 and 31 December 2016, other short term financial liabilities comprised the following:

Other short term financial liabilities	30 September 2017	31 December 2016
Factoring liabilities	170,988,061	127,736,250
Short term portions of the long term bond issued	220,423,785	163,062,228
Other financial liabilities	7,113	5,502
Total	**391,418,959**	**290,803,980**

Other long term financial liabilities

At 30 September 2017 and 31 December 2016, other long term financial liabilities comprised the following:

Other long term financial liabilities	30 September 2017	31 December 2016
Factoring liabilities	25,089,274	77,228,969
Bond issued	118,297,703	174,083,496
Total	**143,386,977**	**251,312,465**

(Amounts expressed in Turkish Lira unless otherwise stated.)

26. OTHER FINANCIAL LIABILITIES (continued)

Other long term financial liabilities (continued)

The Group issued a bond at a nominal amount of TL 135,000,000, to be paid quarterly within 2 years maturity bond at 3.5300% coupon rate on 18 November 2015. The maturity date of this bond is on 15 November 2017.

The Group issued a bond at a nominal amount of TL 60,000,000, to be paid quarterly within 2 years maturity bond at 3.3763 % coupon rate on 24 June 2016. The maturity date of this bond is on 28 June 2018.

The Group issued a bond at a nominal amount of TL 140,000,000, to be paid quarterly within 3 years maturity bond at 3.6795% coupon rate on 24 June 2016. The maturity date of this bond is on 26 June 2019.

The breakdown of factoring as at 30 September 2017 and 31 December 2016 is as follows:

30 September 2017

Maturity	Currency	TL Amount
Less than 1 year	TL	170,988,062
1-2 years	TL	23,996,893
2-3 years	TL	1,092,380
Total		**196,077,335**

31 December 2016

Maturity	Currency	TL Amount
Less than 1 year	TL	127,736,250
1-2 years	TL	63,026,631
2-3 years	TL	14,202,338
Total		**204,965,219**

The breakdown of bonds issues as at 30 September 2017 and 31 December 2016 is as follows:

30 September 2017

Maturity	Currency	TL Amount
Less than 1 year	TL	220,423,785
1-2 Year	TL	118,297,703
Total		**338,721,488**

31 December 2016

Maturity	Currency	TL Amount
Less than 1 year	TL	163,062,228
1-2 Year	TL	67,754,857
2-3 Year	TL	106,328,639
Total		**337,145,724**

(Amounts expressed in Turkish Lira unless otherwise stated.)

27. EMPLOYEE BENEFITS

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

Such payments are calculated on the basis of 30 days' pay maximum full TL 4,732 as at 30 September 2017 (31 December 2016: full TL 4,297) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of Group from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the Government.

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated interim financial statements as at 30 September 2017, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 30 September 2017 has been calculated assuming an annual inflation rate of 6.50% and a discount rate of 10.50% resulting in a real discount rate of approximately 3.76% (31 December 2016: annual inflation rate of 6.50% and a discount rate of 10.50% resulting in a real discount rate of approximately 3.76%). It is planned that retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

The amount of the reserve for employee severance indemnity during the as at and for nine month periods ended 30 September was as follows:

	2017	**2016**
Balance at 1 January	**2,899,099**	**4,385,783**
Interest cost	155,331	1,190,150
Service cost	1,299,552	1,942,146
Payment made during the period	(1,001,810)	(2,061,605)
Transfer to liability held for sale	(46,535)	--
Actuarial difference	545,016	(2,202,824)
Balance at 30 September	**3,850,653**	**3,253,650**

(Amounts expressed in Turkish Lira unless otherwise stated.)

28. OTHER CURRENT LIABILITIES

At 30 September 2017 and 31 December 2016, other current liabilities comprised the following:

	30 September 2017	31 December 2016
Advances received (*)	134,102,362	1,907,905
Due to personnel	5,071,580	3,026,921
Social security withholdings payable	2,902,128	1,834,245
Total	**142,076,070**	**6,769,071**

(*) TL 134,102,362 of advances received comprise of advances received for the sale of Şamlı wind power plant to Fernas Şirketler Grubu.

29. PROVISIONS

At 30 September 2017 and 2016, provisions comprised the following:

	Lawsuits	Vacation pay liability	Other provisions	Total
Balance as of 1 January 2017	257,071	1,777,690	--	2,034,761
Provision set during the period	14,209	143,529	--	157,738
Balance as of 30 September 2017	**271,280**	**1,921,219**	**--**	**2,192,499**
Balance as of 1 January 2016	592,178	--	398,138	990,316
Provision set during the period	395,958	1,884,471	--	2,280,429
Provisions no longer required	(480,318)	--	(398,138)	(878,456)
Balance as of 30 September 2016	**507,818**	**1,884,471**	**--**	**2,392,289**

30. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2017 and 31 December 2016, derivative financial instruments comprised the following:

	30 September 2017		31 December 2016	
	Carrying value		Carrying value	
Derivative financial instruments	**Asset**	**Liability**	**Asset**	**Liability**
Held for trading	--	--	5,165,563	--
Cash flow hedges	1,330,620	--	1,339,627	--
Total	**1,330,620**	**--**	**6,505,190**	**--**

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

Further disclosure regarding the derivative contracts of the Group are explained at Note 32.

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Collateral / Pledge / Mortgage ("CPM")

As of 30 September 2017 and 31 December 2016, the Group's collateral, pledge and mortgage (CPM) position is disclosed as follows:

	30 September 2017	31 December 2016
A. CPM given for companies own legal personality	2,093,174,735	2,156,051,163
B. CPM given in behalf of fully consolidated companies	1,599,351,133	2,402,618,776
C. CPM given for continuation of its economic activities on behalf of third parties	--	--
D. Total amount of other CPM's	--	--
i. Total amount of CPM's given on behalf of majority shareholder	--	--
ii. Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C	--	--
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--
Total CPM	**3,692,525,868**	**4,558,669,939**

Letters of guarantees given to:

30 September 2017	TL	USD	EUR	CHF	TL Equivalent
Banks	--	--	2,457,143	--	10,301,325
Botaş–Petroleum Pipeline Corporation	665,042	--	--	--	665,042
Electricity distribution companies	2,405,444	--	--	--	2,405,444
Energy Market Regulatory Authority	57,558,000	--	--	--	57,558,000
Enforcement offices	1,029,303	--	--	--	1,029,303
Turkey Electricity Transmission Company (TEIAS)	12,470,208	2,062,080	100,000		20,214,162
Turkish Coal Enterprise	4,525,476				4,525,476
Other	41,422,408	3,000,000	1,250,000	800,000	60,241,448
Total	**120,075,881**	**5,062,080**	**3,807,143**	**800,000**	**156,940,200**

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

31 December 2016	TL	USD	EUR	CHF	TL Equivalent
Banks	--	5,410,903	16,894,604	--	81,719,343
Botaş–Petroleum Pipeline Corporation	--	11,084,184	--	--	39,007,460
Electricity distribution companies	1,682,487	--	--	--	1,682,487
Republic of Turkey Energy Market Regulatory Authority	29,831,720	--	--	--	29,831,720
Ministry of Custom and Trade	--	--	1,250,000	--	4,637,375
Enforcement offices	874,423	--	--	--	874,423
Special provincial administration	39,646	--	--	--	39,646
Electricity Authority of TRNC	--	3,000,000	--	--	10,577,077
Turkey Electricity Distribution Company (TEDAS)	15,526,862	--	--	--	15,526,862
Turkey Electricity Transmission Company (TEIAS)	30,142,738	3,395,119	--	--	42,461,832
Other	63,772,709	50,000	78	800,000	73,020,065
Total	**141,870,585**	**22,940,206**	**18,144,682**	**800,000**	**299,378,290**

Guarantees received

At 30 September 2017 and 31 December 2016, the details of guarantees received is as follows:

Type of guarantees	TL	USD	EUR	30 September 2017 TL Equivalent
Letter of guarantee	179,374,887	1,057,750	2,362,400	192,994,042
Notes taken for colleterals	26,303,905	1,050,574	1,195,912	35,007,472
Cheques taken for colleterals	13,656,533	28,000	3,456,000	28,243,809
Mortgage	700,000	--	--	700,000
Total	**220,035,325**	**2,136,324**	**7,014,312**	**256,945,323**

Type of guarantees	TL	USD	EUR	31 December 2016 TL Equivalent
Letter of guarantee	194,888,160	2,272,750	3,850,000	217,169,537
Notes taken for colleterals	26,668,303	1,050,574	935,112	33,834,655
Cheques taken for colleterals	12,196,533	28,000	3,546,000	25,450,376
Mortgage	700,000	--	--	700,000
Total	**234,452,996**	**3,351,324**	**8,331,112**	**277,154,568**

(Amounts expressed in Turkish Lira unless otherwise stated.)

32. FINANCIAL INSTRUMENTS

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 30 September 2017 and 31 December 2016 is:

	Receivables				
	Trade receivables		**Other receivables**		
30 September 2017	**Related Parties**	**Other**	**Related Parties**	**Other**	**Deposits at banks**
Maximum credit risk exposed to as at 30 September 2017 (A+B+C+D+E)	43,827,702	485,694,093	359,613	8,652,309	4,213,234
A. Carrying amount of financial assets not overdue or not impaired	43,827,702	485,694,093	359,613	8,652,309	4,213,234
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	--	--	--	--	--
C. Carrying amount of financial assets overdue but not impaired	--	--	--	--	--
D. Carrying amount of assets impaired	--	--	--	--	--
- Overdue (gross book value)	3,410,559	19,539,036	--	8,087,430	--
- Impairment (-)	(3,410,559)	(19,539,036)	--	(8,087,430)	--
E. Off balance sheet items with credit risk	--	--	--	--	--

	Receivables				
	Trade receivables		**Other receivables**		
31 December 2016	**Related Parties**	**Other**	**Related Parties**	**Other**	**Deposits at banks**
Maximum credit risk exposed to as at 31 December 2016 (A+B+C+D+E)	51,191,182	219,294,198	8,746,570	402,747	218,960,369
A. Carrying amount of financial assets not overdue or not impaired	51,191,182	219,294,198	8,746,570	402,747	218,960,369
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	--	--	--	--	--
C. Carrying amount of financial assets overdue but not impaired	--	--	--	--	--
D. Carrying amount of assets impaired	--	--	--	--	--
- Overdue (gross book value)	3,410,559	17,649,201	--	8,095,259	--
- Impairment (-)	(3,410,559)	(17,649,201)	--	(8,095,259)	--
E. Off balance sheet items with credit risk	--	--	--	--	--

(Amounts expressed in Turkish Lira unless otherwise stated.)

32. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

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

30 September 2017	Carrying amount	Contractual cash flows (=I+II+III +IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	**2,777,050,874**	**3,367,635,087**	**542,186,959**	**1,184,933,461**	**1,348,051,617**	**292,463,050**
Financial liabilities	2,241,424,436	2,756,010,604	364,157,231	961,331,675	1,138,058,648	292,463,050
Financial lease liabilities	820,502	1,040,978	193,555	580,666	266,757	--
Other financial liabilities	534,805,936	610,583,505	177,836,173	223,021,120	209,726,212	--
Derivative financial liabilities	**(1,330,620)**	**63,433,580**	**50,412,540**	**13,021,040**	**--**	**--**
Cash inflow	--	(50,746,864)	(40,330,032)	(10,416,832)	--	--
Cash outflow	--	114,180,444	90,742,572	23,437,872	--	--

	Carrying amount	Contractual cash flows (=I+II+III +IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities	**470,014,743**	**474,315,789**	**474,315,789**	--	--	--
Trade payables to related parties	39,392,154	39,392,154	39,392,154	--	--	--
Trade and other payables to third parties	420,246,341	424,547,387	424,547,387	--	--	--

31 December 2016	Carrying amount	Contractual cash flows (=I+II+III +IV+V)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	**2,963,386,099**	**3,532,106,899**	**533,303,690**	**993,854,139**	**1,640,473,713**	**364,475,357**
Financial liabilities	2,332,071,702	2,770,731,940	478,857,221	712,769,847	1,230,067,275	349,037,597
Financial lease liabilities	89,197,952	109,863,293	5,202,715	14,196,234	75,026,584	15,437,760
Other financial liabilities	542,116,445	651,511,666	49,243,754	266,888,058	335,379,854	--
Derivative financial liabilities	**(6,505,190)**	**(5,695,986)**	**(2,475,895)**	**(3,220,091)**	--	--
Cash inflow	--	(251,254,451)	(92,769,984)	(158,484,467)	--	--
Cash outflow	--	245,558,465	90,294,089	155,264,376	--	--

	Carrying amount	Contractual cash flows (=I+II+III +IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities	**355,020,675**	**357,547,732**	**357,547,732**	--	--	--
Trade payables to related parties	64,689,396	64,689,396	64,689,396	--	--	--
Trade and other payables to third parties	294,361,854	296,888,911	296,888,911	--	--	--

(Amounts expressed in Turkish Lira unless otherwise stated.)

32. FINANCIAL INSTRUMENTS (continued)

Currency risk

The summary of quantitative data about the Group entities' exposure to foreign currency risk as follows. Excluded foreign functional currency transactions.

FOREIGN CURRENCY RISK					
30 September 2017					
	TL Equivalent	**USD**	**EUR**	**GBP**	**CHF**
1. Trade receivables	52,244,366	14,054,626	553,604	--	--
2a. Monetary financial assets	11,964,738	3,143,564	188,486	1,743	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	--	--	--	--	--
4. CURRENT ASSETS	**64,209,104**	**17,198,190**	**742,090**	**1,743**	**--**
5. Trade receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
8. NON-CURRENT ASSETS	**--**	**--**	**--**	**--**	**--**
9. TOTAL ASSETS	**64,209,104**	**17,198,190**	**742,090**	**1,743**	**--**
10. Trade payables	268,962,091	51,502,620	19,975,440	91,461	503,822
11. Financial liabilities (*)	608,376,168	154,634,935	14,096,321	--	--
12a. Other financial liabilities	--	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--
13. SHORT TERM LIABILITIES	**877,338,259**	**206,137,555**	**34,071,761**	**91,461**	**503,822**
14. Trade payables	--	--	--	--	--
15. Financial liabilities	688,367,647	171,911,574	18,538,438	--	--
16a. Other financial liabilities	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--
17. LONG TERM LIABILITIES	**688,367,647**	**171,911,574**	**18,538,438**	**--**	**--**
18. TOTAL LIABILITIES	**1,565,705,906**	**378,049,129**	**52,610,199**	**91,461**	**503,822**
19. Off statement of financial position derivatives net asset/liability position	**287,159,241**	**80,842,105**	--	--	--
19a. Hedged portion of foreign currency assets	**287,159,241**	**80,842,105**	--	--	--
19b. Hedged portion of foreign currency liabilities	--	--	--	--	--
20. Net foreign currency asset liability position	**(1,214,337,561)**	**(280,008,834)**	**(51,868,109)**	**(89,718)**	**(503,822)**
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(1,501,496,802)**	**(360,850,939)**	**(51,868,109)**	**(89,718)**	**(503,822)**
22. Fair value of derivative instruments used in foreign currency hedge	**(1,330,620)**	**(374,601)**	--	--	--
23. Hedged portion of foreign currency assets	**--**	**--**	--	--	--
24. Hedged portion of foreign currency liabilities	**--**	**--**	--	--	--

(*) Includes the balances of assets and liabilities held for sale.

(Amounts expressed in Turkish Lira unless otherwise stated.)

32. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

FOREIGN CURRENCY RISK					
31 December 2016					
	TL Equivalent	**USD**	**EUR**	**GBP**	**CHF**
1. Trade receivables	5,435,658	370,206	1,114,000	--	--
2a. Monetary financial assets	221,323,607	62,862,062	25,785	875	--
2b. Non-monetary financial assets	21,114,948	3,962,609	1,932,595	--	--
3. Other	--	--	--	--	--
4. CURRENT ASSETS	**247,874,213**	**67,194,877**	**3,072,380**	**875**	**--**
5. Trade receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
8. NON-CURRENT ASSETS	**--**	**--**	**--**	**--**	**--**
9. TOTAL ASSETS	**247,874,213**	**67,194,877**	**3,072,380**	**875**	**--**
10. Trade payables	50,948,090	7,490,130	6,594,651	27,501	1,322
11. Financial liabilities(*)	501,340,663	101,202,264	39,135,733	--	--
12a. Other financial liabilities	--	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--
13. SHORT TERM LIABILITIES	**552,288,753**	**108,692,394**	**45,730,384**	**27,501**	**1,322**
14. Trade payables	--	--	--	--	--
15. Financial liabilities	1,362,824,559	311,855,156	71,523,193	--	--
16a. Other financial liabilities	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--
17. LONG TERM LIABILITIES	**1,362,824,559**	**311,855,156**	**71,523,193**	**--**	**--**
18. TOTAL LIABILITIES	**1,915,113,312**	**420,547,550**	**117,253,577**	**27,501**	**1,322**
19. Off statement of financial position derivatives net asset/liability position	--	--	--	--	--
19a. Hedged portion of foreign currency assets	--	--	--	--	--
19b. Hedged portion of foreign currency liabilities	--	--	--	--	--
20. Net foreign currency asset liability position	**(1,667,239,099)**	**(353,352,673)**	**(114,181,197)**	**(26,626)**	**(1,322)**
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(1,688,354,047)**	**(357,315,282)**	**(116,113,792)**	**(26,626)**	**(1,322)**
22. Fair value of derivative instruments used in foreign currency hedge	**(1,343,145)**	**(381,662)**	**--**	**--**	**--**
23. Hedged portion of foreign currency assets	--	--	--	--	--
24. Hedged portion of foreign currency liabilities	**302,280,758**	**85,894,737**	**--**	**--**	**--**

(*) Includes the balances of assets and liabilities held for sale.

(Amounts expressed in Turkish Lira unless otherwise stated.)

32. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

Foreign currency risk sensitivity analysis

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

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

Sensitivity Analysis				
30 September 2017				
	Profit/Loss		**Equity**	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the USD				
1 - USD net asset / liability	(128,177,862)	128,177,862	(128,177,862)	128,177,862
2- Portion secured from USD(-)	28,715,924	(28,715,924)	28,715,924	(28,715,924)
3- USD net effect (1 +2)	**(99,461,938)**	**99,461,938**	**(99,461,938)**	**99,461,938**
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	(21,745,186)	21,745,186	(21,745,186)	21,745,186
5 - Portion secured from Euro (-)	--	--	--	--
6 - Euro net effect (4+5)	**(21,745,186)**	**21,745,186**	**(21,745,186)**	**21,745,186**
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(226,632)	226,632	(226,632)	226,632
8- Portion secured from other currency (-)	--	--	--	--
9- Other currency net effect (7+8)	**(226,632)**	**226,632**	**(226,632)**	**226,632**
Total (3+6+9)	**(121,433,756)**	**121,433,756**	**(121,433,756)**	**121,433,756**

Sensitivity Analysis				
30 September 2016				
	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	(122,745,534)	122,745,534	(122,745,534)	122,745,534
2- Portion secured from USD(-)	24,619,219	(24,619,219)	24,619,219	(24,619,219)
3- USD net effect (1 +2)	**(98,126,315)**	**98,126,315**	**(98,126,315)**	**98,126,315**
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	(35,076,102)	35,076,102	(35,076,102)	35,076,102
5 - Portion secured from Euro (-)	--	--	--	--
6 - Euro net effect (4+5)	**(35,076,102)**	**35,076,102**	**(35,076,102)**	**35,076,102**
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(30,882)	30,882	(30,882)	30,882
8- Portion secured from other currency (-)	--	--	--	--
9- Other currency net effect (7+8)	**(30,882)**	**30,882**	**(30,882)**	**30,882**
Total (3+6+9)	**(133,233,299)**	**133,233,299**	**(133,233,299)**	**133,233,299**

(Amounts expressed in Turkish Lira unless otherwise stated.)

32. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis (continued)

Interest rate risk

Profile

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

Interest rate position		
	30 September 2017	**31 December 2016**
Fixed rate instruments		
Financial assets	--	5,091,722
Financial liabilities	1,338,069,011	1,212,305,246
Other financial liabilities	534,805,936	542,116,445
Variable rate instruments		
Financial liabilities	904,175,927	1,208,964,408

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates as at 30 September 2017 would have increased / (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as at 31 December 2016.

	Profit or loss		**Equity**	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
30 September 2017				
Variable rate instruments	15,183,713	(9,084,398)	15,183,713	(9,084,398)
Cash flow sensivity (net)	**6,099,315**	**--**	**6,099,315**	**--**
31 December 2016				
Variable rate instruments	4,413,217	(1,564,291)	4,413,217	(1,564,291)
Cash flow sensivity (net)	**2,848,926**	**--**	**2,848,926**	**--**

(Amounts expressed in Turkish Lira unless otherwise stated.)

32. FINANCIAL INSTRUMENTS (continued)

Capital risk management

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

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

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

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

The following table sets out the gearing ratios as of 30 September 2017 and 31 December 2016:

	30 September 2017	**31 December 2016**
Total financial liabilities	2,777,050,874	2,963,386,099
Less: cash and cash equivalents	(4,481,368)	(219,364,855)
Net financial debt	**2,772,569,506**	**2,744,021,244**
Total equity	411,220,047	490,264,909
Gearing ratio (net financial debt to overall financing used ratio)	**%674**	**559%**

(Amounts expressed in Turkish Lira unless otherwise stated.)

32. FINANCIAL INSTRUMENTS (continued)

Fair values

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

	30 September 2017		31 December 2016	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Cash and cash equivalents	4,481,368	4,481,368	219,364,855	219,364,855
Financial investments	412,408	412,408	412,408	412,408
Trade and other receivables(*)	530,450,476	530,450,476	270,418,891	270,418,891
Derivative assets	1,330,620	1,330,620	6,505,190	6,505,190
Financial liabilities				
Financial liabilities	2,242,244,938	2,242,244,938	2,421,269,654	2,421,269,654
Trade and other payables (**)	450,977,961	450,977,961	342,467,988	342,467,988
Other financial liabilities	534,805,936	534,805,936	542,116,445	542,116,445

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

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

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

Fair value hierarchy

The table below analyses financial instruments measured their fair value, by valuation method. Fair value hierarchy table as at 30 September 2017 and 31 December 2016 is as follows:

	Fair value measurement			
30 September 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Derivative assets	--	1,330,620	--	1,330,620
Total	**--**	**1,330,620**	**--**	**1,330,620**
31 December 2016				
Financial assets measured at fair value:				
Derivative assets	--	6,505,190	--	6,505,190
Total	**--**	**6,505,190**	**--**	**6,505,190**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES

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

Parent and ultimate controlling party

The controlling party of the Group is Kazancı Holding, with an interest of 61.98% in the Group's share capital.

Key management personnel compensation

The remuneration of directors and other members of key management during year comprised the following:

	1 January-30 September 2017	**1 January-30 September 2016**
Short-term and long-term employee benefits (salaries, bonuses, employee termination benefits etc.)	1,730,805	2,798,506
	1,730,805	**2,798,506**

As at 30 September 2017 and 31 December 2016, none of the Group's directors and executive officers has outstanding personnel loans from the Group. As at 30 September 2017 and 31 December 2016, the Group did not issue any loans to the directors and executive officers.

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Other related party balances

	30 September 2017		31 December 2016	
Short term due from related parties	**Trade**	**Other**	**Trade**	**Other**
Trade receivables due from related parties	43,827,702	359,613	51,191,182	8,746,570
Total	**43,827,702**	**359,613**	**51,191,182**	**8,746,570**

	30 September 2017		31 December 2016	
Due from Kazancı Holding's associates and subsidiaries:	**Trade**	**Other**	**Trade**	**Other**
Aksa Elektrik Satış A.Ş.	30,002,789	--	18,064,023	--
Aksa Jeneratör Sanayi A.Ş.	2,522,372	--	766,757	--
Aksa Elektrik Perakande Satış A.Ş	47,991	--	--	--
Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş.	--	225,078	18,038	1,612,027
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	--	--	6,219,517	--
Kazancı Holding	--	134,535	3,663,739	6,752,058
Other	844,573	--	53,050	--
	33,417,725	**359,613**	**28,785,124**	**8,364,085**
Due from Kazancı Holding's indirect investments and subsidiaries:	**Trade**	**Other**	**Trade**	**Other**
Aksa International Ltd.	--	--	3,027,389	--
Aksa Satış ve Pazarlama A.Ş.	271,951	--	13,788,009	--
Çoruh Elektrik Dağıtım A.Ş	--	--	4,491,513	--
Çoruh Elektrik Perakende Satış A.Ş.	907,749	--	--	--
Fırat Elektrik Perakende Satış A.Ş.	8,257,175	--	--	--
Other	5,674	--	--	--
	9,442,549	**--**	**21,306,911**	**--**
Due from related parties:	**Trade**	**Other**	**Trade**	**Other**
Flamingo Enerji Üretim ve Satış A.Ş.				
Koni İnşaat A.Ş	779,551	--	1,098,053	--
Other	--	--	1,094	18,639
	967,429	**--**	**1,099,147**	**382,485**
Total	**43,827,702**	**359,613**	**51,191,182**	**8,746,570**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Other related party balances (continued)

	30 September 2017		31 December 2016	
Short term due to related parties	**Trade**	**Other**	**Trade**	**Other**
Trade payables due to related parties	39,351,936	40,218	64,689,396	--
Total	**39,351,936**	**40,218**	**64,689,396**	**--**

	30 September 2017		31 December 2016	
Due to Kazancı Holding's associates and subsidiaries:	**Trade**	**Other**	**Trade**	**Other**
Aksa Elektrik Satış A.Ş.	19,698	--	171,777	--
ATK Sigorta Aracılık Hizmetleri A.Ş.	11,518,464	--	8,774,002	--
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	5,406,433	--	9,115,589	--
Aksa Havacılık A.Ş.	102,536	--	33,536	--
Aksa Manisa Doğalgaz Dağıtım A.Ş.	5,578,324	--	9,027,923	--
Aksa Jeneratör Sanayi A.Ş.	312,202	--	35,521,673	--
Other	557,263	--	12,210	--
Total	**23,494,920**	**--**	**62,656,710**	--
Due to Kazancı Holding's indirect investments and subsidiaries:	**Trade**	**Other**	**Trade**	**Other**
Aksa Far East PTE Ltd	1,803,977	--	918,564	--
Aksa Power Generation Fze.	872,285	--	705,841	--
Çoruh Elektrik Perakende Satış A.Ş	9,457,470	40,218	--	--
Other	--	--	148,325	--
Total	**12,133,732**	**40,218**	**1,772,730**	--
Due to Kazancı Holding's indirect investments and subsidiaries:	**Trade**	**Other**	**Trade**	**Other**
Koni İnşaat A.Ş				
Elektrik Altyapı Hizmetleri Ltd. Şti.	315,368	--	212,171	--
Flamingo Enerji Üretim ve Satış A.Ş.	3,385,075	--	--	--
Other	--	--	9,899	--
Total	**3,723,284**	**--**	**259,956**	**--**
Total	**39,351,936**	**40,218**	**64,689,396**	**--**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Related party transactions

	1 January – 30 September2017		1 July – 30 September 2017		1 January – 30 September 2016		1 July – 30 September 2016	
Sales to Kazancı Holding's associates and subsidiaries:	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**
Aksa Elektrik Satış A.Ş.	303,476,679	53,656	71,664,450	9,062	607,284,826	--	196,104,466	--
Other	411,180	154,878	410,980	114,097	--	14,600	--	11,841
	303,887,859	**208,534**	**72,075,430**	**123,159**	**607,284,826**	**14,600**	**196,104,466**	**11,841**
Sales to Kazancı Holding's indirect investments and subsidiaries	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**
Çoruh Elektrik Perakende Satış A.Ş.	85,560,786	--	38,240,727	--	61,955,488	--	28,895,351	--
Fırat Aksa Elektrik Perakende Satış A.Ş.	44,145,978	--	20,682,961	--	37,179,999	2,443	18,922,241	--
Other	50,000	2,511	1,407	2,511	--	200	--	--
	129,756,764	**2,511**	**58,925,095**	**2,511**	**99,135,487**	**2,643**	**47,817,592**	**--**
Sales to related parties:	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**
Koni İnşaat A.Ş	14,947,740	450,122	393,340	297,633	--	156,558	--	43,075
Other	157,129	14,830	157,129	9,814	--	122	--	--
	15,104,869	**464,952**	**550,469**	**307,447**	**--**	**156,680**	**--**	**43,075**
Total	**448,749,492**	**675,997**	**131,550,994**	**433,117**	**706,420,313**	**173,923**	**243,922,058**	**54,916**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Related party transactions (continued)

	1 January – 30 September 2017		1 July – 30 September 2017		1 January – 30 September 2016		1 July – 30 September 2016	
Purchases from Kazancı Holding's associates and subsidiaries:	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	35,470,822	--	8,901,380	--	28,599,957	--	2,346,684	--
Aksa Manisa Doğalgaz Dağıtım A.Ş.	30,214,513	3,663	8,503,471	--	13,995,114	--	1,561,885	--
Aksa Elektrik Satış A.Ş.	13,627,146	116,794	3,781,073	97,376	53,542,807	370,102	17,179,585	370,102
Kazancı Holding	3,588,250	405,069	--	135,023	--	361,005	--	122,082
Aksa Jeneratör Sanayi A.Ş.	14,287	10,086	2,053	--	25,649,484	95,235	10,018	3,690
Aksa Doğal Gaz Toptan Satış A.Ş.	14,722,842	--	11,986,745	--	72,121,364	--	46,445,534	--
ATK Sigorta Aracılık Hizmetleri A.Ş.	1,936,993	3,547,508	485,204	309,755	--	--	--	--
Other	18.923	1,944,357	1,098	4,602	3,533	629	2,120	--
Total	**99,593,776**	**6,027,477**	**33,661,024**	**546,756**	**193,912,259**	**826,971**	**67,545,826**	**495,874**

Purchases to Kazacı Holding's indirect investments and subsidiaries	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**
Çoruh Elektrik Perakende Satış A.Ş.	4,077,903	--	445,995	--	2,564,261	--	1,335,294	--
Fırat Elektrik Perakende Satış A.Ş.	2,875,519	--	398,187	--	3,618,303	--	523,173	--
Aksa Power Generation	--	--	--	--	3,783,454	--	278,819	--
Çoruh Elektrik Dağıtım A.Ş.	--	--	--	--	--	408,136	--	--
Aksa Servis ve Yedek Parça A.Ş.	--	--	--	--	1,069	660,076	857	657,143
Other	145,987	74,156	13,428	290	2,870	19,456	1,967	427
	7,099,409	**74,156**	**857,610**	**290**	**9,969,957**	**1,087,668**	**2,140,110**	**657,570**

Purchases to Kazacı Holding's indirect investments and subsidiaries	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**	**Goods Services**	**Other**
Koni İnşaat A.Ş	735	1,753,876	--	567,947	81,069	1,560,076	45,727	475,762
Elektrik Altyapı Hizmetleri Ltd. Şti.	--	--	--	--	--	960,550	--	316,804
Other	302,364	1,025,449	161,809	330,407	--	9,505	--	6,120
	303,099	**2,779,325**	**161,809**	**898,354**	**81,069**	**2,530,131**	**45,727**	**798,686**
Total	**106,996,284**	**8,880,958**	**34,680,443**	**1,445,400**	**203,963,285**	**4,444,770**	**69,731,663**	**1,952,130**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Related party transaction (continued)

Financial income from related parties

	1 January – 30 September 2017	1 July – 30 September 2017	1 January – 30 September 2016	1 July – 30 September 2016
Kazancı Holding's associates and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Aksa Elektrik Satış A.Ş.	3,931,431	2,402,442	3,882,954	2,576
Aksa Jeneratör Sanayi A.Ş.	1,345,285	46,242	474,345	54,155
Datça Rüzgar Enerjisi Elektrik Üretim A.Ş.	391,184	60,808	--	--
Kazancı Holding	7,022	--	1,765,167	933,216
Other	3,351	3,351	7,667	4,763
	5,678,273	**2,512,843**	**6,130,133**	**994,710**
Kazancı Holding's indirect investments and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Çoruh Elektrik Perakende Satış A.Ş.	177,471	--	69,344	68,574
Fırat Elektrik Perakende Satış A.Ş.	422,095	257,131	69,891	69,114
Other	2,863	2,863	--	--
	602,429	**259,994**	**139,235**	**137,688**
Purchases to Kazancı Holding's indirect investments and subsidiaries	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Koni İnşaat A.Ş.	327,203	1,193	1,987	482
Flamingo Enerji Üretim ve Satış A.Ş.	28,300	--	24,910	10,212
Other	22,818	12,767	--	--
	378,321	**13,960**	**26,897**	**10,694**
Total	**6,659,023**	**2,786,797**	**6,296,265**	**1,143,092**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Related party transaction (continued)

Financial Expense to Related Parties

	1 January – 30 September 2017	1 July – 30 September 2017	1 January – 30 September 2016	1 July – 30 September 2016
Kazancı Holding's associates and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	70,253	26,396	7,788,915	369,696
Aksa Manisa Doğalgaz Dağıtım A.Ş.	72,627	25,534	4,740,086	960,138
Aksa Elektrik Satış A.Ş.	7,355,060	2,046,198	15,646,022	2,375,831
Kazancı Holding	1,060,392	176,254	5,190,386	--
Aksa Jeneratör Sanayi A.Ş.	29,511	11,732	705,990	653,515
Aksa Havacılık A.Ş.	107,076	15,207	24,497	168
Other	134,804	134,804	11,037	2,215
	8,829,723	**2,436,125**	**34,106,933**	**4,361,563**
Kazancı Holding's indirect investments and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Fırat Elektrik Perakende Satış A.Ş.	291,204	5,839	3,391,718	431,876
Çoruh Elektrik Perakende Satış A.Ş.	683,443	448,114	2,146,056	71,953
Aksa Satış ve Pazarlama A.Ş.	--	--	7,388	2,360
Aksa Teknoloji A.Ş.	--	--	7,209	75
Other	7,755	5,066	305,541	91,088
	982,402	**459,019**	**5.857,912**	**597,352**
Purchases to Kazancı Holding's indirect İnvestments and subsidiaries:	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**	**Interest and exchange difference**
Koni İnşaat A.Ş.	41,785	6,102	104,124	39,866
Flamingo Enerji Üretim ve Satış A.Ş.	99,187	99,187	--	--
Elektrik Altyapı Hizmetleri Ltd. Şti.	12,715	2,400	20,327	6,452
Other	6,828	2,477	5,271	2,079
	160,515	**110,166**	**129,722**	**48,397**
Total	**9,972,640**	**3,005,310**	**40,094,567**	**5,007,312**

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. DISPOSAL OF SUBSIDIARIES

Disposal of Siirt Akköy Enerji

On 13 May 2016, the shares of Siirt Akköy Enerji held by the Group have been sold to DC Elektrik Üretim A.Ş., for a consideration of USD 7,963,183 (equivalent to TL 23,631,541 at the time of sale) adjusted for deduction of net debt of Siirt Akköy Enerji at the transaction date in accordance with share transfer agreement signed on 21 April 2016. The contract price determined in the share transfer agreement was 19 million USD.

The following table summarises the major classes of consideration transferred and the recognised amounts of assets and liabilities disposed at the acquisition date:

Identifiable assets sold and liabilities transferred	**Recognised values on sale**
Cash and cash equivalents	13,550
Due from related parties - trade	2,118,758
Inventories	1,603,723
Prepayments - short term	101,943
Other current assets	32,942
Current tax assets	601
Trade other receivables - long term	43,105
Property and equipment	63,726,811
Prepayments - long term	32,657
Intangible assets	26,660
Trade payables	(347,180)
Trade other payables	(40,678,112)
Employee benefits	(34,450)
Deferred tax liabilities	(2,166,168)
Total net identifiable assets	**24,474,840**
Consideration received	23,631,541
Net loss on sale of Siirt Akköy Enerji	**(843,299)**
Cash flow from sale of Siirt Akköy Enerji	
Cash and cash equivalents disposed	(13,550)
Consideration received	23,631,541
Net cash received	**23,617,991**

The difference arising between consideration transferred and the recognised amounts of identifiable assets and liabilities disposed at the acquisition date is recognised under gain from investing activities in profit or loss (see Note 8).

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. DISPOSAL OF SUBSIDIARIES *(continued)*

Disposal of Ayres Ayvacık Rüzgar

On 15 March 2017, the shares of Ayres Ayvacık Rüzgar held by the Group have been sold to Notos Elektrik Üretim for a consideration of USD 8,500,000 (equivalent to TL 33,545,784 as of the date of sale) adjusted for deduction of net debt of Ayres Ayvacık Rüzgar at the transaction date in accordance with share transfer agreement signed on 15 March 2017.

The following table summarises the major classes of consideration transferred and the recognised amounts of assets and liabilities disposed at the acquisition date:

Identifiable assets sold and liabilities transferred	**Recognised values on sale**
Cash and cash equivalents	1
Trade and other receivables	14,610,719
Inventories	366,359
Other assets	78,995
Current tax assets	52
Property, plant and equipment	9,934,170
Intangible assets	63,981
Loans and borrowings	(13,134,530)
Trade and other payables	(564,790)
Employee benefits	(28,937)
Deferred tax liabilities	(99,728)
Goodwill	3,498,840
Total net identifiable assets disposed of	**14,725,132**
Consideration received	33,545,784
Net gain on sale of Ayres Ayvacık Rüzgar	**18,820,652**
Cash flow from sale of Ayres Ayvacık Rüzgar	
Cash and cash equivalents disposed	(1)
Consideration received	33,545,784
Net cash received	**33,545,783**

The difference arising between consideration transferred and the recognised amounts of identifiable assets and liabilities disposed at the acquisition date is recognised under gain from investing activities in profit or loss (see Note 8).

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. DISPOSAL OF SUBSIDIARIES *(continued)*

Disposal of Deniz Elektrik

On 8 September 2017, the shares of Deniz Elektrik held by the Group have been sold to Fernas Şirketler Grubu for a consideration of USD 60,500,000 adjusted for deduction of net debt of Deniz Elektrik the transaction date in accordance with share transfer agreement signed on 8 September 2017.

The following table summarises the major classes of consideration transferred and the recognised amounts of assets and liabilities disposed at the acquisition date:

Identifiable assets sold and liabilities transferred	**Recognised values on sale**
Cash and cash equivalents	29,254
Trade and other receivables	2,662,610
Inventories	1,858,795
Prepaid expenses	949,737
Current tax assets	112
Other assets	620
Property, plant and equipment	139,379,460
Intangible assets	161,888
Trade and other payables	(62,345,577)
Loans and borrowings	(85,946,960)
Employee benefits	(470,583)
Deferred tax liabilities	(3,547,169)
Total net identifiable assets	**(7,267,813)**
Consideration received	66,708,418
Net gain on sale of Deniz Elektrik	**73,976,231**
Cash flow from sale of Deniz Elektrik	
Cash and cash equivalents disposed	(29,254)
Consideration received	66,708,418
Net cash received	**66,679,164**

The difference arising between consideration transferred and the recognised amounts of identifiable assets and liabilities disposed at the acquisition date is recognised under gain from investing activities in profit or loss (see Note 8).

(Amounts expressed in Turkish Lira unless otherwise stated.)

34. DISPOSAL OF SUBSIDIARY *(continued)*

Disposal of Kapıdağ Rüzgar Enerjisi

On 8 September 2017, the shares of Kapıdağ Rüzgar enerjisi held by the Group have been sold to Fernas Şirketler Grubu for a consideration of USD 40,000,000 adjusted for deduction of net debt of Kapıdağ Rüzgar enerjisi at the transaction date in accordance with share transfer agreement signed on 15 March 2017.

The following table summarises the major classes of consideration transferred and the recognised amounts of assets and liabilities disposed at the acquisition date:

Identifiable assets sold and liabilities transferred	**Recognised values on sale**
Cash and cash equivalents	5,791,777
Trade and other receivables	(29,230,131)
Inventories	48,408
Prepaid expenses	688,174
Current tax assets	49,522
Other assets	95,981
Property, plant and equipment	162,733,633
Intangible assets	242,095
Trade and other payables	(997,355)
Loans and borrowings	(63,512,216)
Employee benefits	(175,108)
Deferred tax assets	4,465,485
Total net identifiable assets	**80,200,265**
Consideration received	47,502,258
Net loss on sale of Kapıdağ Rüzgar Enerjisi	**(32,698,007)**
Cash flow from sale of Kapıdağ Rüzgar Enerjisi	
Cash and cash equivalents disposed	(5,791,777)
Consideration received	47,502,258
Net cash received	**41,710,481**

The difference arising between consideration transferred and the recognised amounts of identifiable assets and liabilities disposed at the acquisition date is recognised under gain from investing activities in profit or loss (see Note 8).

(Amounts expressed in Turkish Lira unless otherwise stated.)

35. ASSETS AND LIABILITIES HELD FOR SALE

The Group decided to sell the wind power plants in order to decrease the short term liabilities, decrease interest expense effect on financial statements and allocate the cash income to potential investment in foreign countries at 10 November 2016. An agreement has been reached with Güriş Group for the sales of Hatay Sebenoba Wind Power Plant, Manisa Karakurt Wind Power Plant, Balıkesir Şamlı Wind Power Plant, Kapıdağ Wind Power Plant and Belen/Atik Wind Power Plant, which in total have 232 MW installed capacity, for USD 259,000,000 at 30 November 2016. The sales process of these WPPs, the sale of Belen Atik, Kapıdağ and Ayvacık WPPs have been approved by the Competition Board, while the sale of Sebenoba and Karakurt WPPs have been approved by Energy Market Regulatory Authority (EMRA) and the Competition Board on 26 January 2017. The sale of wind power plants are approved by general assembly held in 3 February 2017. Total assets and liabilities of the subsidiaries Baki Elektrik, Deniz Elektrik and Kapıdağ Rüzgar Enerjisi and Belen-Atik which is recognized as property, plant and equipment as group are classified as respectively, “Assets held for sale” and “Liabilities held for sale”. Group has sold Ayres Ayvacık Rüzgar to Notos Elektrik Üretim A.Ş. with its assets and liabilities on 15 March 2017. (Note 34) The sale of Belen-Atik power plant was completed on 7 April 2017.

As of 30 September 2017, the proposal of Fernas Group has been accepted as the sale of Hatay Sebenoba Wind Power Plant, Manisa Karakurt Wind Power Plant and Kapıdağ Wind Power Plant to the Güriş Group has not been completed within the predicted time. Therefore, the agreement between Güriş Group has been cancelled without being subject of an compensation and any other demand.

On 8 September 2017, sale of Hatay Sebenoba and Manisa Karakurt wind power plants to Fernas Şirketler Group has been completed. On 21 September 2017, the offers for the sale of Incesu power plant has been decided to be taken into consideration.

As at 30 September 2017, assets and liabilities including those of discontinued operations are TL 294,949,559 (31 December 2016: TL 542,005,035) and TL 234,704,881 (31 December 2016: TL 369,543,650), respectively, and details are as follows:

Assets held for sale	**30 September 2017**	**31 December 2016**
Cash and cash equivalents	11,304,351	15,662,073
Trade receivables	2,977,964	4,137,169
Inventories	1,122,050	4,397,724
Property, plant and equipment	274,381,502	511,169,148
Intangible assets	835,420	397,794
Deferred tax asset	2,274,033	4,857,121
Other assets	2,054,239	1,384,006
	294,949,559	**542,005,035**

Liabilities held for sale	**30 September 2017**	**31 December 2016**
Loan and borrowings	223,201,738	357,470,411
Trade payable	4,086,858	5,394,941
Other liabilities	2,625,452	3,014,209
Deferred tax liability	4,553,754	3,137,212
Provisions	237,079	526,877
	234,704,881	**369,543,650**

(Amounts expressed in Turkish Lira unless otherwise stated.)

36. ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA") RECONCILIATION

The Directors of the Group have presented the performance measure adjusted EBITDA as they monitor this performance measure at a consolidated level and they believe this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting loss from continuing operations to exclude the impact of taxation, net finance costs, gain/(loss) from investing activities and depreciation, amortization related to intangible assets, property, plant and equipment.

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

	1 January - 30 September 2017	1 January – 30 September 2016
Gain/(Loss) from continuing operations	19,762,831	(84,881,610)
Add: Taxation	(27,313,577)	(8,943,218)
Add: Net finance costs	284,220,975	289,119,381
Add: Gain/(loss) from investing activities	(108,273,552)	650,959
Add: Depreciation and amortization expenses	163,368,235	143,703,458
Adjusted EBITDA	**331,764,912**	**339,648,970**

37. OPERATING SEGMENTS

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

Revenue	1 January – 30 September 2017	1 January – 30 September 2016
Turkey	1,967,540,968	2,018,945,961
Other	597,838,531	193,190,454
Total	**2,565,379,499**	**2,212,136,415**

Non-current assets (*)		
Turkey	1,799,528,236	2,000,296,130
Other	741,160,093	542,798,483
Total	**2,540,688,329**	**2,543,094,613**

(*)Non-current assets exclude financial investments and deferred tax assets.

38. SUBSEQUENT EVENTS

None.