(Convenience translation of a report and financial statements originally issued in Turkish)

Akenerji Elektrik Üretim A.Ş.

Consolidated financial statements as at 31 December 2019 and independent auditor's report

Güney Bağımsız Denetim ve SMMM A.Ş.
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(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Akenerji Elektrik Üretim Anonim Şirketi:

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Akenerji Elektrik Üretim A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards ("InAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the *consolidated* financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters	How key audit matters addressed in the audit
Deferred taxes	
Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The calculation of deferred taxes takes into account the expected point in time when, and the manner in which, the assets and liabilities are expected to be realized or settled. The Group has recognized deferred taxes to the extent that the realization of the related tax benefits through future taxable profits are probable. The future taxable profits estimate is based on the business plan. The recognition of deferred taxes is therefore sensitive to changes in the business plan. Based on internal calculations with respect to the expected taxable profits in future years, the Group has recognized a deferred tax asset of TL 4.420.521 and deferred tax liability of TL 317.803.371. This area was important to our audit due to the importance of tax losses amount as well as the significant judgment involved in management's assessment of the likelihood of creating future taxable profits to realize or offset the deferred tax assets and liabilities. This assessment requires the management to make assumptions to be used in the forecasts of future taxable profits, including expectations for future sales and margin developments and overall market and economic conditions. For the reasons explained above, this matter has been considered as key audit matter. The details of deferred taxes are disclosed in footnote 20 to the consolidated financial statements.	Following procedures have been applied for the audit of the deferred taxes; - Evaluating the calculation method used to determine deferred tax assets and liabilities; - For each entity, assessing the tax rates at the time the tax differences are realized, - Reconciling the carrying amounts and the tax bases of assets and liabilities subject to deferred taxes, - Testing the mathematical accuracy of the deferred tax calculation, - Reviewing the management's assumptions on the recoverability of tax assets by controlling the expiration dates of carry forward tax losses with the projected budgets approved by the management, - Controlling the offsetting and the calculation assumptions related to the settlement timing, in the future, of deferred tax assets and liabilities accounted for in the statement of consolidated financial position and evaluation of the management's assumptions as to recoverability of those deferred taxes through taxable income in the future, in accordance with the business plan, - Involving tax experts from another entity that is a part of the same audit network to support our assessment about the assumptions and methods used by the Group, - Assessment of the adequacy of the deferred taxes disclosures to the consolidated financial statements and conformity with TFRS.

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Covenant breach	
According to the Loan Agreement signed at 30 September 2015, the Group is required to comply with the financial covenant, debt service cover ratio, which should be greater than 1,05, which was started to be calculated based on the consolidated financial statements after December 31, 2016. The availability of sufficient funding and whether the Group will be able to continue meeting its obligations under the financing covenants are important for our audit. Given that the compliance with the special conditions in the agreements of the loans used by the Group is part of the going concern assumption, this matter was considered as key audit matter.	The compliance of the commitments being followed by the Group management with the relevant loan agreements has been verified. Detailed explanations about the loans are made in footnote 4. In addition, the mathematical accuracy of the ratio calculation made by the Group on the consolidated financial statement was tested.
Recognition of property, plant and equipment by revaluation method	
As disclosed in footnote 13, the Group, has started to use revaluation method, one of the acceptable methods under TAS 16, for land, land improvements, buildings, machinery and equipment belonging its power plants commencing from 30 September 2015, by replacing the cost model method. The Group has continued to recognize land and buildings at fair value according to results of valuation report that are prepared in December 2019 by independent valuation appraiser in the consolidated financial statements as of December 31, 2019. The values of property, plant and equipment that is accounted using revaluation method, are significant amounts for the consolidated financial statements. In addition, significant estimates and assumptions were used for revaluation report. These assumptions are the profit expectations before interest, tax and depreciation, long-term production and growth rates and the discount rates of cash flows' present value. These estimations and assumptions used are very sensitive to changes in future market conditions. Given these reasons, the aforementioned revaluation model of PPE is significant to our audit and therefore considered as key audit matter.	The audit procedures we implemented includes the audit procedures such as the evaluation of the capabilities, expertise and objectivity of the independent appraisal firm appointed by the management, evaluation of the competence and independence of the valuation experts whom the Group Management obtains advise to determine the sectoral assumptions for future, evaluation of the appropriateness of valuation methods, comparison of the assumptions (growth rate, discount rate, etc.) with market data and the Company's historical performance, the utilization of expert work on such valuation calculations by including and incorporating the valuation experts of another entity included in the same network within our organization, assessing whether the high level estimates and judgments used in the valuation report are within the acceptable range of the judgments. Furthermore, within the scope of the above mentioned specific accounting, the adequacy and sufficiency of the information included in the financial statements and explanatory notes were inquired. Detailed explanations about the property, plant and equipment are made in footnote 13.

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4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 28, 2020.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2019 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Erdem Tecer.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Erdem Tecer, SMMM
Partner

February 28, 2020
Istanbul, Turkey

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current period	**Prior period**
		Audited	**Audited**
	Notes	**31 December 2019**	**31 December 2018**
ASSETS			
Current assets			
Cash and cash equivalents	3	88.187.054	19.319.811
Trade receivables			
- Due from related parties	*5,28*	*4.966.185*	*7.704.996*
- Due from third parties	*5*	*67.172.514*	*164.813.897*
Inventories	10	817.302	674.399
Other receivables			
- Due from third parties	*6*	*5.239.483*	*13.753.685*
Prepaid expenses	9	23.090.079	13.571.389
Derivative financial instruments	17	283.082	24.345
Current income tax assets	20	2.434.194	534.121
Other current assets	11	50.460.113	105.060.349
Total current assets		**242.650.006**	**325.456.992**
Assets held for sale		1.100.000	-
Non-current assets			
Other receivables			
- Due from related parties	*6,28*	*1.330.120*	*602.800*
- Due from third parties	*6*	*1.786.397*	*336.824*
Inventories	10	20.522.180	18.769.298
Financial investments	12	100.000	100.000
Property, plant and equipment	13	6.459.869.993	5.227.937.915
Intangible assets	14	108.555.151	110.933.961
Right of use assets	15	23.052.532	-
Deferred tax assets	20	4.420.521	741.959
Prepaid expenses	9	10.686.281	590.860
Other non-current assets	11	-	19.098.093
Total non-current assets		**6.630.323.175**	**5.379.111.710**
TOTAL ASSETS		**6.874.073.181**	**5.704.568.702**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current period Audited 31 December 2019	Prior period Audited 31 December 2018
LIABILITIES			
Current liabilities			
Short term borrowings	4	6.112.169	236.637.968
Short term portion of long term borrowings			
- Bank loans	*4*	*166.380.043*	*873.780.809*
- Lease liabilities	*4*	*9.768.189*	*6.711.449*
Trade payables			
- Due to related parties	*7, 28*	*32.393.820*	*26.945.006*
- Due to third parties	*7*	*197.173.111*	*286.266.440*
Current income tax liabilities	20	-	107.071
Other payables			
- Other payables to third parties	*8*	*8.862.311*	*2.341.912*
Derivative financial instruments	17	7.917.962	12.919.531
Employee benefit obligations	18	812.190	581.002
Short term provisions			
- Provisions for employee benefits	*18*	*5.324.376*	*3.340.000*
- Other short-term provisions	*16*	*33.145.904*	*18.338.205*
Deferred income		1.029.524	-
Total current liabilities		**468.919.599**	**1.467.969.393**
Non-current liabilities			
Long term borrowings			
- Bank loans	*4*	*4.834.099.972*	*3.333.605.645*
- Lease liabilities	*4*	*82.207.395*	*61.151.542*
Derivative financial instruments	17	26.746.806	17.282.246
Trade payables			
- Due to third parties	*7*	*176.736.132*	*177.807.845*
Other payables			
- Due to third parties	*8*	*16.595*	*16.324*
Long term provisions			
- Provisions for employee benefits	*18*	*6.375.802*	*4.331.412*
Deferred tax liabilities	20	317.803.371	181.839.302
Total non-current liabilities		**5.443.986.073**	**3.776.034.316**
EQUITY			
Share capital	19	729.164.000	729.164.000
Adjustments to share capital	19	101.988.910	101.988.910
Share premiums		50.220.043	50.220.043
Other comprehensive income/expense to be reclassified to profit/loss			
- Gains/(losses) on cash flow hedging		*(9.408.118)*	*(11.891.988)*
Restricted reserves			
- Legal reserves	*19*	*12.053.172*	*12.053.172*
- Other reserves		*(4.322.722)*	*(4.322.722)*
Other comprehensive income/expense not to be reclassified to profit/loss			
- Increase on revaluation of property, plant and equipment	*13*	*3.635.344.991*	*2.548.936.335*
- Gains/(losses) on re-measurement of defined benefit plans		*(1.442.122)*	*(1.045.003)*
Retained earnings/(losses)		(2.811.757.372)	(1.408.141.204)
Net profit/(loss) for the period		(740.673.273)	(1.556.396.550)
Total equity		**961.167.509**	**460.564.993**
TOTAL LIABILITIES AND EQUITY		**6.874.073.181**	**5.704.568.702**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current period	**Prior period**
		Audited	**Audited**
			Restated (Note 2.6)
	Notes	**1 January - 31 December 2019**	**1 January - 31 December 2018**
Revenue	21	1.823.208.667	2.216.107.988
Cost of sales (-)	21	(1.645.368.926)	(2.158.568.675)
Gross profit		**177.839.741**	**57.539.313**
General administrative expenses (-)	22	(61.014.789)	(58.457.476)
Other operating income	24	28.769.383	54.180.912
Other operating expenses (-)	24	(56.329.727)	(98.758.480)
Operating profit / (loss)		**89.264.608**	**(45.495.731)**
Income from investing activities	25	76.341	173.753
Expenses from investing activities (-)	25	(130.291)	-
Operating profit / (loss) before financial income / (expense)		**89.210.658**	**(45.321.978)**
Financial income	26	19.252.296	45.949.755
Financial expenses (-)	26	(938.990.032)	(1.557.042.128)
Profit / (loss) before tax		**(830.527.078)**	**(1.556.414.351)**
Tax income / (expense)			
-Current income tax expense (-)	20	(113.408)	(3.412.544)
-Deferred tax income / (expense)	20	89.967.213	3.430.345
Net profit / (loss) for the period		**(740.673.273)**	**(1.556.396.550)**
Net profit / (loss) attributable to:			
Equity holders of the parent		(740.673.273)	(1.556.396.550)
Earnings / (losses) per share (1.000 shares)	27	**(1,016)**	**(2,134)**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current period Audited 1 January - 31 December 2019	Priod period Audited 1 January - 31 December 2018
Net profit / (loss) for the period		**(740.673.273)**	**(1.556.396.550)**
Other comprehensive income / (expense)			
To be reclassified to profit or loss			
Gains/(losses) on cash flow hedging		3.104.841	4.084.776
Deferred tax effect	20	(620.971)	(816.861)
Not to be reclassified to profit or loss			
Increase on revaluation of property, plant and equipment	13, 20	1.460.920.067	-
Deferred tax effect	20	(221.731.029)	144.955.668
Actuarial gain/(loss) arising from defined benefit plans	18	(496.399)	381.030
Deferred tax effect	20	99.280	(76.206)
Other comprehensive income / (expense)		**1.241.275.789**	**148.528.407**
Total comprehensive income / (expense)		**500.602.516**	**(1.407.868.143)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

				Other comprehensive income /(expenses) to be reclassified to profit or loss	Restricted reserves		Other comprehensive income /(expenses) not to be reclassified to profit or loss				
	Share capital	**Adjustments to share capital**	**Share premiums**	**Gains / (losses) on cash flow hedging (**)**	**Other reserves**	**Legal reserves**	**Increase on revaluation of property, plant and equipment**	**Gains/(losses) on re-measurement of defined benefit plans)**	**Retained earnings/ (losses)**	**Net profit/(loss) for the period**	**Total equity**
1 January 2018 – previously reported	**729.164.000**	**101.988.910**	**50.220.043**	**(15.159.903)**	**(4.322.722)**	**12.053.172**	**2.526.950.583**	**(1.349.827)**	**(1.090.945.284)**	**(505.044.383)**	**1.803.554.589**
Restatement effect (Note 2.6)	-	-	-	-	-	-	36.783.975	-	30.247.342	(2.152.770)	64.878.547
1 January 2018 - restated	**729.164.000**	**101.988.910**	**50.220.043**	**(15.159.903)**	**(4.322.722)**	**12.053.172**	**2.563.734.558**	**(1.349.827)**	**(1.060.697.942)**	**(507.197.153)**	**1.868.433.136**
Transfers	-	-	-	-	-	-	-	-	(507.197.153)	507.197.153	-
Other adjustments (*)	-	-	-	-	-	-	(159.753.891)	-	159.753.891	-	-
Total comprehensive expense	-	-	-	3.267.915	-	-	144.955.668	304.824	-	(1.556.396.550)	(1.407.868.143)
31 December 2018	**729.164.000**	**101.988.910**	**50.220.043**	**(11.891.988)**	**(4.322.722)**	**12.053.172**	**2.548.936.335**	**(1.045.003)**	**(1.408.141.204)**	**(1.556.396.550)**	**460.564.993**
1 January 2019	**729.164.000**	**101.988.910**	**50.220.043**	**(11.891.988)**	**(4.322.722)**	**12.053.172**	**2.548.936.335**	**(1.045.003)**	**(1.408.141.204)**	**(1.556.396.550)**	**460.564.993**
Transfers	-	-	-	-	-	-	-	-	(1.556.396.550)	1.556.396.550	-
Other adjustments (*)	-	-	-	-	-	-	(152.780.382)	-	152.780.382	-	-
Total comprehensive expense(Note 2.7)	-	-	-	2.483.870	-	-	1.239.189.038	(397.119)	-	(740.673.273)	500.602.516
31 December 2019	**729.164.000**	**101.988.910**	**50.220.043**	**(9.408.118)**	**(4.322.722)**	**12.053.172**	**3.635.344.991**	**(1.442.122)**	**(2.811.757.372)**	**(740.673.273)**	**961.167.509**

(*) As of 31 December 2019, the depreciation difference between the acquisition cost and the carrying values of the assets subject to revaluation method, amounting to TL 152.780.382 (31 December 2018: TL 159.753.891) without a deferred tax effect, were reclassified from increase on revaluation of property, plant and equipment to retained earnings / (losses).

(**) Since the Group has ceased to apply hedge accounting on 30 September 2015, "Gains / (losses) on cash flow hedging" which is included in equity, has started to be recognized in statement of profit or loss during the term of related contracts.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current period Audited 1 January, - 31 December 2019	Prior period Audited 1 January, - 31 December 2018
A. Cash flows from operating activities		**350.563.342**	**99.437.490**
Net profit / (loss) for the period		(740.673.273)	(1.556.396.550)
Adjustments to reconcile net profit / (loss) for the period		**1.040.752.688**	**1.719.153.830**
Adjustments for depreciation and amortisation expenses	23	256.364.940	258.745.997
Adjustments for provision for receivables		13.651.896	-
Adjustments for provisions			
- Adjustments for litigation provisions	16	13.178.428	1.982.286
- Adjustments for other provisions	16	1.629.271	(1.085.058)
- Adjustment for provisions for employee benefits	18	6.929.669	2.837.538
Adjustments for unrealized foreign exchange differences		312.155.679	1.161.443.003
Adjustments for tax (income) / expense	20	(89.853.805)	(17.801)
Adjustments for (gain) / loss on sale of property, plant and equipment	25	70.821	(166.102)
Fair value of derivative financial instruments		3.117.070	(6.208.749)
Adjustments for interest (income)/expense, net		523.508.719	301.622.716
Changes in working capital		**56.001.781**	**(59.667.456)**
Increase / decrease in trade receivables from related parties		(8.595.455)	13.531.894
Increase / decrease in trade receivables from third parties		96.131.408	(86.314.704)
Increase / decrease in other receivables from related parties		(727.320)	(602.800)
Increase / decrease in other receivables from third parties		5.156.974	(4.370.311)
Increase / decrease in inventories		(1.895.785)	(621.935)
Increase / decrease in prepaid expenses		(20.278.355)	(2.850.796)
Increase / decrease in other assets		73.698.330	(35.508.761)
Increase / decrease in trade payables to related parties		5.448.814	15.097.568
Increase / decrease in trade payables to third parties		(101.805.396)	37.619.318
Increase / decrease in derivative financial instruments		1.087.184	4.135.190
Increase / decrease in deferred income		1.029.524	-
Increase / decrease in employee benefit obligations		231.188	(354.180)
Increase / decrease in other payables to third parties		6.520.670	572.061
Cash flows from operating activities		**356.081.196**	**103.089.824**
Payments related to provisions for employee benefits		(3.397.302)	(1.506.399)
Tax (payments) / receipts		(2.120.552)	(2.145.935)
B. Cash flows from investing activities		**(22.702.828)**	**(9.993.872)**
Cash outflows due to purchase of property, plant and equipment	13	(22.523.147)	(9.891.978)
Cash outflows due to purchase of intangible assets	14	(265.402)	(268.869)
Cash inflows due to sale of property, plant and equipment		85.721	166.975
C. Cash flows from financing activities		**(271.644.986)**	**(117.343.778)**
Cash inflows on borrowings received	4	5.170.109.329	382.009.533
Cash outflows due to repayment of borrowings	4	(4.811.712.545)	(305.536.734)
Interest paid	4	(622.485.808)	(189.675.093)
Cash outflows due to repayment of lease liabilities	4	(10.652.347)	(5.950.302)
Interest received		15.748.100	3.787.786
Other cash inflows / (outflows) (*)		(12.651.715)	(1.978.968)
Net increase / (decrease) in cash and cash equivalents		**56.215.528**	**(27.900.160)**
Cash and cash equivalents at the beginning of the period (*)	**3**	**16.270.551**	**44.170.711**
Cash and cash equivalents at the end of the period (*)	**3**	**72.486.079**	**16.270.551**

(*) Cash and cash equivalents at the beginning of the period and at the end of the period does not include interest accruals and restricted deposits, and the changes in restricted deposits are provided in "Other cash inflows / (outflows)".

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 – ORGANISATION OF GROUP AND NATURE OF OPERATIONS

The Company was established by Akkök Sanayi Yatırım ve Geliştirme A.Ş. in 1989 (Akkök Sanayi Yatırım ve Geliştirme A.Ş. is registered as Akkök Holding A.Ş. on 13 May 2014). Akenerji Elektrik Üretim A.Ş. ("the Company" or "Akenerji") is engaged in establishing, renting and operating facilities of electrical energy production plant, producing electricity and trading electricity to the customers. Since 14 May 2009, the Company has become a joint venture between Akkök Holding A.Ş. and CEZ a.s.

The Company is registered in Turkey and its registered address is as follows:

Miralay Şefik Bey Sokak No:15 Akhan Kat: 3-4 Gümüşsuyu / Istanbul – Turkey.

The Company is registered to the Capital Markets Board ("CMB"), and its shares are publicly traded in Istanbul Stock Exchange ("ISE"). As of 31 December 2019, 52,83% of its shares are open for trading (31 December 2018: 52,83%).

As of 31 December 2019, the number of employees employed Akenerji and its subsidiaries (Akenerji and its subsidiaries will be referred as the "Group") is 237 (31 December 2018: 200).

These consolidated financial statements for the year ended 31 December 2019 have been approved for the issue by the Board of Directors at 28 February 2020.

The nature of business and registered addresses of the entities included in the consolidation ("Subsidiaries") are presented below:

Subsidiaries	**Nature of business**	**Registered address**
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş. ("Akenerji Toptan")	Electricity trading	Gümüşsuyu / Istanbul
Ak-el Yalova Elektrik Üretim A.Ş. ("Ak-el") (*)	Electricity production and trading	Gümüşsuyu / Istanbul
Akel Kemah Elektrik Üretim ve Ticaret A.Ş. ("Akel Kemah")	Electricity production and trading	Gümüşsuyu / Istanbul
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş. ("Akenerji Doğalgaz")	Natural gas trading	Gümüşsuyu / Istanbul

(*) With the decision of Board of Directors on 19 August 2019, it is decided to merge Ak-el within the body of Akenerji with all of its assets and liabilities by using the "facilitated merger", and following the permissions and approvals retained, the merger is completed with the registry of Istanbul Registry of Commerce on 12 December 2019.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards / Turkish Financial Reporting Standards, ("TAS/TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") published on Official Gazette dated 13 June 2013 and numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by POA.

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

The Group and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions except for the derivative financial instruments, financial investments and revaluated property, plant and equipment presented a fair values, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey. The Group has prepared its consolidated financial statements in accordance with this decision.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is the functional currency of Akenerji and the presentation currency of the Group.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Basis of consolidation

a) The consolidated financial statements include the accounts of the parent company, Akenerji, and its Subsidiaries on the basis set out in sections (b) to (c) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements and have been prepared in accordance with TAS/TFRS by applying uniform accounting policies and presentation. The results of operations of Subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

b) Subsidiaries are companies in which Akenerji has the power to control the financial and operating policies for the benefit of itself, either through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and/or indirectly by itself.

The table below sets out all Subsidiaries and demonstrates the proportion of ownership interest which is equal to the effective interest rate of the Group over the subsidiary as of 31 December 2019 and 31 December 2018:

	Direct and indirect ownership interest by the Company and its subsidiaries (%)	
Subsidiaries	**31 December 2019**	**31 December 2018**
Akenerji Toptan	100,00	100,00
Ak-el (*)	-	100,00
Akenerji Doğalgaz	100,00	100,00
Akel Kemah	100,00	100,00

(*) With the decision of Board of Directors on 19 August 2019, it is decided to merge Ak-el within the body of Akenerji with all of its assets and liabilities by using the "facilitated merger", and following the permissions and approvals retained, the merger is completed with the registry of Istanbul Registry of Commerce on 12 December 2019.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date that the control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Carrying values of the Subsidiaries' shares held by the Company are eliminated against the related equity of subsidiaries. Intercompany transactions and balances between Akenerji and its subsidiaries are eliminated on consolidation. Dividends arising from shares held by the Company in its subsidiaries are eliminated from income for the period and equity, respectively.

c) The minority shareholders' share in the net assets and results of subsidiaries for the period are separately classified as non-controlling interest in the consolidated statement of financial position and statements of comprehensive income. There are no minority shares in subsidiaries of the Company.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations effective as of 1 January 2019.

i) The new standards, amendments and interpretations which are effective as at 1 January 2019 are as follows:

- TFRS 16 – Leases
- Amendments to TAS 28 – Investments in Associates and Joint Ventures (Amendments)
- TFRIC 23 – Uncertainty over Income Tax Treatments
- Plan Amendment, Curtailment or Settlement (Amendments to TAS 19)
- Prepayment Features with Negative Compensation (Amendments to TFRS 9)
- Annual Improvements to TFRSs – 2015 – 2017 Cycle

The standards, amendments and interpretations except for TFRS 16 – Leases, did not have a significant impact on the financial position or performance the Group and the impact of the transition to TFRS 16 – Leases is provided at Note 2.4.

ii) Standards, amendments and improvements 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 financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17 - The new Standard for insurance contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board ("IASB") but not issued by POA

- Amendments to IAS 1- Classification of liabilities as current and non-current liabilities

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

The Group has adopted TFRS 16 "Leases" as at 1 January 2019 for the first time, in line with the transition provisions of the standard.

Impacts of the first time adoption of TFRS 16 on the consolidated financial statements of the Group are as below:

TFRS 16 "Leases"

The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly,
b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified,
c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use,
d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
    i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
    ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception of a contract that contains a lease, the Group recognises a right of use asset and a lease liability in its financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Right of use asset

The right of use asset is initially recognized at cost comprising of:

a) amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date, less any lease incentives received,
c) any initial direct costs incurred by the Group,
d) an estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group re-measure the right of use asset:

a) after netting-off depreciation and reducing impairment losses from right of use asset,
b) adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and TAS 36 "Impairment of Assets" to asses for any impairment.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) fixed payments, including in-substance fixed payments,
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
c) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

a) increasing the carrying amount to reflect interest on lease liability,
b) reducing the carrying amount to reflect the lease payments made,
c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group adjusts the right of use asset in accordance with the reassessment f the lease liability.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

Exemptions and simplifications

Short-term lease payments with a lease term below 12 months and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of exemptions provided in TFRS 16 "Leases". Lease payments of these contracts are continued to be recognised in profit or loss in the related period. The Group applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

The Group – as a lessor

The Group does not have significant operations as a lessor.

First time adoption of TFRS 16 "Leases"

The Group has applied TFRS 16 "Leases", which replaces TAS 17 "Leases", for the effective period beginning on 1 January 2019. The cumulative impact of applying TFRS 16 is accounted in the consolidated financial statements retrospectively ("cumulative impact approach") at the start of the current accounting period. The simplified transition approach of the related standard does not require a restatement in the comparative periods or in the retained earnings.

With the transition to TFRS 16 "Leases", a "lease liability" is recognized in the consolidated financial statements for the lease contracts which were previously measured under TAS 17 "Leases" as operational leases. At transition, lease liabilities are measured at the net present value of the remaining lease payments, discounted at the Group's incremental borrowing rate on the effective transition date. The Group measured right-of-use assets at an amount equal to the lease liability (adjusted by the amount of any prepaid or accrued lease payments) under TFRS 16 simplified transition approach.

The effects of transition to TFRS 16 are provided below:

	1 January 2019
Assets	**22.384.883**
Right of use asset (Note 15)	23.049.127
Prepaid expenses	(664.244)
Liabilities	22.384.883
Lease liability (Note 4)	22.684.883
Trade payables	(300.000)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies

Significant accounting policies adopted in the preparation of consolidated financial statements are summarized below:

Financial assets

Classification and measurement:

Group classified its financial assets in three categories as financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. Financial assets of the Group carried at amortized cost comprised of "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position.

i. Trade and other receivables

Trade and other receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant.

ii. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. For the purpose of consolidated statements of cash flows, cash and cash equivalents includes cash and cash equivalents with original maturities less than three months, excluding the interest accruals. If any provision provided to the cash and cash equivalents as a result of a specific events, Group measures expected credit loss from these cash and cash equivalents by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost on its consolidated financial statements. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, the Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. The Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative financial instruments" in the statement of financial position. Derivative financial instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of forward contracts and currency swaps.

- *Derivatives held for trading*

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The fair value of forward contracts calculated by calculating forward exchange rate, for remainder of agreement related foreign currency's prevailed market interest rate, and comparing it to reporting date forward exchange rate.

Forward exchange contracts are recorded as assets or liabilities in the balance sheet, respectively, depends on whether their fair values are positive or negative. Gains and losses arising from changes in the fair value of forward exchange contracts are recognized as income and expense in the income statement.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. Gains or losses on a financial asset carried at fair value through other comprehensive income is recognized in other comprehensive income under the scope of hedge accounting. The Group's financial assets carried at fair value through other comprehensive income consist of interest rate swaps. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

- *Derivatives held for hedging*

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The derivative instruments of the Group consists of interest rate swap and foreign currency forward contracts.

The Group presents gains and losses related to effective hedge accounting as " gains/(losses) on cash flow hedging " under equity. The gain or loss related to these transactions, which are accounted for as equity items if the commitment to be protected from financial liability or future probable transaction becomes an asset or liability, is included in the cost or book value of the related asset or liability. Profit/loss that are included in the carrying amount of the hedging instrument or in the carrying amount of the hedging instrument are reflected in the consolidated statement of profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of income. When a stipulated transaction or a transaction that will possibly be executed in the future is realized, it is accounted in the profit or loss statement, or if it is foreseen that it will not be realized, accumulated income and expense regarding the transaction are accounted in the financial statements by amortizing over the terms of the interest rate swap agreement.

Financial liabilities

Non-derivative financial liabilities of the Group comprised of “borrowings”, “trade payables" and “other payables” in the statement of financial position.

i. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

In the case of a financial liability modification, any costs or fees occurred regarding these liabilities is deducted from the carrying amount of the liability and amortized during the terms of the modificated loan agreement by being.

If financing costs arising from the loans are associated with acquisition or construction of qualifying assets, they are included in cost value of qualifying assets. Qualifying assets refer to assets which require a long time to be available for use or sales as intended. Other borrowing costs are accounted in statement of profit or loss in the period they occur.

ii. Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Recognition and de-recognition of financial instruments

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are the purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

(a) the rights to receive cash flows from the asset have expired
(b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(c) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the consolidated financial statements.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Revenue recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following five main principles:

(a) Identification of customer contracts
(b) Identification of performance obligations
(c) Determination of transaction price in the contract
(d) Allocation of price to performance obligations
(e) Recognition of revenue when the performance obligations are fulfilled

Group recognizes revenue from its customers only when all of the following criteria are met:

(a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
(b) Group can identify each party’s rights regarding the goods or services to be transferred,
(c) Group can identify the payment terms for the goods or services to be transferred;
(d) The contract has commercial substance,
(e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

At the contract inception date, the Group evaluates the goods and services committed to be provided to the customer based on the contract and identifies each commitment as a separate performance obligation. In addition to that, the Group determines whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The group is a principal if it controls a promised good or service before the group transfers the good or service to a customer. When a group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The group is an agent if its performance obligation is to arrange for the provision of goods or services by another party and in such a position, the Group does not recognize the revenue of the consideration at gross amount.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The Group determines the transaction price in accordance with contract terms and customs of trade. Transaction price is the amount of consideration which is expected to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The performance obligations of the Group in accordance with TFRS 15 "Revenue from Contracts with Customers" which replaces TAS 18, consists of electricity sales and electricity sales related ancillary services provided. The electricity sold is transferred to the customer by the electricity transmission lines. The customer consumes the economic benefit of the performance obligation of the Group at the same time it is transferred. Revenue of the electricity sold and electricity sales related side services provided are recognized at the time of the delivery.

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gain or losses arising from the settlement and translation of foreign currency items have been included under financial income/ expenses and other operating income/ expenses in the consolidated statements of profit or loss.

Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Inventories comprise of spare parts, lubricants and chemical materials required for the maintenance of the machines and equipments, and expensed as they are used. The cost of inventories is determined using the moving weighted average method.

Related parties

If one of the below listed criteria exists the party is regarded as related with the Group:

a) Directly, or indirectly through one or more intermediaries, the party:
    i) controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries),
    ii) has an interest in the Group that gives it significant influence over the Group, or
    iii) has joint control over the Group,
b) The party is an associate of the Group,
c) The party is a joint venture in which the Group is a venture,
d) The party is member of the key management personnel of the Group or its parent,
e) The party is a close member of the family of any individual referred to in (a) or (d),
f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to In (d) or (e), or
g) The party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the normal course of business.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Property, plant and equipment

The Group, has chosen the revaluation method among application methods mentioned under IAS 16 for lands, land improvements, buildings, machinery and equipments belonging its power plants commencing from 30 September 2015. As at 31 December 2019, the Group used as a base fair value determined an independent valuation company licensed by CMB for lands, land improvements, buildings, machinery and equipments. Motor vehicles are presented on consolidated financial statements at their carrying amounts. Fair value of land, land improvements, buildings, machinery and equipments are subjected to valuation is determined by using "Income Approach - discounted cash flow analysis".

Increase in property, plant and equipments due to the revaluation are credited after netting of the deferred tax effect in "increase on revaluation of property, plant and equipment" account under shareholders' equity in the balance sheet. The difference between amortisation (reflected in income statement) calculated by the carried amounts of revalued assets and amortisation calculated by the acquisition costs of these assets is transferred to "retained earnings/(losses) account from the "increase on revaluation of property, plant and equipment" account after netting of the deferred tax effect on a yearly basis. The same method is also applicable for disposals of property, plant and equipment .

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is performed.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is provided on restated costs of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets. The useful lives of assets are presented below:

	Years
Buildings	31 - 50
Land improvements	8 – 46
Machinery and equipment	2 – 40
Motor vehicles	4 – 8
Furniture and fixtures	3 – 49
Leasehold improvements	5 – 37

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Expenses for the repair of property, plant and equipment are normally charged as expense. They are, however, capitalized if they result in an enlargement or substantial improvement of the respective assets.

Gains or losses on disposals of property, plant and equipment which are calculated as the difference between net carrying value and the collections made are included in the related income and expense accounts, as appropriate.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Intangible assets

Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets comprise licenses and computer softwares.

Commercial business licenses

Commercial business licenses which obtained separately are recorded as cost values. Licenses are amortized on a straight-line basis over their estimated useful lives of 15- 49 years. Commercial business licenses have a limited useful life and are followed up with their future values accumulated amortisation from cost is deducted.

Computer softwares

Computer softwares are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful lives of 3- 15 years. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

Impairment of non-financial assets

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the statement of comprehensive income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

Provisions, contingent liabilities and assets

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Provisions for employee benefits

Employment termination benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders' equity in the period in which they arise.

Provision for unused vacation rights

The Group is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation rights over the prevailing wage at the date the contract is terminated. Accordingly, the Group recognizes a provision for unused vacation days as a long term employee benefits. Provision for unused vacation days is measured on an undiscounted basis and are expensed as the related service is provided.

Current and deferred taxes

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date and includes adjustments related to previous years' tax liabilities.

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will impact taxable income in future periods based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred income tax assets will be utilized or deferred income tax liabilities will be settled, are used to determine deferred income tax.

Deferred income tax assets and liabilities are recognized to the extent that they will impact taxes to be paid in the periods that temporary differences will disappear. Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Carrying value of deferred income tax assets are decreased to the extent necessary, if future taxable profits are not expected to be available to utilize deferred income tax assets partially or fully.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred tax relating to items recognized directly in equity is recognized in equity.

Dividends

Dividends receivable are recognized as income in the period when they are declared. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

Share premium

Share premium represents differences resulting from the sale of the Company's Subsidiaries' 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.

Reporting of cash flows

In the consolidated statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

Cash flows from operating activities indicate cash flows due to the Group's operations.

Cash flows from investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

Cash flows from financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Subsequent events

Subsequent events consist of all events between balance sheet date and date of authorization for validity, even if they have been existed after public explanation of an announcement about profit or other financial information. In the case that events requiring an adjustment to the financial statements occur subsequent to the balance sheet date, the Group makes the necessary corrections on the financial statements.

Earnings / (losses) per share

Earnings per share are determined by dividing net gain by the weighted average number of shares that have been outstanding during the related year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and allowable reserves. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

2.6 Comparatives and restatement of prior year financial statements

The Group prepares comparative consolidated financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Group has applied consistent accounting policies in the preparation of consolidated financial statements presented except for the following changes and the Group does not have any other significant changes in accounting policy and accounting estimates in the current period.

The Group evaluated the effect of elimination adjustment of the borrowing costs capitalized on property plant and equipment at stand-alone financial statements of Akenerji and Egemer, since these borrowings costs are considered as part of the financing of the investments made during the investment period. It is understood that, these elimination adjustments booked at consolidated level should be recorded on the stand-alone financial statements those are included consolidation in order to have land, land improvements, buildings, machinery and equipment belonging to the power plants, which are accounted at fair value, are correctly presented with their respective fair values. The restatement resulted with an impact of increase in property, plant and equipment for an amount of TL 83.790.422 and increase in deferred tax liabilities for an amount of TL 16.759.106 and increase in revaluation of property, plant and equipment for an amount of TL 36.783.975 and increase in retained earnigs / (losses) for an amount of TL 30.247.342 in the accompanying consolidated statement of financial position as at 31 December 2017.

As a result of the assessments made by the Group, income on risk sharing contracts previously reported net of losses on risk sharing contracts in other operating expenses amounting to TL 10.545.419 in the consolidated statement of profit or loss as of 31 December 2018 has been reclassified to other operating income in the accompanying consolidated statement of profit or loss as of 31 December 2018.

As a result of the assessments made by the Group, gain on futures and options market transactions previously reported net of losses on futures and options market transactions in other operating expenses amounting to TL 551.246 in the consolidated statement of profit or loss as of 31 December 2018 has been reclassified to other operating income in the accompanying consolidated statement of profit or loss as of 31 December 2018

As a result of the assessments made by the Group, gain on derivative financial instruments previously reported net of losses on derivative financial instruments provided in financial expenses amounting to TL 21.756.478 in the consolidated statement of profit or loss as of 31 December 2018 has been reclassified to financial income in the accompanying consolidated statement of profit or loss as of 31 December 2018.

As a result of the assessments made by the Group, forest permit expenses previously reported in general administrative expenses amounting to TL 1.867.424 in the consolidated statement of profit or loss as of 31 December 2018 has been reclassified to cost of sales in the accompanying consolidated statement of profit or loss as of 31 December 2018.

As a result of the assessments made by the Group, income from central management services previously reported in other operating income amounting to TL 390.000 in the consolidated statement of profit or loss as of 31 December 2018 has been reclassified to revenues in the accompanying consolidated statement of profit or loss as of 31 December 2018.

2.7 Critical accounting estimates and judgments

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. Although, the estimates and assumptions are based on the best of knowledge of events and transactions of the Group management, those may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities are addressed below:

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred tax assets for the carry forward tax losses

Deferred tax assets are accounted for only where it is likely that related temporary differences and accumulated losses will be recovered through expected future profits or will be offsetted from the deferred tax liabilities incurred on the temporary differences will be recovered at the same date.

As a result of the studies performed, the Group recognized deferred tax assets on carry forward tax losses amounting to TL 126.469.406 (31 December 2018: TL 3.501.950) as of 31 December 2019. The related deferred tax asset is calculated based on the net income projections of the Group and deferred tax liabilities will be recovered for the foreseeable future. If the net income projections which are explained in are not realized or temporary differences of deferred tax assets and liabilities are recovered in a different period, related deferred tax assets for the carry forward tax losses will be accounted as an expense in the consolidated statements of profit or loss. For the remaining carry forward tax losses amounting to TL 540.862.450 (31 December 2018: TL 649.299.029), the Group did not recognize deferred tax assets since the Group believes those will not be utilized in the foreseeable future.

Fair value of derivative financial instruments

Fair value of derivative financial instruments are determined using the appropriate valuation techniques. At each balance sheet date, the Group estimates the future changes on derivative financial instruments based on market data.

Explanations for revaluation method and fair value measurement

The Group has chosen revaluation method instead of historical cost model as an accounting policy among application methods mentioned under TAS 16 for lands, land improvements, buildings, machinery and equipment belonging its power plants commencing from 30 September 2015.

An independent valuation firm has been authorized for revalution because using of long term price, generation, and capacity utilization forecasts which are sensitive to sectoral and economic variables and also complexity of inputs and calculations. As of 31 December 2019, the fair value which is determined with valuation study by an independent valuation company which has CMB licence, is used for lands, land improvements, buildings, machinery and equipment.

Income Approach, discounted cash flow analysis (Level 3) is used by the valuation company for valuation reports of 31 December 2019 aims to determine fair value of lands, land improvements, buildings, machineries and equipments of Uluabat hydroelectric power plant (HPP), Ayyıldız wind farm power plant (WFPP), Burç HPP, Feke I HPP, Feke II HPP, Bulam HPP, Gökkaya HPP, Himmetli HPP and Erzin natural gas combined cycle power plant which are belong to Akenerji assets.

Since long term electiricty prices are the most important inputs of "Income Approach - discounted cash flow analysis", an independent consultancy and technology firm, which operates in energy market, has been hired. The most important inputs of model determine long term electiricty prices are; long term electricity demand , enterance of new plants, exit of old plant, renewable total capacity, evolution of capacity factor, natural gas and coal prices, evolution of electricity import-export, and devolopment in the efficiency of thermal plants.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Increase in the electricity price used in model leads to an increase in the fair value by increasing generation for Erzin and revenue for Hydros and Ayyıldız. For generation, feasibility studies, which is calculated with 50 year hydrology info, and historical data used for hydros and Ayyıldız. Discounting rate for the model which is calculated with USD is 8,00%. Decrease on the discounting factor leads to an increase in the fair value.

According to the valuation report as of 31 December 2019, increase in the book value of tangible assets which are subject to revaluation is TL 1.460.920.067. The book value of assets subject to revaluation is increased to fair value and incremental value which is TL 1.460.920.067 is added to revaluation fund in quity after deferred tax effect excluded as of TL 1.227.356.651. The revaluation fund movement as of 31 December 2019 is disclosed in Note 13.

2.8 Going concern

The Group prepares its consolidated financial statements on a going concern basis in a foreseeable future.

The Group continuously monitors the financial and operational risks (changes in natural gas prices and supply conditions and their impact on the electricity market, changes in foreign exchange rates and etc.) through its risk inventory and takes necessary actions to reduce the possible effects of risks.

With the effect of revenue generated in USD indexed sales, as part of the Renewable Energy Resources Support Mechanism (“YEKDEM”), increase in power generation of renewable energy resources power plants with the impact of environmental factors and high operational availability and revenue on ancillary services (Primary Frequency Control and Secondary Frequency Control services), the consolidated operating profit of the Group significantly increased for the period ended 31 December 2019. As a result of reduction in liquidity in derivative products in Turkey Energy Market, the Group increased its foreign currency revenues by increasing its foreign physical electricity exports and financial transactions by 2.5 times, which covers 5 countries. In line with the Group's growth strategy, it is targeted to increase the trading volumes in the markets that are already active in addition to the increase in the number of markets to be reached. In 2019, thanks to its experience and information technology infrastructure, the Group increased its power plant management services to third party power plants to 300 MW power and 10 power plants without the need for additional human resources investment.

The cost of natural gas constitutes a significant portion of the cost of production of the Group due to the operations of Erzin combined natural gas cycle power plant. The Group benefits and maintains its cost advantage by purchase of natural gas with lower prices compared to BOTAŞ’s tariff by from private sector, following the permission of BOTAŞ for the spot nature gas purchases from private sector since 1 February 2018. Akenerji also completed its OTSP (Organized Natural Gas Market) application process in 2019, by activating its subsidiary Akenerji Doğalgaz and increased its flexibility and alternatives in natural gas supplying/ trading for 2020.

Erzin combined natural gas cycle power plant has the significant advantage on competition compared to similar plants under favor of its largest amount of seconder frequency control reserves in Turkey in its daily operations where the maximum amount of benefit derived from the ancillary services. Additionally, “Revenue on Capacity Mechanism”, which was introduced in 2018 to support primary level electricity generation sources, contributes positively to the financial position and daily cash flow balance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Group management anticipates that, when cost-based pricing becomes the basis, low-efficient power plants are out of the system and the purchase guarantees for the Build-Operate and Build-Operate-Transfer plants are terminated, electricity prices will be set at a more rational basis and level of predictability will increase and the Group management believes that, the potential adverse effects of increase on natural gas prices on the consolidated financial statements increase will be eliminated through the increases on electricity prices on spot and futures electricity markets. In this regard, considering the status of lignite power plants which operation was discontinued as of December 2019, the decrease in the reserve capacity amount in 2020, the excess supply's disappearing will be continue due to absence of new base load power plant investments which is to be put into operation in the near term, Group has the opinion that Erzin, the combined natural gas power plant, which has an advantageous position in terms of efficiency, operation and location in the medium and long term, has highly financial potential.

The Group has been extended its current liabilities to 13 years by restructuring its USD 859 million loan and also restructuring the payment of the loan condition to 1.5 year without any payment as TL and USD on 11 November 2019 which signed with Yapı ve Kredi Bankası A.Ş. as the implementation of "Financial Restructuring". With the aforementioned Loan Agreement, the repayment schedule of the loan was arranged according to the estimated cash-generating capacity of the Group, which has been a factor that reduced the pressure on the cash flow, thereby positively affecting the financial sustainability and competitive strength of the Group. In addition, increasing the tranches of TL liabilities within total bank loans from 13% to 45% has also significantly reduced the foreign currency risk the Group is exposed to.

The Group considers it is appropriate to prepare its consolidated financial statements on a going concern basis in a foreseeable future as a result of the actions taken to increase its operational profitability and restructuring its loans.

The Group recognised a net loss for the period 1 January – 31 December 2019 amounting to TL 740.673.273 (1 January – 31 December 2018: TL 1.556.396.550). Retained earnings/(losses) of the Group as of 31 December 2019 is TL 2.811.757.372 (31 December 2018: TL 1.408.141.204). With the Communique of Ministry of Commerce issued on the official gazette dated 15 September 2018 regarding the regulation on loss of capital and excess of liabilities over assets in relation to Article 376 of Turkish Commercial Code numbered 6102, it has been decided that, unrealized foreign exchange losses incurred from the foreign exchange based financial liabilities which are not yet fulfilled can be excluded on the calculation of loss of capital and excess of liabilities over assets. In relation to this regulation, it is calculated that, unrealized foreign exchange losses recognised under retained earnings/(losses) amounting to TL 1.123.502.630 and recognised under consolidated statement of profit or loss amounting to TL 332.358.953, in total amounting to TL 1.455.861.583 will be excluded on the calculation of loss of capital and excess of liabilities over assets by adding back to the total equity. Accordingly, there is no either issue of loss of capital or excess of liabilities over assets for the Group. The Group, as aware of all of its short term and long term liabilities, has been taking the necessary actions maintain its operations in a healthy financial structure within the framework of proactive approach.

2.9 Seasonality of Group's operations

The results of Group's operations do not show a significant change by season.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 - CASH AND CASH EQUIVALENTS

The details of the cash and cash equivalents of the Group as of 31 December 2019 and 2018 are as follow:

	31 December 2019	**31 December 2018**
Cash	35	11.292
Banks		
- Demand deposits	49.901.720	2.417.109
- Time deposits	38.285.299	16.891.410
	88.187.054	**19.319.811**
Restricted cash	(15.685.596)	(3.049.260)
Interest accrual	(15.379)	-
Cash and cash equivalents provided in statement of cash flows	**72.486.079**	**16.270.551**

As of 31 December 2019, the average effective interest rate for TL time deposits is 11,25% (2018: 23,46%), As of 31 December 2019, there is no USD and EUR time deposits (2018:USD 4,00%, EUR 1,60%).

The remaining day to maturity of time deposits as of 31 December 2019 is shorter than one month.

As of 31 December 2019 the Group's restricted cash at Takasbank amounting to TL 15.685.596 (2018: TL 3.049.260) is related with the electricity and natural gas sales operations of the Group.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - BORROWINGS

The details of borrowings of the Group as of 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
Short term borrowings		
-Bank loans	6.112.169	236.637.968
Total short term borrowings	**6.112.169**	**236.637.968**
Short-term portion of long term borrowings		
-Bank loans	166.380.043	873.780.809
-Lease liabilities	9.768.189	6.711.449
Total short-term portion of long term borrowings	**176.148.232**	**880.492.258**
Long term borrowings		
-Bank loans	4.834.099.972	3.333.605.645
-Lease liabilities	82.207.395	61.151.542
Total long term borrowings	**4.916.307.367**	**3.394.757.187**
Total short term and long term borrowings	**5.098.567.768**	**4.511.887.413**

Letters of guarantee given, pledges and mortgages related to financial liabilities are disclosed in Note 16.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - BORROWINGS (Continued)

As of 31 December 2019 and 31 December 2018, the original currencies and weighted average interest rates for short and long-term financial liabilities are as follows:

				31 December 2019
	Currency	**Effective Interest rate %**	**Original Amount**	**Amount in TL**
Short-term bank loans	TL	-	6.112.169	6.112.169
Total short-term bank loans			**6.112.169**	**6.112.169**
Short-term portion of long-term bank loans	USD	7,90	28.009.165	166.380.043
Short-term portion of long-term lease liabilities	EUR	3,40	1.527.770	10.160.586
Interest cost of short-term portion of long-term lease liabilities (-)	EUR	3,40	(336.231)	(2.236.138)
Short-term portion of long-term lease liabilities	TL	17,85	1.843.741	1.843.741
Total short-term borrowings				**176.148.232**
Long term bank loans	USD	7,90	433.390.522	2.574.426.382
Long term bank loans	TL	12,28	2.259.673.590	2.259.673.590
Long-term lease liabilities	EUR	3,40	11.184.552	74.383.982
Interest cost of long-term lease liabilities (-)	EUR	3,40	(1.984.344)	(13.197.077)
Long-term lease liabilities	TL	17,85	21.020.490	21.020.490
Total long-term borrowings				**4.916.307.367**

				31 December 2018
	Currency	**Effective Interest rate %**	**Original Amount**	**Amount in TL**
Short-term bank loans	TL	31,46	236.637.968	236.637.968
Total short-term bank loans				**236.637.968**
Short-term portion of long-term bank loans	USD	6,72	145.342.360	764.631.622
Short-term portion of long-term bank loans	TL	11,95	109.149.187	109.149.187
Short-term portion of long-term lease liabilities	EURO	3,40	1.481.848	8.932.581
Cost of short-term portion of long-term lease liabilities (-)	EURO	3,40	(368.469)	(2.221.132)
Total short-term borrowings				**880.492.258**
Long term bank loans	USD	6,72	577.391.304	2.971.866.515
Long term bank loans	TL	11,95	361.739.130	361.739.130
Long-term lease liabilities	EURO	3,40	12.465.157	75.139.967
Interest cost of long-term lease liabilities (-)	EURO	3,40	(2.320.575)	(13.988.425)
Total long-term borrowings				**3.394.757.187**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - BORROWINGS (Continued)

As of 31 December 2019, all of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4% (31 December 2018: All of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4%).

The details of redemption schedule of the long term bank borrowings as of 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Up to 1 - 2 years	182.408.672	416.700.705
Up to 2 - 3 years	184.610.054	416.700.705
Up to 3 - 4 years	165.883.604	416.700.705
Up to 4 - 5 years	3.021.384.267	416.700.705
More than 5 years	1.279.813.375	1.666.802.825
	4.834.099.972	**3.333.605.645**

The fair value of long-term financial liabilities is based on the cash flows discounted with the current debt ratio. Financial liabilities have been classified as the Level 3 in the fair value hierarchy since it has unobservable inputs including its own credit risk. The fair value of long term borrowings are considered to be equal to its carrying amount since long term borrowing was priced with the implementation of Financial Restructuring which was signed on 11 November 2019.

The principal repayment schedule of the Group's long-term finance lease obligations as at 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Up to 1-2 years	8.404.847	5.869.978
Up to 2-3 years	7.373.756	6.070.964
Up to 3-4 years	7.184.462	6.278.831
Up to 4-5 years	7.424.753	6.493.817
Up to 5-6 years	7.689.230	6.716.165
Up to 6-7 years	7.955.862	6.946.126
Up to 7-8 years	8.232.177	7.183.962
Up to 8-9 years	8.510.342	7.429.943
Up to 9-10 years	572.619	7.684.346
More than 10 years	18.859.347	477.410
	82.207.395	**61.151.542**

Compliance with the financial covenants

According to the Loan Agreement signed at 11 November 2019, under the terms of the loan agreement, the Group is required to comply with the financial covenant included of having a debt service cover ratio greater than 1,05 until end of the term of the contract. As of 31 December 2019, the Group is compliant with the financial covenant.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - BORROWINGS (Continued)

As of 31 December 2019 and 2018, the movements of borrowings are as follows:

	2019	2018
1 January	**4.511.887.413**	**3.216.578.347**
TFRS 16 transition effect (Note 2)	22.684.883	-
Cash flow impact	(274.741.371)	(119.152.596)
Change in unrealized foreign exchange differences	312.155.679	1.165.080.269
Change in interest acrruals and amortization commission	524.684.255	249.381.393
Changes in lease liabilities	1.896.909	-
31 December	**5.098.567.768**	**4.511.887.413**

NOTE 5 - TRADE RECEIVABLES

a) Short term trade receivables

	31 December 2019	31 December 2018
-Trade receivables from related parties (Note 28)	4.966.185	7.704.996
-Trade receivables from third parties	90.339.001	176.646.118
	95.305.186	**184.351.114**
Provision for doubtful receivables	(23.166.487)	(11.832.221)
	72.138.699	**172.518.893**

As of 31 December 2019, trade receivable maturities which less than 1 months and unearned finance income from credit sales does not exist (31 December 2018: None).

The movements for provision for doubtful receivables are as follows:

	2019	2018
1 January	**11.832.221**	**11.832.221**
Provisions for the period (Note 24)	11.334.266	-
31 December	**23.166.487**	**11.832.221**

As of 31 December 2019 the amount of receivables which are overdue and impaired is TL 23.166.487 (31 December 2018: TL 11.832.221). The aging list of these receivables as of 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
3 to 12 months	3.972.058	-
More than 12 months	19.194.429	11.832.221
	23.166.487	**11.832.221**

The Group recognizes the impairment of trade receivables, weighting the lifetime expected credit losses by default (Probability of Default) for all trade receivables on each customer basis and including non-overdue receivables.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES (Continued)

The amount of trade receivables that are past due but not impaired is TL 8.744.865 as of 31 December 2019 (31 December 2018: TL 10.783.399). The aging list of these receivables as of 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Up to 1 month	40.439	1.242.263
1 to 3 months	559.185	8.194.690
3 to 12 months and over	8.145.241	1.346.446
	8.744.865	**10.783.399**

NOTE 6 - OTHER RECEIVABLES

a) Short-term other receivables

	31 December 2019	31 December 2018
- Other receivables from third parties (*)	5.239.483	13.753.685
	5.239.483	**13.753.685**

As of 31 December 2019 and 2018, the details of short-term receivables of the Group from third parties are as follows:

	31 December 2019	31 December 2018
Receivables from tax office	3.645.629	1.865.075
Deposits and guarantees given	1.390.120	-
Receivables from various public institutions	191.807	240.789
Short-term other receivables (*)	11.927	11.647.821
	5.239.483	**13.753.685**

(*) As of 31 December 2018, the balance of short term other receivables provided in other receivables from third parties consist of sales of gas tribune amounting to TL 10.087.776

b) Long-term other receivables

	31 December 2019	31 December 2018
- Other receivables from related parties	1.786.397	336.824
- Other receivables from third parties (Note 28)	1.330.120	602.800
	3.116.517	**939.624**

As of 31 December 2019 and 2018, the details of long-term receivables of the Group from third parties are as follows:

	31 December 2019	31 December 2018
Deposits and guarantees given	1.786.397	336.824
	1.786.397	**336.824**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 – TRADE PAYABLES

a) Short-term trade payables

	31 December 2019	31 December 2018
-Trade payables to third parties (*)	197.173.111	286.266.440
-Trade payables to related parties (Note 28)	32.393.820	26.945.006
	229.566.931	**313.211.446**

b) Long-term trade payables

	31 December 2019	31 December 2018
-Trade payables to third parties (*)	176.736.132	177.807.845
	176.736.132	**177.807.845**

The details of long-term trade payables of the Group as of 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Payables to DSİ (*)	131.532.565	124.781.041
Other long-term trade payables (**)	45.203.567	53.026.804
	176.736.132	**177.807.845**

(*) The Group signed an agreement with the General Directorate of State Hydraulic Works (DSİ) Department of Investigation and Planning for the Water Usage of Ulubat Power Tunnel and Hydroelectric Energy Power Plant within the scope of the Emet-Orhaneli Çınarcık Dam Project on 6 June 2005. In accordance with the agreement, the liabilities relating to the Energy Share Contribution Fee to be paid for the project are incurred at the commissioning date, and the payments will start after 5 years and with 10 equal installments, where these liabilities are subject to indexation with the Producer Price Index (PPI). Based on the letter received from DSI on October 8, 2019, the number of common facility installments that have been published in the Official Gazette has been revised as 15 installments. As of the balance sheet date, 4 installments reported by DSI have been paid and the remaining installments are indexed by PPI and the amount reclassified as short-term trade payables to third parties amounts to TL 29.336.986 (31 December 2018: TL 51.946.925) and long-term trade payables to third parties amounts to TL 131.532.565 TL'dir (31 December 2018: TL 124.781.041).

(**) Other long-term trade payables are related to the maintenance work of Erzin Combined Cycle Natural Gas Plant, with 450 days of maturity on average. Its unaccrued financial income for 2019 is TL 1.129.993 (31 December 2018: TL 1.993.086).

NOTE 8 – OTHER PAYABLES

a) Short-term other payables

	31 December 2019	31 December 2018
- Other payables to third parties	8.862.311	2.341.912
	8.862.311	**2.341.912**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 8 – OTHER PAYABLES (Continued)

As of 31 December 2019 and 2018, details of short-term other payables of the Group are as follows:

	31 December 2019	31 December 2018
Credit commissions payable	5.940.200	-
Taxes and funds payable	2.033.946	1.253.911
Deposit and guarantees taken	30.912	540.672
Other payables	857.253	547.329
	8.862.311	**2.341.912**

b) Long-term other payables

	31 December 2019	31 December 2018
- Other payables to third parties	16.595	16.324
	16.595	**16.324**

NOTE 9 - PREPAID EXPENSES

Prepaid expenses as of 31 December 2019 and 2018 are as follows:

a) Short-term prepaid expenses

	31 December 2019	31 December 2018
Prepaid expenses for following months	21.770.754	12.052.320
Advances given for purchases	1.319.325	1.519.069
	23.090.079	**13.571.389**

b) Long-term prepaid expenses

	31 December 2019	31 December 2018
Prepaid expenses for following years	10.686.281	506.703
Advances given for property, plant, equipments	-	84.157
	10.686.281	**590.860**

NOTE 10 – INVENTORIES

a) Short-term inventories

	31 December 2019	31 December 2018
Spare parts	795.636	650.553
Other raw materials	1.609	3.576
Operating supplies	20.057	20.270
	817.302	**674.399**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 10 – INVENTORIES (Continued)

b) Long-term inventories

	31 December 2019	31 December 2018
Spare parts (*)	20.522.180	18.769.298
	20.522.180	**18.769.298**

(*) TL 15.062.536 (31 December 2018: TL 13.959.009) of spare parts classified in long-term inventories with an amount of TL 20.522.180 are related to the Erzin combined natural gas cycle power plant held within the scope of long-term maintenance contracts and remaining spare parts amounting to TL 5.459.644 (31 December 2018: TL 4.810.289) belongs to the other power plants of the Group are held for the purpose of repair and maintenance necessities. Such spare parts are reclassified under long term inventories by considering their estimated usage period interval. The Group manages the level of its spare parts by considering the planned maintenance schedule and the ability of intervening the incidents immediately.

NOTE 11 - OTHER ASSETS

a) Other current assets

	31 December 2019	31 December 2018
Deferred VAT	50.371.960	104.519.308
Job advances	46.144	390.321
Personnel advances	42.009	150.720
	50.460.113	**105.060.349**

b) Other non-current assets

	31 December 2019	31 December 2018
VAT deductible in following years	-	19.098.093
	-	**19.098.093**

NOTE 12 - FINANCIAL INVESTMENTS

Akenerji Toptan, a subsidiary of the Group, has participated to Enerji Piyasaları İşletme Anonim Şirketi'ne ("EPİAŞ") who is estabilished with a share capital TL 61.572.770, by 0,16% with 100,000 C Type shares. (31 December 2018: TL 100.000).

	31 December 2019	31 December 2018
Long-term securities	**100.000**	100.000
Total	**100.000**	**100.000**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2019	Additions	Transfers(***)	Disposals	Revalutation fund	31 December 2019
Cost						
Lands	159.340	-	-	-	122.264	281.604
Land improvements (*)	2.375.272.846	11.468.696	-	-	1.146.454.603	3.533.196.145
Buildings	673.291.034	845.624	17.678	-	92.506.573	766.660.909
Machinery and equipment (**)	2.802.613.464	1.850.617	1.224.941	(26.400)	221.836.627	3.027.499.249
Motor vehicles	1.392.418	336.378	-	(117.900)	-	1.610.896
Furnitures and fixtures	10.985.288	399.349	-	(42.978)	-	11.341.659
Leasehold improvements	1.759.706	-	-	(339)	-	1.759.367
Construction in progress	30.306.034	7.622.483	(1.421.869)	-	-	36.506.648
	5.895.780.130	**22.523.147**	**(179.250)**	**(187.617)**	**1.460.920.067**	**7.378.856.477**
Accumulated depreciation						
Land improvements	239.838.433	81.901.500	-	-	-	321.739.933
Buildings	44.506.973	18.085.745	-	-	-	62.592.718
Machinery and equipment	374.189.706	150.312.932	-	(149)	-	524.502.489
Motor vehicles	620.240	232.028	-	(117.900)	-	734.368
Furnitures and fixtures	7.824.060	685.762	-	(42.978)	-	8.466.844
Leasehold improvements	862.803	87.668	-	(339)	-	950.132
	667.842.215	**251.305.635**	**-**	**(161.366)**	**-**	**918.986.484**
Net book value	**5.227.937.915**					**6.459.869.993**

(*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 495.485 As of 31 December 2019, the total amount of accumulated depreciation of related land improvement is TL 39.117.

(**) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 49.219.854 As of 31 December 2019, the total amount of accumulated depreciation of the related machinery and equipment is TL 14.765.956.

(***) Comprised of transfers to intangible assets.

Current period depreciation expense amounting to TL 250.819.645 has been included in cost of sales and TL 485.990 has been included in general administrative expenses.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2018 – previously reported	Restatement effect (Note 2.6)	1 January 2018 – restated	Additions	Transfers(***)	Disposals	31 December 2018
Cost							
Lands	159.340	-	159.340	-	-	-	159.340
Land improvements (*)	2.363.244.144	8.329.827	2.371.573.971	1.658.800	2.040.075	-	2.375.272.846
Buildings	652.618.266	20.643.968	673.262.234	28.800	-	-	673.291.034
Machinery and equipment (**)	2.714.836.619	85.063.970	2.799.900.589	939.970	1.772.905	-	2.802.613.464
Motor vehicles	1.048.929	-	1.048.929	603.142	-	(259.653)	1.392.418
Furnitures and fixtures	10.276.857	-	10.276.857	708.431	-	-	10.985.288
Leasehold improvements	1.082.778	-	1.082.778	107.928	569.000	-	1.759.706
Construction in progress	28.843.107	-	28.843.107	5.844.907	(4.381.980)	-	30.306.034
	5.772.110.040	**114.037.765**	**5.886.147.805**	**9.891.978**	**-**	**(259.653)**	**5.895.780.130**
Accumulated depreciation							
Land improvements	156.299.676	1.879.367	158.179.043	81.659.390	-	-	239.838.433
Buildings	24.651.424	1.789.906	26.441.330	18.065.643	-	-	44.506.973
Machinery and equipment	192.289.165	26.578.070	218.867.235	155.322.471	-	-	374.189.706
Motor vehicles	745.728	-	745.728	133.292	-	(258.780)	620.240
Furnitures and fixtures	7.009.494	-	7.009.494	814.566	-	-	7.824.060
Leasehold improvements	755.235	-	755.235	107.568	-	-	862.803
	381.750.722	**30.247.343**	**411.998.065**	**256.102.930**	**-**	**(258.780)**	**667.842.215**
Net book value	**5.390.359.318**	**83.790.422**	**5.474.149.740**				**5.227.937.915**

(*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 495.485. As of 31 December 2018, the total amount of accumulated depreciation of related land improvement is TL 26.078.

(**) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 49.219.854. As of 31 December 2018, the total amount of accumulated depreciation of the related machinery and equipment is TL 9.843.971.

(***) Comprised of transfers to intangible assets.

Current period depreciation expense amounting to TL 255.589.956 has been included in cost of sales and TL 512.974 has been included in general administrative expenses.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

There are no capitalized borrowing costs on construction in progress for the year ended 31 December 2019 (31 December 2018: None).

Details of the guarantees, pledges and mortgages on property, plant and equipments as of 31 December 2019 and 2018 are explained in Note 16.

As of 31 December 2019 and 2018 the movements for increase on revaluation of property, plant and equipment are as follows:

	2019	2018
1 January – previously reported	**2.548.936.335**	**2.526.950.583**
Restatement effect (Note 2.6)	-	36.783.975
1 January – restated	**2.548.936.335**	**2.563.734.558**
Revaluation of land	122.264	-
Revaluation of land improvements	1.146.454.603	-
Revaluation of buildings	92.506.573	-
Revaluation of machinery and equipments	221.836.627	-
	4.009.856.402	**2.563.734.558**
Adjustments of deferred tax related to increase on revaluation of property, plant and equipment	(221.731.029)	144.955.668
Depreciation and amortisation transfers	(152.780.382)	(159.753.891)
31 December	**3.635.344.991**	**2.548.936.335**

NOTE 14 - INTANGIBLE ASSETS

As of 31 December 2019 and 2018, movements of intangible assets are as follow:

	1 January 2019	Additions	Transfers(*)	Disposals	31 December 2019
Cost					
Rights	7.369.288	265.402	179.250	(1.579)	7.812.361
Licenses	126.170.949	-	-	(163.350)	126.007.599
	133.540.237	**265.402**	**179.250**	**(164.929)**	**133.819.960**
Accumulated amortisation					
Rights	4.369.157	960.335	-	(1.579)	5.327.913
Licenses	18.237.119	1.732.836	-	(33.059)	19.936.896
	22.606.276	**2.693.171**	**-**	**(34.638)**	**25.264.809**
Net book value	**110.933.961**				**108.555.151**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 14 - INTANGIBLE ASSETS (Continued)

	1 January 2018	Additions	Transfers	Disposals	31 December 2018
Cost					
Rights	7.339.785	29.503	-	-	7.369.288
Licenses	125.931.583	239.366	-	-	126.170.949
	133.271.368	**268.869**	**-**	**-**	**133.540.237**
Accumulated amortisation					
Rights	3.472.262	896.895	-	-	4.369.157
Licenses	16.490.947	1.746.172	-	-	18.237.119
	19.963.209	**2.643.067**	**-**	**-**	**22.606.276**
Net book value	**113.308.159**				**110.933.961**

(*) Transferred from property, plant and equipment.

Current period amortisation expense amounting to TL 185.634 (31 December 2018: TL 160.805) has been included in cost of sales and remaining TL 2.507.537 (31 December 2018: TL 2.482.262) has been included in general administrative expenses.

NOTE 15 – RIGHT OF USE ASSETS

	1 January 2019	Additon	Disposals	31 December 2019
Cost				
Land (*)	19.541.243	-	-	19.541.243
Buildings	2.470.082	472.630	-	2.942.712
Motor vehicles	1.037.802	1.896.909	-	2.934.711
	23.049.127	**2.369.539**	**-**	**25.418.666**
Accumulated depreciation				
Land	-	537.771	-	537.771
Buildings	-	1.024.361	-	1.024.361
Motor vehicles	-	804.002	-	804.002
	-	**2.366.134**	**-**	**2.366.134**
Net defter book value	**23.049.127**			**23.052.532**

(*) Comprised of land rent and forest permit.

Current period depreciation expense of amounting to TL 537.771 has been included in cost of sales and TL 1.828.363 has been included in general administrative expenses.

The weighted average of the Group’s incremental borrowing rates for all currencies applied as at 1 January 2019 are provided in Note 4.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Other short-term provisions

As of 31 December 2019, there are various lawsuits against or in favor of the Group. The Group management estimates the outcomes of these lawsuits and the financial effects thereof, and the required provisions are accounted for based on these estimates. The amount of provisions for the lawsuits as of 31 December 2019 is TL 31.516.633 (31 December 2018: TL 18.338.205).

	31 December 2019	31 December 2018
Litigation provision	31.516.633	18.338.205
Periodical maintenance provisions	1.629.271	-
	33.145.904	**18.338.205**

The movements of litigation provision are as follows:

	2019	2018
1 January	**18.338.205**	**16.355.919**
Current period provision (Note 24)	15.671.264	252.003
Interest charges of litigation provision	293.791	3.097.999
Released provisions (Note 24)	(2.786.627)	(1.367.716)
31 December	**31.516.633**	**18.338.205**

b) Contingent liabilities

- **Guarantees given**

The commitments and contingent liabilities of the Group those are not expected to be resulted in a significant loss or liability to the Group are summarized below:

		31 December 2019		31 December 2018	
	Original currency	Original Amount	TL equivalent	Original Amount	TL Equivalent
Letters of guarantees given	TL	112.488.595	112.488.595	124.487.592	124.487.592
	USD	6.622.421	39.338.503	-	-
	EUR	200.000	1.330.120	400.000	2.411.200
			153.157.218		**126.898.792**

Guarantees given, in general, are comprised of the letters of guarantees given to the several institutions and organizations within the operations of the Group (to EMRA, vendors whom electricity purchased and electricity transmission and distribution related government authorities) and to the judicial authorities for some of the on-going lawsuits.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees, pledges, mortgages ("GPM") given by the Group as of 31 December 2019 and 31 December 2018 are as follows:

		31 December 2019		31 December 2018	
	Currency	**Original currency**	**TL equivalent**	**Original currency**	**TL equivalent**
GPMs given by the Group					
A. GPMs given for companies' own legal entity	TL	6.530.949.438	6.530.949.438	5.734.487.592	5.734.487.592
	USD	924.138.021	5.489.564.670	-	-
	EUR	200.000	1.330.120	400.000	2.411.200
B. Total amount of GPM given for the subsidiaries and associates in the scope of consolidation	-	-	-	-	-
C. Total amount of GPM given for the purpose of maintaining operating activities	-	-	-	-	-
D. Total other GPMs given	-	-	-	-	-
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-	-	-	-
ii) Total amount of CPMB's given to on behalf of other which are not in scope of B and C.	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
			12.021.844.228		**5.736.898.792**

Details of the guarantees given by Akenerji for its own legal entity as of 31 December 2019 are as follows:

As of 11 November 2019, within the scope of financial restructuring between our company Akenerji ("Borrower") and Yapı ve Kredi Bankası A.Ş., a total of USD 859 million refinancing loan agreement for the maturity of 13 years has been concluded, in order to provide refinancing and maturity extension of all existing debts of our company. In addition to the related loan agreement, Akenerji signed agreements for the Transfer of Receivables, Transfer of Epiaş Receivables, Real Estate and Supreme Rights to constitute the collateral of the refinancing loans amounting to USD 465 million and TL 2.271.037.258. In accordance with the Movable Pledge Agreements signed between Akenerji and the Bank, a movable pledge with a total value of TL 6.418.460.843 and a second order of USD 917.515.600 has been established, creating an upper limit for Akenerji. In addition, Yapı ve Kredi Bankası A.Ş. has been determined as a pledge creditor in the insurance policies of power plants as a crew.

As of 31 December 2019, GPMs given by the Group to equity ratio is 1.251% (31 December 2018: 1.246%).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

- **Sales and purchase commitments**

Electricity sales and purchase commitments:

The Group has entered into contracts to sell electricity energy amounting to MWh 356.813, which will be executed in 2019. As of 31 December 2019, sales of the electricity amounting to MWh 356.813 has been completed.

The Group has entered into contracts to buy electricity energy amounting to MWh 108.261, which will be executed in 2019. As of 31 December 2019, purchase of the electricity amounting to MWh 108.261 has been completed.

As of 31 December 2019, there are 87.840 MWh sales contracts that the Group has committed to be executed in the following periods, and there are no purchase contracts.

Natural gas puchase commitments:

The Group has a minimum purchase commitment amount based on contracts with natural gas suppliers in 2019, and has completed its obligations in the contract signed with the private supplier. The Group left the natural gas amount of 80.214.420 cm^3 equivalent to 1 month consumption of Erzin combined natural gas cycle power plant in the next period, from the obligation to buy or pay the Botaş Contract for the first six-month period. The right to compensate in the contract for 2020 and 2021 without being subject to penalties or any other practice is given for the mentioned amount of incomplete traction. The Group foresees to compensate by consuming the related amount in the upcoming period and does not foresee any risks regarding the mentioned commitment. The Group has no liability for missing traction for the second six-month period. The Group has a minimum purchase commitment which will be undertaken in 2020 amount of 351.140.134 cm^3 based on the contract with Botas in 2019.

c) Contingent Assets

Guarantees received

		31 December 2019		31 December 2018	
	Currency	**Original Currency**	**TL Equivalent**	**Original currency**	**TL Equivalent**
Letters of guarantees received	TL	22.774.713	22.774.713	76.664.407	76.664.407
	EURO	2.035.264	13.535.729	4.355.000	26.251.940
	USD	4.000	23.761	32.500	170.979
Notes of guarantees received	TL	2.752.432	2.752.432	4.130.209	4.130.209
	USD	4.340.544	25.783.699	4.656.023	24.494.873
	EURO	33.800	224.790	93.229	561.987
	GBP	5.675	44.132	5.675	37.755
Cheques of guarantees received	TL	106.000	106.000	108.500	108.500
	USD	16.650	98.904	100.559	529.031
Mortgages received	TL	3.242.000	3.242.000	3.242.000	3.242.000
			68.586.160		**136.191.681**

Letters of guarantees received, in general, comprised of the letters of guarantees received from the customers in relation to the Group's electricity sales operations.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 17 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2019		31 December 2018	
	Contract amount	**Fair value**	**Contract amount**	**Fair value**
Forward contracts	11.880.400	283.082	5.260.900	24.345
Derivative financial assets	11.880.400	283.082	**5.260.900**	**24.345**
Interest rate swaps				
- Short-term	34.278.994	7.829.133	168.112.060	3.648.843
- Long-term	695.428.124	26.738.480	796.239.846	17.282.246
Forward contracts				
- Short-term	2.926.264	88.829	125.139.178	9.270.688
- Long-term	266.024	8.326	-	-
Derivative financial liabilities	**732.899.406**	**34.664.768**	**1.089.491.084**	**30.201.777**

At the time the derivative contract is concluded, the Group determines that a cash flow hedge is a cash flow hedge that arises from a particular risk in the cash flows of a recorded asset or liability or a transaction that is probable and a possible outcome of a particular risk.

NOTE 18 - EMPLOYEE BENEFITS

a) Employee benefit obligations

	31 December 2019	31 December 2018
Social security payment	749.396	536.656
Due to personnel	62.794	44.346
	812.190	**581.002**

b) Short-term provisions for employee benefits

	31 December 2019	31 December 2018
Bonus provision	5.324.376	3.340.000
	5.324.376	**3.340.000**

The movements of bonus provision are as follows:

	2019	2018
1 January	**3.340.000**	**2.975.000**
Current year charges	5.324.376	3.359.000
Payments during the year	(2.936.026)	(1.191.825)
Provisions no longer required	(403.974)	(1.802.175)
31 December	**5.324.376**	**3.340.000**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 18 – EMPLOYEE BENEFITS (Continued)

c) Long-term provisions for employee benefits

	31 December 2019	31 December 2018
Provisions for employee termination benefits	5.211.456	3.419.847
Provisions for unused vacation rights	1.164.346	911.565
	6.375.802	**4.331.412**

Under the Turkish Labor Law, companies 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 and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month’s salary limited to a maximum of TL 6.379,86 for each year of service as of 31 December 2019 (31 December 2018: TL 5.434,42).

Termination benefits liability is not dependent on any funding legally and any funding requirement does not exist.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees.

TFRS require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans, The Group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension, this provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2019	2018
Discount rate (%)	4,96	6,86
Turnover rate related the probability of retirement (%)	95,88	97,18

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. As the maximum liability is revised semi-annually, the maximum amount of full TL 6.730,15 (1 January 2019: full TL 6.017,60) which is effective from 1 January 2020 has been taken into consideration in calculating the reserve for employment termination benefits of the Group.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 18 – EMPLOYEE BENEFITS (Continued)

The movements of provisions for employment termination benefits are as follows:

	2019	2018
1 January	**3.419.847**	**3.244.119**
Interest cost	846.181	389.294
Service cost	787.732	424.444
Actuarial losses / (gains)	496.399	(381.030)
Payments during the year	(338.703)	(256.980)
31 December	**5.211.456**	**3.419.847**

The movements of provisions for unused vacation rights are as follows:

	2019	2018
1 January	**911.565**	**502.185**
Current year provision	375.354	466.974
Payment during the year	(122.573)	(57.594)
31 December	**1.164.346**	**911.565**

NOTE 19 – EQUITY

Share capital

Akenerji adopted the registered capital system applicable to the companies registered on the CMB and defined a limit to its registered capital for shares whose nominal value is TL 1 ("One Turkish Lira"). As of 31 December 2019 and 31 December 2018 the share capital held is as follows:

	31 December 2019	31 December 2018
Limit on registered share capital (historical)	1.500.000.000	1.500.000.000
Issued capital	729.164.000	729.164.000

The Company's shareholders and shareholding structure as of 31 December 2019 and 2018 are as follows:

	31 December 2019		31 December 2018	
	Share (%)	**Amount**	**Share (%)**	**Amount**
CEZ a.s.	37,36	272.425.943	37,36	272.425.943
Akkök Holding A.Ş.	20,43	148.989.090	20,43	148.989.090
Akarsu Enerji Yatırımları San. ve Ticaret A.Ş. ("Akarsu")	16,93	123.436.852	16,93	123.436.852
Publicly held	25,28	184.312.115	25,28	184.312.115
	100,00	**729.164.000**	**100,00**	**729.164.000**
Adjustment to share capital		101.988.910		101.988.910
Total paid-in capital		**831.152.910**		**831.152.910**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 19 – EQUITY (Continued)

The share capital of the Company consists of 72.916.400.000 shares with a nominal value of 1 Kr for each where no privilege rights are provided for any kind of shares.

Share premium

Share premiums presented in the consolidated financial statements represent the proceeds from the excess of the amount of shares compared to their nominal values.

Reserves

	31 December 2019	31 December 2018
Legal reserves	12.053.172	12.053.172
	12.053.172	**12.053.172**

Turkish Commercial Code stipulates that the legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group’s paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

Dividend distribution

Dividends are distributed according to Communiqué Serial: IV, No: 27 on “Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law”, principles on corporate articles and dividend distribution policy which is declared by Companies.

In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14,1 that sufficient reserves exists in the stand alone statutory books.

The remaining current year income and the reserves of the Group that can be subject to the dividend distribution does not exist (31 December 2018: None).

NOTE 20 - TAX ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
Current income tax expenses	113.408	3.412.544
Prepaid taxes	(2.547.602)	(3.839.594)
Current income tax liabilities / (Current income tax assets), net	**(2.434.194)**	**(427.050)**

Corporation tax

The Group is subject to corporate income tax effective in Turkey. Provisions are made in the accompanying financial statements for the estimated tax liabilities related to the Company's results for the current period.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Losses can be carried for a maximum 5 years for deducted from the taxable profit to be incurred in future years. However, the losses cannot be deducted retrospectively from the retained earnings.

In Turkey, there is no application with the tax authorities on the tax reconciliation. The corporate tax declaration is declared until the evening of the 30th day of the fourth month following the end of the accounting period and paid until the end of the month.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (22% for the taxation periods 2018, 2019 and 2020). Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to offset against other liabilities to the government.

Income tax withholding

Limited taxpayer that earn income through by a permanent establishment or permanent representative and paid to companies (dividends) resident in Turkey not subject to withholding tax. Dividend payments made to persons other than these are subject to 15% withholding tax. The profit included to the capital is not a profit distribution.

The details of tax income / (expense) for the year ended 31 December 2019 and 2018 are as follows:

	1 January - 31 December 2019	**1 January - 31 December 2018**
Current income tax expense (-)	89.967.213	3.430.345
Deferred tax (expense)/income	(113.408)	(3.412.544)
	89.853.805	**17.801**

As of 31 December 2019 and 2018 the reconciliation of tax income stated in consolidated profit or loss statement is as follows:

	2019	**2018**
Profit / (loss) before tax	**(830.527.078)**	**(1.556.414.351)**
Tax rate (%)	22	22
Tax income / (expense) calculated at domestic tax rate	182.715.957	342.411.157
Tax exemptions	1.150.616	6.249.934
Expenses not deductible for tax purposes	(3.796.665)	(12.648.538)
Temprorary differences not subject to deferred tax calculation	(296.157.655)	(169.961.141)
Related to equity	222.252.720	(144.062.601)
Utilized carry forward tax losses	-	1.235.013
Effect of different tax rate	(14.739.856)	(18.173.755)
Investment incentives	(1.552.237)	(5.308.841)
Other	(19.075)	276.573
Current year tax income / (expense)	**89.853.805**	**17.801**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Deferred taxes

	31 December 2019	31 December 2018
Deferred tax assets	4.420.521	741.959
Deferred tax liabilities	(317.803.371)	(181.839.302)
Deferred tax assets, net	**(313.382.850)**	**(181.097.343)**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements prepared in compliance with TAS and its statutory tax financial statements. The temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Laws.

The tax rate applied in calculation of deferred tax asset and liabilities for the temporary differences expected to be closed by 2018, 2019 and 2020 is 22% and after 2020 is 20%. (2018: temporary differences expected to be closed in 2018, 2019 and 2020 22% and after 2020 is 20%).

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided using principal tax rates is as follows:

	Total temporary differences		**Deferred tax assets / (liabilities)**	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**
Deferred tax assets on tax losses	(126.469.406)	(3.501.950)	25.572.342	700.390
Investment incentives (*)	(113.212.065)	(105.450.881)	22.642.413	21.090.176
Provisions for lawsuits	(2.357.013)	-	471.403	-
Provision for employment termination benefit	(3.700.012)	(2.133.623)	740.002	426.725
Provision for unused vacations	(232.869)	(646.500)	46.574	130.340
Adjustments to property, plant and equipment	1.752.700.400	1.006.655.643	(350.531.881)	(201.331.129)
Adjustments to borrowings	66.018.516	11.125.433	(13.203.703)	(2.225.087)
Bonus provision	-	(510.823)	-	111.242
Provision for doubtful receivables	(4.000.000)	-	880.000	-
Deferred tax assets/(liabilities), net			**(313.382.850)**	**(181.097.343)**

(*) Within the scope of former Article 19 of Income Taxation Law, the related amount of investment incentive is mainly due to investment expenditures of Uluabat HEPP.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

The movements of deferred tax assets and liabilities for the year ended 31 December 2019 and 2018 are as follows:

	2019	2018
1 January – restated	**(181.097.343)**	**(328.590.289)**
Recognised in statement of profit or loss	89.967.213	3.430.345
Recognised in other comprehensive income	(222.252.720)	144.062.601
31 December	**(313.382.850)**	**(181.097.343)**

Details of tax losses on which deferred taxes are recognized, along with the year it is incurred and the maximum year it can be utilized, are provided below:

Year incurred	Year can be used	31 December 2019	31 December 2018
2017	2022	3.501.950	3.501.950
2019	2024	122.967.456	-
		126.469.406	**3.501.950**

Details of tax losses on which deferred taxes are not recognized, along with the year it is incurred and the maximum year it can be utilized, are provided below:

Year incurred	Year can be used	31 December 2019	31 December 2018
2014	2019	-	109.461.080
2015	2020	51.724.908	51.724.908
2016	2021	104.375.065	104.375.065
2017	2022	86.943.115	86.943.115
2018	2023	296.812.402	296.812.402
2019	2024	1.006.960	-
		540.862.450	**649.316.570**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 21 - REVENUE AND COST OF SALES

a) Revenue

	1 January- 31 December 2019	1 January- 31 December 2018
Electricity sales revenue	1.304.500.758	1.800.065.821
Revenue on sharing of instability	225.498.305	173.945.286
Revenue on loading orders	120.461.042	97.760.197
Revenue on secondry frequency control	99.749.277	70.402.258
Revenue on capacity mechanism	63.079.376	70.279.441
Other revenues	9.919.909	3.654.985
	1.823.208.667	**2.216.107.988**

b) Cost of sales

	1 January- 31 December 2019	1 January- 31 December 2018
Direct raw materials consumed and cost of electricity purchased(*)	1.317.261.884	1.836.358.597
Depreciation and amortisation expenses	251.543.050	255.750.761
Personnel expenses	30.199.265	22.177.734
Maintenance and repair expenses	20.439.646	21.117.328
Insurance expenses	12.807.481	12.164.650
Other materials and spare parts consumed	3.827.314	6.582.279
Other expenses	9.290.286	4.417.326
	1.645.368.926	**2.158.568.675**

(*) Direct raw materials consumed comprised of cost of natural gas purchased, cost of energy purchased, imbalance sharing costs, system usage costs, and etc.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOT 22 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2019	**1 January - 31 December 2018**
Personnel expenses	26.169.658	19.041.529
Taxes and duties	9.114.620	3.828.319
Depreciation and amortisation expenses	4.821.890	2.995.236
Consultancy expenses	4.624.545	20.390.354
Advertising and sponsorship expenses	4.266.960	342.753
IT expenses	3.501.647	2.087.298
Office expenses	2.359.425	1.887.454
Vehicle expenses	1.106.613	1.579.374
Travel expenses	1.006.766	736.130
Insurance expenses	75.970	181.893
Rent expenses	-	2.205.716
Other expenses	3.966.695	3.181.420
	61.014.789	**58.457.476**

NOTE 23 - EXPENSES BY NATURE

	1 January - 31 December 2019	**1 January - 31 December 2018**
Direct raw materials consumed and cost of electricity purchased	1.317.261.884	1.836.358.597
Depreciation and amortisation expenses	256.364.940	258.745.997
Personnel expenses	56.368.923	41.219.263
Maintenance and repair expenses	20.439.646	21.117.328
Insurance expenses	12.883.451	12.346.543
Taxes and duties	9.114.620	3.828.319
Consultancy expenses	4.624.545	20.390.354
Advertising and sponsorship expenses	4.266.960	342.753
Other materials and spare parts consumed	3.827.314	6.582.279
IT expenses	3.501.647	2.087.298
Office expenses	2.359.425	1.887.454
Vehicle expenses	1.106.613	1.579.374
Travel expenses	1.006.766	736.130
Rent expenses	-	2.205.716
Other expenses	13.256.981	7.598.746
	1.706.383.715	**2.217.026.151**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 24 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

	1 January - 31 December 2019	1 January - 31 December 2018
Income from insurance (*)	10.267.578	523.901
Gain on futures and options markets	8.629.244	551.246
Provisions no longer required (**)	4.190.601	3.171.516
Foreign exchange gains from trading activities	1.938.876	10.421.552
Gain on risk sharing contracts	1.077.029	10.743.053
Income from energy services	682.123	1.060.703
Interest income (***)	623.254	3.534.292
Income from compensations	5.619	8.574.017
Gain on derivative contracts for natural gas payments	-	10.869.300
Discount income from trading activities	-	1.909.669
Income related to capacity sales	-	1.227.897
Other income	1.355.059	1.593.766
	28.769.383	**54.180.912**

(*) Comprised of insurance compensation regarding the damage caused by the climate conditions.

(**) As of 31 December 2019, TL 2.786.627 (31 December 2018: TL 1.367.716) of the provisions no longer required comprised of released provisions of litigation provisions, TL 403.974 (31 December 2018: TL 1.802.175) comprised of the released provisions of the personnel bonus provisions which are not paid and TL 1.000.000 (31 December 2018: TL 1.625) comprised of the released provisions of other provisions.

(***) Comprised of delay interests charges for trade receivables which are not collected at their due dates. As of 31 December 2019, the applied interest rate is 1,6% per month, unless there is a different interest rate agreed by the parties (31 December 2018: 2,0%).

b) Other operating expenses

	1 January - 31 December 2019	1 January - 31 December 2018
Provisions for litigations	15.671.264	252.003
Foreign exchange losses from trading activities	12.496.273	20.842.627
Losses on futures and options market	11.624.737	1.539.839
Provision for doubtful receivables	11.334.266	-
Losses on risk sharing contracts (*)	557.846	58.888.937
Discount expenses from trading activities	556.562	3.679.640
Expenses related to energy services provided	478.463	862.720
Losses on derivative contracts for cross border payments	97.157	-
Losses on derivative contracts for natural gas payments	-	9.467.800
Expenses related to capacity sales	-	1.679.078
Other expenses	3.513.159	1.545.836
	56.329.727	**98.758.480**

(*) Losses on risk sharing contracts consists of the gains and losses incurred under the "Risk Sharing Agreements". Risk sharing agreements are financial assets signed between parties based on electricity Market Clearance Price. In these agreements, the difference between the contract price and the simple average of Market Clearance Price is invoiced as settlement price in cash between the parties depending on the direction of current position. The purpose of these agreements is to compensate financial losses to occur due to daily Market Clearance Price fluctuations.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 25 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Income from investing activites

	1 January - 31 December 2019	**1 January - 31 December 2018**
Gain on sale of property, plant and equipment	59.470	166.102
Dividend income	16.871	7.651
	76.341	**173.753**

b) Expenses from investing activites

	1 January - 31 December 2019	**1 January - 31 December 2018**
Loss on sale of property, plant and equipment	130.291	-
	130.291	**-**

NOTE 26 - FINANCIAL INCOME AND EXPENSES

a) Financial income

	1 January - 31 December 2019	**1 January - 31 December 2018**
Interest income	15.763.479	3.797.245
Foreign exchange gains	2.491.623	13.408.962
Gain on derivative instruments	997.194	28.743.548
	19.252.296	**45.949.755**

b) Financial expenses

	1 January - 31 December 2019	**1 January - 31 December 2018**
Foreign exchange losses	452.960.105	1.088.109.733
Interest and commission expenses	445.050.923	380.558.687
Losses on derivative instruments	26.385.677	40.381.942
Other financial expenses (*)	14.593.327	47.991.766
	938.990.032	**1.557.042.128**

(*) For the period 1 January - 31 December 2019, TL 10.911.161 (1 January – 31 December 2018: TL 44.966.492) of the respective amount is comprised of the indexation difference of the liability due to Uluabat DSİ Water Use Agreement calculated by WPT.

NOTE 27 – EARNINGS / (LOSSES) PER SHARE

	31 December 2019	**31 December 2018**
Weighted average number of issued shares	72.916.400.000	72.916.400.000
Net loss for the period	(740.673.273)	(1.556.396.550)
Losses per share – TL (1.000 shares)	**(1,016)**	**(2,134)**

Nominal value of each of the issued share as of 31 December 2019 and 2018 is 1 Kr.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURE

a) Transaction with related parties

- *Purchases from related parties*

	1 January - 31 December 2019	1 January - 31 December 2018
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") (1) (****)	28.248.304	82.565.976
Dinkal Sigorta Acenteliği A.Ş. ("Dinkal") (2) (**)	23.627.219	18.213.798
Aksa Akrilik Kimya Sanayi A.Ş. ("Aksa") (3) (**)	4.541.476	2.999.289
Aktek Bilgi İletişim Tek. San. ve Tic. A.Ş. ("Aktek") (4) (**)	4.445.339	3.557.012
Ak-Han Bak. Yön. Serv. Hiz. Güv. Malz. A.Ş. ("Ak-Han") (5) (**)	3.124.110	2.343.342
CEZ Trade Bulgaria Ead. (6) (***)	2.519.934	-
Akkök Holding A.Ş. ("Akkök") (7)) (*)	642.257	5.380.907
CEZ a.s. (8)) (*)	557.846	74.202
Ak-pa Tekstil İhracat Pazarlama A.Ş. ("Ak-pa") (9) (**)	127.947	91.015
CEZ a.s. Turkey Daimi Tem. (***)	-	7.171.618
Ak Havacılık ve Ulaştırma Hiz. A.Ş. ("Ak Havacılık") (**)	-	188.458
Other	12.748	3.468
	67.847.180	**122.589.085**

(1) Comprised of risk sharing and sharing of instability.
(2) Comprised of insurances purchased from insurance companies by the intermediary of Dinkal.
(3) Comprised of sharing of instability.
(4) Comprised of IT services and equipments received.
(5) Comprised of office maintenance and management service received.
(6) Comprised of purchase of electricity and capacity.
(7) Comprised of the consultancy and rent services received.
(8) Comprised of purchases related to risk sharing contracts.
(9) Comprised of rent service received.

- *Sales to related parties*

	1 January - 31 December 2019	1 January - 31 December 2018
Sepaş (1) (****)	80.390.322	296.515.048
CEZ Trade Bulgaria Ead. (2) (***)	30.068.888	12.512.973
CEZ a.s. (3) (*)	26.247.243	5.901.363
Aksa (4) (**)	7.288.170	3.151.164
CEZ a.s. Turkey Daimi Tem. (5) (***)	241.998	36.167
Akcez Enerji Yat. San. ve Tic. A.Ş. ("Akcez") (6) (****)	118.576	151.296
Aktek (**)	9.182	32.156
Akiş Gayrimenkul Yatırım A.Ş. (**)	-	105.000
Other	11.478	-
	144.375.857	**318.405.167**

(1) Comprised of sales of electricity and risk sharing of instability.
(2) Comprised of sales of electricity and capacity.
(3) Comprised of sales of electricity and risk sharing contracts.
(4) Comprised of sharing of instability.
(5) Comprised of rent services provided and foreign exchange invoices issued.
(6) Comprised of consultancy services provided and cost sharing invoices issued.
(*) Shareholder.
(**) Akkök Holding group company.
(***) CEZ a.s. group company.
(****)Akkök Holding and CEZ a.s. group company.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

b) Balances with related parties

- *Short-term trade receivables from related parties*

	31 December 2019	31 December 2018
Sepaş (1) (****)	2.881.024	6.495.163
CEZ a.s. (2) (*)	1.246.456	117.727
CEZ Trade Bulgaria Ead. (2) (***)	460.571	793.429
Aksa (3) (**)	358.298	282.504
CEZ a.s. Turkey Daimi Tem. (***)	11.086	10.669
Akcez (****)	8.750	5.504
	4.966.185	**7.704.996**

(1) Comprised of receivables from sales of electricity and sharing of instability.
(2) Comprised of receivables from sales of electricity.
(3) Comprised of receivables from sharing of instability.

The average maturity days of trade receivables from related parties is 20 days.

- *Other receivables from related parties*

	31 December 2019	31 December 2018
CEZ a.s. (1) (*)	1.330.120	602.800
	1.330.120	**602.800**

(1) Comprised of cash collateral given amounting to EUR 200.000 within the scope of electricity exported (31 December 2018: comprised of EUR 100.000 cash collateral given).

- *Short-term trade payables to related parties*

	31 December 2019	31 December 2018
Dinkal (1) (**)	22.382.188	13.398.127
Sepaş (2) (****)	3.713.756	5.252.676
Akkök (3) (*)	2.759.257	2.253.504
CEZ a.s. Turkey Daimi Tem. (4) (***)	1.400.581	4.607.288
CEZ Trade Bulgaria (5) (***)	618.885	-
Aktek (6) (**)	430.151	626.247
Aksa (2) (**)	403.656	282.538
Ak-Han (7) (**)	361.375	256.486
Ak Havacılık (8) (**)	197.102	174.562
Ak-Pa (9) (**)	126.869	-
CEZ a.s (*)	-	93.578
	32.393.820	**26.945.006**

(1) Comprised of payables to Dinkal for the insurances purchased from insurance companies by the intermediary of Dinkal.
(2) Comprised of payables on risk sharing and sharing of instability.
(3) Comprised of the payables related to consultancy and rent services received.
(4) Comprised of the payables related to consultancy services received.
(5) Comprised of the payables related to electricity and capacity received.
(6) Comprised of payables related to IT services and equipments purchased.
(7) Comprised of the payables related to office maintenance and management services received.
(8) Comprised of payables related to aviation services received.
(9) Comprised of the payables related to rent services received.
(*) Shareholder.
(**) Akkök Holding group company.
(***) CEZ a.s. group company.
(****)Akkök Holding and CEZ a.s. group company.

The average maturity days of trade payables from related parties is 30 days.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

c) Key management compensation

For the purpose of these consolidated financial statements, key management compensation consists of the payments made to Group shareholders and top management (General Manager and Vice General Managers and directors).

	1 January - 31 December 2019	**1 January - 31 December 2018**
Salaries and benefits	3.842.439	2.661.431
Bonus	1.531.960	337.895
Attendance fee	839.915	792.555
	6.214.314	**3.791.881**

NOTE 29 - FINANCIAL RISK MANAGEMENT

Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks. These risks are liquidity risk, market risk (foreign exchange risk, interest risk), credit risk and funding risks.

Management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses financial instruments to hedge certain risk exposures.

Risk management is carried out by Finance and Financial Affairs Deputy General Manager where policies are approved by the Board of Directors, Finance and Financial Affairs Deputy General Manager identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

a) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions, Due to the dynamic nature of business, the group aims to maintain flexibility in funding by keeping committed credit lines available. The Group, as aware of all of its short term and long term liabilities, has been taking the necessary actions and has been benefiting from all opportunities by communication with the financial instutions to maintain its operations in a healthy financial structure, to adjust the maturities of its liabilities in accordance with its cash flows and to provide a positive effect on its cash flows within the framework its proactive approach. In 2019, with the restructuring of loans within the scope of Financial Restructuring, the short-term liabilities of the Group decreased significantly and spread over the long term.

The following tables detail the Group’s contractual maturities for its non-derivative financial liabilities as of 31 December 2019 and 2018. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The table includes both interest and principal amounts. These amounts are contractual undiscounted cash flows. Balances with maturities less than 3 months are equal to their carrying values due to the negligible discounting effect.

31 December 2019 **Maturities in accordance with contract**	**Carrying value**	**Total contractual cash outflow (I-II-III-IV)**	**Demand or up to 3 months (I)**	**3 months - 1 year (II)**	**1 - 5 years (III)**	**5 years and over (IV)**
Non-derivative financial liabilities						
Borrowings	5.098.567.768	8.822.302.050	12.521.296	180.904.357	5.743.007.977	2.885.868.420
Trade payables	406.303.063	407.433.056	200.564.701	29.002.230	105.360.550	72.505.575
Other payables	8.878.906	8.878.906	8.862.311	-	16.595	-
Derivative financial liabilities						
Derivative financial instrument	34.664.768	34.664.768	13.902	7.904.060	26.746.806	-
	5.548.414.505	**9.271.018.794**	**221.962.210**	**217.810.647**	**5.872.871.942**	**2.958.373.995**

31 December 2018 **Maturities in accordance with contract**	**Carrying value**	**Total contractual cash outflow (I-II-III-IV)**	**Demand or up to 3 months (I)**	**3 months - 1 year (II)**	**1 - 5 years (III)**	**5 years and over (IV)**
Non-derivative financial liabilities						
Borrowings	4.511.887.413	5.929.534.982	705.317.197	630.783.617	2.554.526.076	2.038.908.092
Trade payables	491.019.291	493.012.377	214.302.685	98.908.761	155.010.068	24.790.863
Other payables	2.358.236	2.358.236	2.341.912	-	16.324	-
Derivative financial liabilities						
Derivative financial instrument	30.201.777	30.201.777	2.229.080	10.690.451	17.282.246	-
	5.035.466.717	**6.455.107.372**	**924.190.874**	**740.382.829**	**2.726.834.714**	**2.063.698.955**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

b) Market risk

- *Interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using fixed or floating interest bearing assets and liabilities by considering the borrowing market conditions and expectations. In order to minimize the interest rate risk, the Group utlise borrowings with the most favorable conditions in line with the analysis of fixed and floating interest rates. The Group has converted a significant portion of its existing loans into fixed interest rates thanks to the refinancing it has made within the scope of Financial Restructuring on 11 November 2019, thereby significantly reducing the interest rate risk.Interest rate risk arising from assets and liabilities exposed to floating interest rate are managed through interest rate swap agreements.The Group invests, cash and cash equivalents which are not used, in time deposits.

The table of the interest position of the Group as of 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Financial instruments with fixed interest rates		
Borrowings	5.008.870.223	3.065.677.421
Trade payables	232.289.682	314.291.325
Trade receivables	72.138.699	172.518.893
Cash and cash equivalents	22.599.703	16.891.410
Other debts	8.862.311	2.358.236
Other receivables	8.356.000	14.693.309
Financial instruments with floating interest rates		
Trade payables	174.013.381	176.727.966
Financial liabilities	89.697.545	1.446.209.992

The Group has analyzed various scenarios including refinancing the existing situation alternative financing options and to avoid the hedging risk. According to these scenarios, if annual interests of floating interest rated loans were 100 basis point high/low with all the other parameters are constant, current year income before tax have been TL 411.908 lower/higher as a result of interest expense of floating interest rated loans and swap transactions (2018: TL 10.778.121).

- *Foreign exchange risk*

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated assets and liabilities to local currency. Foreign exchange risk arises from future obligations as well as foreign currency denominated assets and liabilities. These risks are monitored and limited by the monitoring of the foreign currency position. In order to manage this risk, foreign exchange purchases are made from spot markets and derivative instruments are used. The management limits the foreign currency position of the Group through analyzing it. The Group has reduced its exposure to currency risk by converting a significant portion of its USD denominated loans into TL with the refinancing it has made within the scope of Financial Restructuring on 11 November 2019.

The details of the foreign currency assets and liabilities as of 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Assets	48.073.346	29.823.951
Liabilities	2.972.600.158	4.052.667.486
	(2.924.526.812)	**(4.022.843.535)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Assets and liabilities denominated in foreign currency held by the Group at 31 December 2019 and 2018 and their TL equivalent are as follows:

	31 December 2019				31 December 2018			
	TL Equivalent	**USD**	**Euro**	**Other**	**TL Equivalent**	**USD**	**Euro**	**Other**
Cash and cash equivalents	40.722.956	3.659.367	2.854.680	32	9.860.630	489.375	1.208.476	208
Trade receivable from related parties	1.707.029	-	256.673	-	911.156	-	151.154	-
Trade receivables from third parties	1.349.638	227.071	119	-	8.319.357	-	1.380.119	-
Other receivables from third parties	1.330.206	-	200.013	-	10.087.776	1.917.500	-	-
Derivative financial instruments	283.080	47.655	-	-	24.345	4.628	-	-
Current assets	**45.392.909**	**3.934.093**	**3.311.485**	**32**	**29.203.264**	**2.411.503**	**2.739.749**	**208**
Other receivables from related parties	1.330.120	-	200.000	-	602.800	-	100.000	-
Other receivables from third parties	1.350.317	3.400	200.000	-	17.887	3.400	-	-
Non-current assets	**2.680.437**	**3.400**	**400.000**	**-**	**620.687**	**3.400**	**100.000**	**-**
Total assets	**48.073.346**	**3.937.493**	**3.711.485**	**32**	**29.823.951**	**2.414.903**	**2.839.749**	**208**
Derivative financial instruments	7.917.962	1.317.991	13.357	-	12.919.531	2.455.764	-	-
Short-term portion of long term borrowings	166.380.043	28.009.165	-	-	764.631.622	145.342.360	-	-
Trade payables to related parties	24.416.375	3.634.449	425.073	4	6.711.449	-	1.113.379	-
Trade payables to third parties	57.538.568	9.612.332	63.981	1.785	18.032.492	2.453.577	850.111	-
Lease liabilities	7.924.448	-	1.191.539	-	80.791.171	15.114.065	211.942	-
Other payables to third parties	856.725	144.225	-	-	520.615	98.959	-	-
Current liabilities	**265.034.121**	**42.718.162**	**1.693.950**	**1.789**	**883.606.880**	**165.464.725**	**2.175.432**	**-**
Derivative financial instruments	26.746.806	4.501.276	1.252	-	3.037.597.911	577.391.304	-	-
Long-term borrowings	2.574.426.382	433.390.522	-	-	17.282.246	3.285.036	-	-
Lease liabilities	61.186.905	-	9.200.208	-	61.151.542	-	10.144.582	-
Trade payables to third parties	45.203.568	7.609.772	-	-	53.026.803	10.079.417	-	-
Other payables to third parties	2.376	400	-	-	2.104	400	-	-
Non-current liabilities	**2.707.566.037**	**445.501.970**	**9.201.460**	**-**	**3.169.060.606**	**590.756.157**	**10.144.582**	**-**
Total liabilities	**2.972.600.158**	**488.220.132**	**10.895.410**	**1.789**	**4.052.667.486**	**756.220.882**	**12.320.014**	**-**
Net foreign currency assets/(liabilities)	**(2.924.526.812)**	**(484.282.639)**	**(7.183.925)**	**(1.757)**	**(4.022.843.535)**	**(753.805.979)**	**(9.480.265)**	**208**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EURO. As of 31 December 2019 and 2018, the following table details of Group's sensitivity to a 10% and 20% increase and decrease in the TL against relevant foreign currencies, all other variables held constant in respectively.

				31 December 2019
		Profit /Loss		**Equity**
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
+/- 10% fluctuation of USD rate				
1- USD net asset / liability	(287.673.573)	287.673.573	-	-
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**(287.673.573)**	**287.673.573**	**-**	**-**
+/- 10% fluctuation of EUR rate				
4- EUR net asset / liability	(4.777.741)	4.777.741	-	-
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**(4.777.741)**	**4.777.741**	**-**	**-**
+/- 10% fluctuation of other currencies rate against to TL				
7- Other currencies net asset / liability	(1.366)	1.366	-	-
8- Part of hedged from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	**(1.366)**	**1.366**	**-**	**-**
Total (3+6+9)	**(292.452.680)**	**292.452.680**	**-**	**-**

				31 December 2018
		Profit /Loss		**Equity**
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
+/- 20% fluctuation of USD rate				
1- USD net asset / liability	(793.139.575)	793.139.575	-	-
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**(793.139.575)**	**793.139.575**	**-**	**-**
+/- 20% fluctuation of EUR rate				
4- EUR net asset / liability	(11.429.407)	11.429.407	-	-
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**(11.429.407)**	**11.429.407**	**-**	**-**
+/- 20% fluctuation of other currencies rate against to TL				
7- Other currencies net asset / liability	277	(277)	**-**	**-**
8- Part of hedged from other currencies risk (-)	-	-	**-**	**-**
9- Other currencies net effect (7+8)	**277**	**(277)**	**-**	**-**
Total (3+6+9)	**(804.568.705)**	**804.568.705**	**-**	**-**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

c) Funding risk

The funding risk of the current and future debt requirements is managed through rendering the availability of the qualified lenders. The Group's bank loans are provided by financially strong financial institutions.

d) Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group monitors capital on the basis of the ratio of net debt to total equity. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents. Total equity is calculated as the difference between assets and liabilities. Additionally, the Group calculates the total equity/total assets ratio. Group's construction in progress is financed by miscellaneous potential financial institutions as mentioned in the funding risk. Completion periods and cash outflows of investments are assessed and valorized within capital risk management by the Group. The periods after the completion of investments expect a significant reduction in the ratio of net debt/total capital.

Net debt/total equity ratio as of 31 December 2019 and 2018 are as follows:

	31 December 2019	**31 December 2018**
Total borrowings	5.098.567.768	4.511.887.413
Trade payables to related parties and third parties	406.303.063	491.019.291
Other payables	8.878.906	2.358.236
Total debt	**5.513.749.737**	**5.005.264.940**
Less: Cash and Cash Equivalents (Note 3)	**(88.187.054)**	**(19.319.811)**
Net debt	**5.425.562.683**	**4.985.945.129**
Total equity	**961.167.509**	**460.564.993**
Net debt/total equity ratio	**564%**	**1.083%**

e) Credit risk

The Group is exposed to credit risks due to its open receivable position with future collection dates and time deposits. If counterparties fail on the fulfillment of the agreement, the Group is exposed to the risk upon holding the financial instruments. Management covers the risk by limiting the average risk of counterparties (except for related parties) on agreements and by obtaining guarantees if necessary.

The Group has internal credit procedures, the credit rating system and internal policies for credit risk management related with the trade receivables from its customers. According to these procedures, the Group separately approves, increase or decrease the credit limits for customers with significant balances. The credit limits are determined in accordance with the historical payment performances, financial strengths, commercial relations, commercial growth potential, and management styles. Credit limits are reviewed every year and the group use bank guarantees, marketable securities and other guarantees for the customers which considered as high risk.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The exposure of the Group to credit risk as of 31 December 2019 and 2018 based on types of financial instruments is as follows:

	Trade receivables		Other receivables			
31 December 2019	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Cash at banks**	**Derivative financial instruments**
Maximum exposure to credit risk as of reporting date (*) (A+B+C+D+E)	4.966.185	67.172.514	1.330.120	7.025.880	22.599.703	283.082
- Secured with guarantees	-	13.705.635	-	-	-	-
A.Net book value of neither past due nor impaired financial assets (*)	4.966.185	58.427.649	1.330.120	7.025.880	22.599.703	283.082
- Secured with guarantees	-	8.794.136	-	-	-	-
B.Net book value of restructured financial assets	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
C.Net book value of past due but not impaired financial assets	-	8.744.865	-	-	-	-
- Secured with guarantees	-	4.911.499	-	-	-	-
D.Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross net book value)	-	23.166.487	-	-	-	-
- Impairment (-)	-	(23.166.487)	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
- Not past due (gross net book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
E.Collective provision for impairment (-)	-	-	-	-	-	-

(*) As of 31 December 2019, trade receivables from third parties categorized on neither past due nor impaired financial assets amounting to TL 47.200.158 are comprised of receivables from EPİAŞ and TEİAŞ within the scope of electricity trading operations with a due date less than 1 month.

Maturity of expected credit loss

31 December 2019	Not due	Overdue up to 1 months	Overdue 1-3 months	Overdue 3-12 months	Overdue more than 1 year	Total
Closing balance	63.393.834	40.439	559.185	8.145.241	23.166.487	95.305.186
Credit loss rate (%)	0%	0%	0%	49%	83%	24%
Expected credit losses	-	-	-	(3.972.058)	(19.194.429)	(23.166.487)

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

	Trade receivables		Other receivables			
31 December 2018	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Cash at banks**	**Derivative financial instruments**
Maximum exposure to credit risk as of reporting date (*) (A+B+C+D+E)	7.704.996	164.813.897	602.800	14.090.509	19.308.519	24.345
- Secured with guarantees	-	33.273.950	-	-	-	-
A.Net book value of neither past due nor impaired financial assets (*)	7.704.996	154.030.498	602.800	14.090.509	19.308.519	24.345
- Secured with guarantees	-	23.982.268	-	-	-	-
B.Net book value of restructured financial assets	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
C.Net book value of past due but not impaired financial assets	-	10.783.399	-	-	-	-
- Secured with guarantees	-	9.291.682	-	-	-	-
D.Net book value of impaired assets						
- Past due (gross net book value)	-	11.832.221	-	-	-	-
- Impairment (-)	-	(11.832.221)	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
- Not past due (gross net book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
E.Collective provision for impairment (-)	-	-	-	-	-	-

(*) As of 31 December 2018, trade receivables from third parties categorized on neither past due nor impaired financial assets amounting to TL 119.654.422 are comprised of receivables from EPİAŞ and TEİAŞ within the scope of electricity trading operations with a due date less than 1 month.

Maturity of expected credit loss

31 December 2018	Not due	Overdue up to 1 months	Overdue 1-3 months	Overdue 3-12 months	Overdue more than 1 year	Total
Closing balance	161.735.494	1.242.263	8.194.690	1.346.446	11.832.221	184.351.114
Credit loss rate (%)	0%	0%	0%	0%	100%	6%
Expected credit losses	-	-	-	-	(11.832.221)	(11.832.221)

NOTE 30 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Financial liabilities

The fair values of short-term bank borrowings and other financial liabilities are estimated to converge to their fair values. The fair values of the Group's long-term bank loans are considered to be equal to its carrying amount since long term borrowing was priced with the implementation of Financial Restructuring which was signed on 11 November 2019.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

As of 31 December 2019, the Group has short-term and long-term liabilities from derivative financial instruments amounting to TL 7.917.962 (31 December 2018: TL 12.919.531) and TL 26.746.806 (31 December 2018: TL 17.282.246) respectively and TL 283.082 derivative financial instruments in its current assets (31 December 2018: TL 24.345), which are categorized as level 2.

Fair value of the lands, land improvements, buildings, machinery and equipment of the Group's power plants were measured by a professional independent valuation company on 31 December 2019 through other valuation techniques involving direct and indirect observable inputs (Level 3).

NOTE 31 - SUBSEQUENT EVENTS

None.

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