TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2018

(ORIGINALLY ISSUED IN TURKISH)

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2018

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2018 AND 31 DECEMBER 2017

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

	Notes	(Not Audited) Current Period 30 September 2018	(Audited) Prior Period 31 December 2017
ASSETS			
Current assets			
Cash and cash equivalents	4	**183,335,543**	126,364,153
Trade receivables		**548,636**	435,019
- Trade receivables from third parties		***548,636***	*435,019*
Other receivables		**22,662,334**	19,438,245
- Other receivables from related parties	*20*	***21,511,614***	*19,061,642*
- Other receivables from third parties		***1,150,720***	*376,603*
Prepaid expenses		**723,740**	762,818
Assets related to current period tax	18	**684,439**	771,619
Other current assets		**4,025,646**	697,830
Total currents assets		**211,980,338**	148,469,684
Non-current assets			
Other receivables		**61,421,743**	61,640,591
- Other receivables from related parties	*20*	***60,892,821***	*61,111,669*
- Other receivables from third parties		***528,922***	*528,922*
Financial investments	5	**5,605,556**	63,240
Financial assets	5	**80,867,700**	77,701,140
Investments accounted by equity method	7	**881,099,268**	792,589,283
Property, plant and equipment	8	**212,446,085**	193,788,004
Intangible assets	8	**57,028,184**	56,754,068
Deferred tax assets	18	**12,110,645**	-
Other non-current assets		**15,776,995**	17,143,477
Total non-current assets		**1,326,356,176**	1,199,679,803
TOTAL ASSETS		**1,538,336,514**	1,348,149,487

These condensed interim consolidated financial statements as at and for the period ended 30 September 2018 have been approved for issue by the Board of Directors ("BoD") on 8 November 2018 and signed on behalf of the BoD by Erkan İlhantekin, Finance Director (CFO) and Engin Çaylan, Accounting Asistant Manager.

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2018 AND 31 DECEMBER 2017

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

		(Not Audited)	(Audited)
		Current Period	Prior Period
	Notes	**30 September 2018**	31 December 2017
LIABILITIES			
Current liabilities			
Short term portions of long term financial liabilities	6	**157,191,865**	90,540,990
Trade payables		**32,026,112**	48,754,687
- Trade payables to third parties	*9*	***32,026,112***	*48,754,687*
Short term liabilities for employee benefits		**437,759**	240,158
Other payables		**1,986,837**	2,208,941
- Other payables to related parties	*20*	***599,980***	*1,001,744*
- Other payables to third parties		***1,386,857***	*1,207,197*
Short term provisions		**612,404**	315,958
- Short term provisions for employee benefits		***612,404***	*315,958*
Total current liabilities		**192,254,977**	142,060,734
Non-current liabilities			
Financial liabilities	6	**771,849,284**	510,370,180
Trade Payables		**12,492,829**	-
-Trade payables to third parties	9	***12,492,829***	-
Long term provisions for employee benefits		**433,143**	351,727
Deferred tax liabilities	18	**-**	5,577,404
Other non-current liabilities		**837,687**	837,983
Total non-current liabilities		**785,612,943**	517,137,294
EQUITY			
Paid-in capital	11	**255,600,000**	270,000,000
Adjustment to share capital	11	**41,247,788**	41,247,788
Repurchased shares	11	**(8,450,916)**	(22,850,916)
Other comprehensive income / (expense) not to be reclassified to profit or loss		**(4,627,080)**	(4,577,769)
Actuarial gains/ (losses) on defined benefit plans		***(4,627,080)***	*(4,577,769)*
Restricted reserves	11	**39,311,954**	39,311,954
Retained earnings		**417,769,993**	296,549,440
Net profit / (loss) for year		**(178,328,869)**	65,513,737
Equity attributable to equity holders of the parent		**562,522,870**	685,194,234
Non-controlling interest		**(2,054,276)**	3,757,225
Total equity		**560,468,594**	688,951,459
TOTAL LIABILITIES AND EQUITY		**1,538,336,514**	1,348,149,487

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE - MONTH PERIODS ENDED 30 SEPTEMBER

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

		(Not audited)		(Not audited)	
	Notes	**1 January- 30 September 2018**	**1 January- 30 September 2017**	**1 July- 30 September 2018**	**1 July - 30 September 2017**
CONTINUING OPERATIONS					
Revenue	12	**32,968,118**	-	**9,984,844**	-
Cost of sales (-)	12	**(9,922,278)**	-	**(3,538,994)**	-
GROSS PROFIT FROM TRADING ACTIVITIES		**23,045,840**	-	**6,445,850**	-
General administrative expenses (-)	13	**(17,803,131)**	(19,055,074)	**(5,348,366)**	(7,379,112)
Other operating income	14	**6,828,873**	2,379,465	**2,263,874**	1,540,379
Other operating expenses (-)	14	**(7,483,354)**	(7,472)	**(227,456)**	(2,340)
OPERATING PROFIT/ (LOSS)		**4,588,228**	(16,683,081)	**3,133,902**	(5,841,073)
Income from investment activities	15	**42,328,661**	273,369	**21,523,725**	184
Income/(Loss) from investments accounted by equity method	7	**37,771,046**	84,588,207	**(8,079,882)**	59,817,714
OPERATING PROFIT/ (LOSS) 0BEFORE FINANCIAL INCOME AND (EXPENSE)		**84,687,935**	68,178,495	**16,577,745**	53,976,825
Financial income	16	**165,519,725**	72,501,311	**125,351,115**	7,581,405
Financial expense (-)	17	**(452,024,460)**	(118,269,083)	**(320,185,205)**	(24,823,155)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**(201,816,800)**	22,410,723	**(178,256,345)**	36,735,075
Tax (Expense)/Income From Continued Operations					
- Current income tax expense		**-**	-	**-**	-
- Deferred tax (expense) / income	18	**17,675,861**	1,660,989	**13,916,933**	7,479,664
CONTINUED OPERATIONS PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(184,140,939)**	24,071,712	**(164,339,412)**	44,214,739
Attributable to:					
Equity holders of the parent		**(178,328,869)**	24,185,451	**(159,947,632)**	44,355,338
Non-controlling interest		**(5,812,070)**	(113,739)	**(4,391,780)**	(140,599)
Earnings/(loss) per share	19	**(0.70)**	0.09	**(0.63)**	0.16

The accompanying notes form an integral part of these condensed interim consolidated financial statements,

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE - MONTH PERIODS ENDED 30 SEPTEMBER

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

	(Not audited)		(Not audited)	
	1 January – 30 September 2018	1 January - 30 September 2017	**1 July - 30 September 2018**	1 July– 30 September 2017
PROFIT / (LOSS) FOR THE PERIOD	**(184,140,939)**	24,071,712	**(164,339,412)**	44,214,739
Other comprehensive income Not to be reclassified to profit or loss				
Actuarial gains / (losses) on defined benefit plans	**(60,930)**	425,855	**(11,058)**	(12,210)
Taxes related to other comprehensive income not to be reclassified to profit or loss				
- Deferred tax (expense) /income	**12,188**	(85,171)	**2,214**	2,442
Other comprehensive income of shares from investments accounted by the equity method not to be reclassified to profit or (loss)				
- Actuarial gains / (losses) of defined benefit plans	**-**	(21,315)	**-**	(43,354)
- Deferred tax income / (expenses)	**-**	4,263	**-**	4,263
OTHER COMPREHENSIVE INCOME / (LOSS)	**(48,742)**	323,632	**(8,844)**	(48,859)
Total comprehensive income/(loss)	**(184,189,681)**	24,395,344	**(164,348,256)**	44,165,880
Attributable to:				
Equity holders of the parent	**(178,378,180)**	24,507,810	**(159,959,100)**	44,306,521
Non-controlling interests	**(5,811,501)**	(112,466)	**(4,389,156)**	(140,641)
Earnings/(Loss) per share	**(0.70)**	0,09	**(0.63)**	0,16
Number of shares	**255,600,000**	270,000,000	**255,600,000**	270,000,000

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY AT 30 SEPTEMBER 2018 AND 30 SEPTEMBER 2017
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

					Other comprehensive income/expense not to be reclassified to profit or loss					
	Paid in Capital	Adjustment to share capital	Repurchased Shares(-)	Restricted reserves	Actuarial gains / (losses) on defined benefit plans	Retained earnings	Net (loss)/income for period	Equity holders of the parent	Non-controling interests	Total Equity
1 January 2017	270,000,000	41,247,788	(22,850,916)	37,333,125	(3,732,123)	297,557,197	18,006,308	637,561,379	3,005,923	640,567,302
Share Capital increases	-	-	-	-	-	-	-	-	1,437,412	1,437,412
Dividends paid	-	-	-	1,978,829	-	(19,014,065)	-	(17,035,236)	-	(17,035,236)
Transfers	-	-	-	-	-	18,006,308	(18,006,308)	-	-	-
Changes in ownership rate of subsidiaries that do not result in control losses	-	-	-	-	-	-	-	-	4,569	4,569
Other comprehensive income / (expense)	-	-	-	-	322,359	-	-	322,359	1,273	323,632
Net income for the period	-	-	-	-	-	-	24,185,452	24,185,452	(113,739)	24,071,713
Total comprehensive income	-	-	-	-	322,359	-	24,185,452	24,507,811	(112,466)	24,395,345
30 September 2017	270,000,000	41,247,788	(22,850,916)	39,311,954	(3,409,764)	296,549,440	24,185,452	645,033,954	4,335,437	649,369,391
31 December 2017	**270,000,000**	**41,247,788**	**(22,850,916)**	**39,311,954**	**(4,577,769)**	**296,549,440**	**65,513,737**	**685,194,234**	**3,757,225**	**688,951,459**
Change in accounting policies (TFRS 15) (Note 7) (*)	-	-	-	-	-	**50,164,500**	-	**50,164,500**	-	**50,164,500**
Change in accounting policies (TFRS 9) (Note 5)	-	-	-	-	-	**5,542,316**	-	**5,542,316**	-	**5,542,316**
1 January 2018	**270,000,000**	**41,247,788**	**(22,850,916)**	**39,311,954**	**(4,577,769)**	**352,256,256**	**65,513,737**	**740,901,050**	**3,757,225**	**744,658,275**
Share Capital decrease	**(14,400,000)**	-	**14,400,000**	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	**65,513,737**	**(65,513,737)**	-	-	-
Net profit / (loss) for the period	-	-	-	-	-	-	**(178,328,869)**	**(178,328,869)**	**(5,812,070)**	**(184,140,939)**
Other comprehensive income/(expense)	-	-	-	-	**(49,311)**	-	-	**(49,311)**	**569**	**(48,742)**
Total comprehensive income	-	-	-	-	**(49,311)**	-	**(178,328,869)**	**(178,378,180)**	**(5,811,501)**	**(184,189,681)**
30 September 2018	**255,600,000**	**41,247,788**	**(8,450,916)**	**39,311,954**	**(4,627,080)**	**417,769,993**	**(178,328,869)**	**562,522,870**	**(2,054,276)**	**560,468,594**

(*) The effect of the retrospective application of TFRS 15 is due to the Investments accounted by Equity Method account. Changes of application effects this account and retained earning.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER

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

	Notes	**1 January- 30 September 2018**	1 January- 30 September 2017
A. Cash flows from operating activities		**100,910,906**	40,698,563
Profit/(loss) for the period		**(184,140,939)**	24,071,712
Adjustments to reconcile net income/(loss)		**257,405,426**	(34,932,541)
Adjustments related to tax (income) / expense	18	**(17,675,861)**	(1,660,989)
Adjustment related to unrealized foreign currency translation differences		**339,659,901**	50,580,313
Adjustments related to depreciation and amortization expenses	12,13	**6,209,771**	1,595,186
Adjustment related to losses / (gains) arising from the disposal of tangible assets	15	**-**	(268,297)
Adjustments related to provisions / (reversals) for employee termination benefits		**385,006**	257,565
Other adjustments related to profit and loss reconciliation		**(40,099,360)**	-
Adjustments related to undistributed profit/losses of investments accounted using the equity method	7	**(37,771,046)**	(84,588,207)
Adjustments related to undistributed profits of associates	7	**(574,439)**	(574,437)
Adjustments related to interest expense	17	**21,625,548**	10,910,668
Adjustments related to interest income	16	**(14,354,094)**	(11,183,713)
Changes in working capital		**27,714,491**	52,926,536
Adjustments related to decrease / (increase) in trade receivables		**(113,617)**	38,422
Decrease / (Increase) in prepaid expenses		**(1,922,258)**	(4,179,286)
Adjustments related to increase / (decrease) in trade payables		**(4,235,746)**	38,551,733
Decrease / (increase) in other assets related to operations		**34,010,913**	19,062,545
Increase / (decrease) in other liabilities related to operations		**(24,801)**	(546,879)
Cash used in operations		**100,978,978**	42,065,706
Employment termination benefits paid		**(68,072)**	(644,842)
Tax refunds / (payments)		**-**	(722,302)
B. Net cash (resulted from) / generated by investing activities		**(10,889,483)**	(112,521,082)
Cash outflow resulted from acquisition of tangible and intangible assets	8	**(25,141,967)**	(123,921,602)
Cash inflow generated by sales of tangible and intangible assets		**-**	268,927
Dividend received		**3,826**	4,259
Interest received		**14,248,658**	11,127,334
C. Net cash used in financing activities		**(33,155,469)**	45,734,883
Proceeds from bank borrowings	6	**36,809,582**	86,072,880
Repayment of bank borrowings	6	**(50,432,898)**	(31,555,752)
Interest paid	6	**(19,532,153)**	(8,782,245)
Net increase / (decrease) in cash and cash equivalents		**56,865,954**	(26,087,637)
Cash and cash equivalents balance at the beginning of the period	4	**126,317,550**	143,260,461
Cash and cash equivalents balance at the end of the period	4	**183,183,504**	117,172,824

The accompanying notes form an integral part of these condensed interim consolidated financial statements,

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Turcas Petrol A.Ş. and its subsidiaries ("The Group") consist of Turcas Petrol A.Ş. ("The Company" or "Turcas"), 2 subsidiaries and 2 associates.

Turcas Petrolcülük A.Ş. was established in 1988 by Türkpetrol Holding and Burmah-Castrol. In 1996, Tabaş Petrolcülük A.Ş. ("Tabaş") purchased shares of Turcas Petrolcülük A.Ş, resulting in an ownership of 82.16%.

On 30 September 1999, Tabaş merged with Turcas Petrolcülük A.Ş. As a result of the merger, the assets and liabilities of Turcas Petrolcülük A.Ş. were transferred to Tabaş and Turcas Petrolcülük A.Ş. was dissolved. As of the same date, the commercial title of Tabaş was changed to Turcas Petrol A.Ş.

As of 1 July 2006, Turcas Petrol A.Ş. transferred its part of shares to Shell & Turcas Petrol A.Ş. ("STAŞ") by partial spin-off. 30% shares of STAŞ were owned by Turcas Petrol A.Ş. and 70% of shares were owned by The Shell Company of Turkey Ltd ("Shell Türkiye"). Since this date, main operations of Turcas Petrol A.Ş.; which were purchasing, selling, importing, exporting of fuel products and lubricants, are carried by STAŞ. Accordingly, based on the decision of the Company's Board of Directors, the main operations of the Company changed into exploration, research, production, transportation, distribution, storage, export, import, re-export, and national and international investments about trade in the energy sector and its subsectors like petroleum, fuel, electricity and natural gas; and to establish new companies and/or to join the management and establishment of the companies that focus on developing new business lines with commercial, industrial, agricultural and financial purposes.

The Company is incorporated in Turkey and the address of the registered office is as follows:

Ahi Evran Cad. No: 6 Aksoy Plaza. Kat: 7, Maslak/Sarıyer/İstanbul

The shares of the Company have been traded on Borsa İstanbul since 1992.

The Company's main shareholder is Aksoy Holding A.Ş. The capital structure of the Company as of the related balance sheet dates have been provided at Note 11.

The number of employees of the Group as of 30 September 2018 is 110 (31 December 2017: 69).

Subsidiaries	Country	Nature of business
Turcas Elektrik Toptan Satış A.Ş.	Turkey	Electricity
Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.	Turkey	Energy, electricity

In 1996, the Company acquired 100% of Turcas Enerji Holding A.Ş ("Turcas Enerji"). During the year, The Company also bought Turcas Enerji Holding A.Ş shares (5%) from Ataş Anadolu Tasfiyehanesi A.Ş, ("ATAŞ") which was established in 1958, owned by "Turcas Enerji".

Based on the resolution of the Board of Directors of the Company dated 7 June 2004, the Company's subsidiary Marmara Petrol ve Rafineri İşleri A.Ş. and the other ATAŞ partners returned their Certificate of Refinery to the General Directorate of Petroleum Affairs, put an end to the refining operations of ATAŞ and obtained an "Oil Terminal License" for ATAŞ from the Energy Market Regulatory Authority ("EMRA"). The entity continues its fuel storage and service operations as of the balance sheet date. ATAŞ is classified under financial investments in Turcas Petrol A.Ş financial statements.

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

As a result of the Extraordinary General Assembly meeting held on 27 May 2008, the Company resolved for the change of its title from "Marmara Petrol ve Rafineri İşleri A.Ş." to "Turcas Enerji Holding A.Ş.". This decision was published on the Turkish Trade Registry Gazette numbered 7105 on 15 July 2008 and the title is registered and declared as Turcas Enerji Holding A.Ş. It was decided to merge with Turcas Enerji Holding A.Ş by taking over all the assets and liabilities of Turcas Enerji Holding A.Ş.'s 100% subsidiary Turcas Yenilenebilir Enerji Üretim A.Ş. The merger transaction was registered by the Istanbul Trade Registry Office on 26 October 2017. It has been decided to merge Turcas Petrol with Turcas Petrol A.Ş by taking over all the assets and liabilities of Turcas Enerji Holding, a 100% subsidiary of Turcas Petrol. The merger transaction was registered by the Istanbul Trade Registry Directorate on 4 December 2017.

Turcas Elektrik Üretim A.Ş. was established on 23 December 2003. Turcas Elektrik Üretim A.Ş. obtained Electric Production License with the EMRA's decision numbered 658-2 dated 16 February 2006, for 20 years starting from 16 February 2006. The Electricity Production License has been terminated as of 31 January 2015 by the EMRA Board Decision No. 5440-17 dated 29 January 2015. It has been resolved to merge with the 100% subsidiary Turcas Elektrik Üretim A.Ş. whereby all of its assets and liabilities shall be transferred to the Company. The merger transaction was completed and registered by the Istanbul Trade Registration Office on August 14, 2017.

Turcas Elektrik Toptan Satış A.Ş. was established on October 30, 2000 and started to perform electricity wholesale activities for 10 years as of 5 June 2003 pursuant to Electricity Market Law No. 4628 and related legislation.

Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., has been established to operate in the field of geothermal power generation with joint ventures of Turcas Enerji Holding A.Ş. (46%), BM Mühendislik ve İnşaat A.Ş. (46%) and Alte Enerji A.Ş. (8%) on September 2013. The Company purchased 46% shares owned by BM Mühendislik ve İnşaat A.Ş. on 30 May 2016. Turcas Kuyucak has been included in the Turcas Petrol A.Ş. consolidated financial statements as of the aforementioned date with full consolidation method.

Associates	Company	Nature of business
Shell & Turcas Petrol A.Ş. ("STAŞ")	Turkey	Petroleum products
RWE&Turcas Güney Elektrik Üretim A.Ş. ("RWE&Turcas Güney")	Turkey	Energy, electricity

STAŞ operates in every aspect of the purchase, sale, import, export, storage and distribution of all types of fuel and lubricants.

RWE & Turcas Güney Elektrik Üretim A.Ş has been established on 7 December 2007 in order to construct and operate electricity power plant, generate electricity, heat and steam from power plants, perform maintenance services and market the recycled and waste materials.

The detailed information about the investments accounted by equity method is given in Note 7.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Principles Governing the Preparation of Condensed Consolidated Interim Financial Statements

The accompanying condensed interim consolidated financial statements of the Group have been prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

The Group has prepared its condensed interim financial statements as of 30 September 2018 in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" and TAS 34. Condensed interim consolidated financial statements and notes have been prepared in accordance with the minimum requirements published by CMB.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the accounting and financial reporting principles issued by the CMB. Accordingly, the Group's interim condensed consolidated financial statements have been prepared in this respect.

The Group maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the Capital Market Board ("CMB"). The consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion, these consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

In compliance with the TAS 34, entities have preference in presenting their condensed interim consolidated financial statements whether full set or condensed. In this framework, Group preferred to present its condensed interim consolidated financial statements in condensed form.

The Group's interim condensed consolidated financial statements does not contain the entire explanations and notes of the year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the year-end consolidated financial statements as of 31 December 2017.

The preparation of financial statements in conformity with Turkish Accounting Standards requires management to exercise its judgement in the process of applying the group's accounting policies. The significant assumptions and estimates applied in the preparation of the consolidated financial statements are disclosed in Note 2.4.

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

2.2 Summary of the Significant Accounting Policies

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are consistent with the accounting policies applied for the financial year between 1 January - 31 December 2017. These condensed interim consolidated financial statements should be read on a comparative basis with annual financial statements for the year between 1 January - 31 December 2017.

There is no difference in the accounting policy applied to the condensed consolidated interim financial statements from the annual consolidated financial statements which have been prepared within the framework of Communiqué II, No: 14.1 and related promulgations to this Communiqué as issued by the CMB in accordance with CMB Financial Reporting Standards which is based on TAS/TFRS.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at September 30, 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2018. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2018 are as follows:

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to TFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018. The Group adopted TFRS 15 using modified retrospective approach as of January 1, 2018. For the first time, the cumulative effect of the application is recognized in the retained earnings as of 1 January 2018 as comparative adjustment and comparative information related to the prior periods has not been restated.

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Group adopted TFRS 15 using modified retrospective approach as of January 1, 2018. For the first time, the cumulative effect of the application is recognized in the retained earnings as of 1 January 2018 as comparative adjustment and comparative information related to the prior periods has not been restated.

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

TFRS 4 Insurance Contracts (Amendments)

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on 19 December 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. The interpretation did not have a significant impact on the financial position or performance of the Group.

TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:
a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TAS 40 Investment Property: Transfers of Investment Property (Amendments)

In December 2017, POA issued amendments to TAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

Annual Improvements to TFRSs - 2014-2016 Cycle

In December 2017, POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

- TFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some TFRS 7 disclosures, IAS 19 transition provisions and TFRS 10 Investment Entities. These amendments are applied for annual periods beginning on or after 1 January 2018.

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are applied for annual periods beginning on or after 1 January 2018.

The amendments did not have a significant impact on the financial position or performance of the Group.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed 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 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

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

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

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:
(a) whether an entity considers uncertain tax treatments separately;
(b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
(c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
(d) how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

The Group is in the process of assessing the impact of the interpretation 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 Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing TFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing TFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

TFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

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

TFRS 17 - The new Standard for insurance contracts

The IASB issued TFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

In October 2017, the IASB issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.
Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted.The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

Annual Improvements – 2015–2017 Cycle

In December 2017, the IASB announced Annual Improvements to TFRS Standards 2015–2017 Cycle, containing the following amendments to TFRS:
•TFRS 3 Business Combinations and TFRS 11 Joint Arrangements — The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
•IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
•IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.
The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

Plan Amendment, Curtailment or Settlement" (Amendments to IAS 19)

On February 2018, the IASB published Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" to harmonise accounting practices and to provide more relevant information for decision-making. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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

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 condensed interim consolidated financial statements are presented in TL, which is the functional currency of Turcas and the presentation currency of the Group.

2.3 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.

In the event of changes in accounting policies and accounting estimates, significant changes and significant accounting errors are applied retrospectively and the prior period financial statements are restated. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.4 Critical accounting estimates and judgements

The preparation of the financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of balance sheet date, the explanation of contingent assets and liabilities and the amounts of income and expenses reported during the period. Accounting assessments, estimates and assumptions are continuously assessed based on past experience, other factors and reasonable expectations about future events with respect to those circumstances. Although these estimates and assumptions are based on the management's best knowledge of current events and transactions, accounting estimates may not result in the same amounts as the actual results of the circumstances. The estimates and assumptions that could cause material adjustments in the carrying value of assets and liabilities in the next financial reporting period are as follows:

Deferred Taxes:

Group accounts the deferred tax assets and liabilities for the temporary differences arising from the timing differences between the statutory financial statements and the financial statements prepared in accordance with the Turkish Accounting Standards. Subsidiaries of the Group have deferred tax assets consisting of carry forward tax losses which may be deducted from the future taxable income and other deductible temporary differences. Amount of the deferred tax assets which may be partially or completely recovered are anticipated according to the current conditions.

During the projections, future taxable income, current period losses, expiration dates of the carry forward tax losses, other tax assets and the tax planning strategies, if necessary, are taken into account. Group has carry forward tax losses amounting to TL 279,564,373 from which can be utilized with future profits as of 30 September 2018 (31 December 2017: TL 119,975,009). As the Group forecasts to generate a taxable profit amounting to TL 12,316,005 within the next five years, deferred tax asset amounting to TL 2,463,201 (31 December 2017: None) has been generated (Note 18).

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

NOTE 3 - SEGMENT REPORTING

The reportable segments of Turcas have been organized by management as oil and electricity. The products which are included in oil are fuel products, lubricants and engine oil. Electricity group consists of power generation.

Accounting policies applied by each operational segment of Turcas are the same as those are applied in Turcas's consolidated financial statements prepared in accordance with Public Oversight Financial Reporting Standards.

Turcas's reportable segments are strategical business units which presents various products and services. Each of these segments are administrated separately by the necessity of requiring different technologies and marketing strategies.

Information regarding to each segment has been presented below. Earnings before interest, tax, depreciation and amortisation ("EBITDA") have been taken into consideration for evaluation of the performance of the operational segments. Management considers EBITDA as the most adequate indicator for making comparison with competitors in the sector.

a) Operating segments which have been prepared in accordance with the reportable segments as of 1 January -30 September 2018 are as folllows:

	Oil	**Electricity**	**Other**	**Total**
Revenue from external customers	**-**	**32,968,118**	**-**	**32,968,118**
EBITDA	**-**	**19,059,588**	**(8,261,588)**	**10,798,000**
Financial income	**-**	**26,730,495**	**138,789,230**	**165,519,725**
Financial expense	**-**	**(133,827,325)**	**(318,197,135)**	**(452,024,460)**
Depreciation and amortisation expense	**-**	**(4,437,431)**	**(1,772,340)**	**(6,209,771)**
Income/(loss) from associates	**55,664,100**	**(17,893,054)**	**-**	**37,771,046**
Purchase of tangible and intangible assets	**-**	**22,893,681**	**2,248,286**	**25,141,967**

b) Operating segments which have been prepared in accordance with the reportable segments as of 1 January - 30 September 2017 are as follows:

	Oil	**Electricity**	**Other**	**Total**
Revenue from external customers	-	-	-	-
EBITDA	-	(3,392,114)	(11,695,781)	(15,087,895)
Financial income	-	2,295,693	70,205,618	72,501,311
Financial expense	-	(2,047,453)	(116,221,630)	(118,269,083)
Depreciation and amortisation expense	-	(129,564)	(1,465,622)	(1,595,186)
Income/(loss) from associates	84,684,000	(95,793)	-	84,588,207
Purchase of tangible and intangible assets	-	121,247,197	2,674,405	123,921,602

c) Operating segments which have been prepared in accordance with the reportable segments for the period between 1 July - 30 September 2018 are as follows:

	Oil	**Electricity**	**Other**	**Total**
Revenue from external customers	**-**	**9,984,844**	**-**	**9,984,844**
EBITDA	**-**	**7,337,411**	**(2,055,095)**	**5,282,316**
Financial income	**-**	**23,224,945**	**102,126,170**	**125,351,115**
Financial expense	**-**	**(99,648,556)**	**(220,536,649)**	**(320,185,205)**
Depreciation and amortisation expense	**-**	**(1,513,321)**	**(635,093)**	**(2,148,414)**
Income/(loss) from associates	**7,236,690**	**(15,316,572)**	**-**	**(8,079,882)**
Purchase of tangible and intangible assets	**-**	**8,787,671**	**320,478**	**9,108,149**

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) Operating segments which have been prepared in accordance with the reportable segments for the period between 1 July - 30 September 2017 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	-	-	-
EBITDA	-	(1,517,416)	(3,633,716)	(5,151,132)
Financial income	-	(47,691,785)	55,273,190	7,581,405
Financial expense	-	75,725,553	(100,548,708)	(24,823,155)
Depreciation and amortisation expense	-	(85,281)	(604,660)	(689,941)
Income / (loss) from associates	55,148,462	4,669,252	-	59,817,714
Purchase of tangible and intangible assets	-	35,421,411	626,871	36,048,282

e) Operating segments which have been prepared in accordance with the reportable segments as of 30 September 2018 are as follows:

	Oil	Electricity	Other	Eliminations	Total
Segment Assets (*)	**-**	**281,151,855**	**377,837,583**	**(1,752,192)**	**657,237,246**
Investments accounted for under equity accounting	**580,144,272**	**300,954,996**	**-**	**-**	**881,099,268**
Segment Liabilities	**-**	**325,511,821**	**655,233,752**	**(2,877,653)**	**977,867,920**

f) Operating segments which have been prepared in accordance with the reportable segments as of 31 December 2017 are as follows:

	Oil	Electricity	Other	Eliminations	Total
Segment Assets (*)	-	283,947,010	338,222,527	(16,609,333)	555,560,204
Investments accounted for under equity accounting	474,315,672	318,273,611	-	-	792,589,283
Segment Liabilities	-	205,827,115	449,863,044	3,507,869	659,198,028

(*) Through deducting investment amounts of associates which are accounted by equity method.

g) Reconciliation between reportable segment income is as follows:

	1 January - 30 September 2018	1 January - 30 September 2017	**1 July – 30 September 2018**	1 July – 30 September 2017
Revenue				
Combined	**21,362,679,113**	15,140,089,421	**8,887,752,231**	5,738,782,615
Associations (-)	(21,329,710,995)	(15,140,089,421)	(8,887,752,231)	(5,738,782,615)
Segment revenue	32,968,118	-	9,984,844	-
Consolidated Revenue	**32,968,118**		**9,984,844**	

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 September 2018	31 December 2017
Cash	**27,794**	263
Banks	**183,307,749**	126.363.890
- time deposits	**183,153,376**	126.296.684
- demand deposits	**154,373**	67.206
	183,335,543	126,364,153

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The maturities of cash and cash equivalents are as follows:

	30 September 2018	31 December 2017
Up to 30 days	**102,252,791**	126,144,077
Up to 60 days	**81,082,752**	220,076
	183,335,543	126,364,153

The effective interest rates (%) of time deposits are as follows:

	30 September 2018	31 December 2017
TRY	**22.46**	10.57
USD	**4.04**	2.56
EUR	**0.75**	0.75

Cash and cash equivalents as of 30 September 2018, 31 December 2017 and 30 September 2017, as seen in condensed consolidated interim cash flow statements, are as follows:

	30 September 2018	31 December 2017	30 September 2017
Cash and cash equivalents	**183,335,543**	126,364,153	117,287,514
Less: Interest accrual	**(152,039)**	(46,603)	(114,690)
	183,183,504	126,317,550	117,172,824

The company has no blocked deposits as of 30 September 2018 (31 December 2017: None).

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

NOTE 5 – FINANCIAL ASSETS

	30 September 2018			31 December 2017		
	Short Term	**Long Term**	**Total**	Short Term	Long Term	Total
Financial assets held for sale	**-**	**5.605.556**	**5.605.556**	-	63.240	63.240
	-	**5.605.556**	**5.605.556**	-	63.240	63.240

16) **Financial assets measured at fair value through other comprehensive income**

			30 September 2018		31 December 2017	
	Participation amount	**TFRS 9 effect**	**Participation amount**	**Participation rate (%)**	Participation amount	Participation rate (%)
ATAŞ	**13,240**	**5,542,316**	**5,555,556**	**5.00**	13,240	5.00
Enerji Piyasaları İşletmeleri Anonim Şirketi (*)	**50,000**	**-**	**50,000**	**0.08**	50,000	0.08
	63,240	**5,542,316**	**5,605,556**		63,240	

(*) 100% subsidiary of the Group, Turcas Elektrik Toptan Satış A,Ş,, has participated to Enerji Piyasaları İşletme Anonim Şirketi (EPİAŞ) with 50,000 C Type shares, which has been established with TL 61,572,770 capital.

According to TFRS 9 Financial Instruments Standard which is effective from 1 January 2018, ATAŞ started to be accounted for at fair value. As of January 1, 2018, fair value differences are recognized in retained earnings, but comparative figures for previous periods have not been restated.

b) Financial assets:

	30 September 2018	31 December 2017
Financial Assets (Note 7)	**80,867,700**	77,701,140
Total	**80,867,700**	77,701,140

(*) Financial assets related to the agreements signed with Shell Company of Turkey Ltd. (Shell) on 25 August 2017, was recognised in the financial statements at an amount of TL 80,867,700 (Note 7).

Financial assets are accounted for at their fair value.

	2018
1 January	77,701,140
Preferred dividend collection(-)	(36,932,800)
Fair value difference	40,099,360
30 September	**80,867,700**

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

NOTE 6 – FINANCIAL LIABILITIES

	30 September 2018	31 December 2017
Short term bank borrowings	**157,191,865**	90,540,990
Long term bank borrowings	**771,849,284**	510,370,180
	929,041,149	600,911,170

	30 September 2018		
	Yearly average effective interest rate (%)	**Original amount**	**TL**
EUR borrowings			
- Floating interest rate (*)	**6M Euribor + 1.65%**	**11,193,039**	**77,797,219**
- Fixed interest rate (***)	**4.35% - 4.75%**	**1,778,939**	**12,364,518**
USD borrowings			
- Floating interest rate (**)	**6M Libor + 3.40% – 6M Libor + 4.75%**	**11,161,369**	**66,858,831**
TL borrowings			
Fixed interest rate	**16.36%**	**171,297**	**171,297**
Total short term financial liabilities			**157,191,865**
EUR borrowings			
- Floating interest rate (*)	**6M Euribor +1.65%**	**61,140,702**	**424,958,447**
- Interest accrual of EUR floating rate loan(*)	**-**	**323,043**	**2,245,310**
- Fixed interest rate (***)	**4.35% - 4.75%**	**11,499,718**	**79,928,789**
USD borrowings			
- Floating interest rate (**)	**6M Libor + 3.40% - 6M Libor + 4.75%**	**44.154.364**	**264.493.474**
TL borrowings			
- Fixed interest rate	**16.36%**	**223,264**	**223,264**
Total long term financial liabilities			**771,849,284**
Total financial liabilities			**929,041,149**

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

NOTE 6 – FINANCIAL LIABILITIES (Continued)

(*) The outstanding loan balance used for the long term financing of Turcas share at Denizli natural gas power plant from Bayern LB and EAA (Erste Abwicklungsanstalt)banks consortium is, as of 30 September 2018, TL 520,530,701 (EUR 74,891,116) including its accrued interest, which is recognized through the deduction of ECA premium and arrangement fee amounting to TL 14,098,460 (EUR 2,028,410) and TL 1,431,265 respectively from the total amount of the loan. The aforementioned commission amounts are amortized throughout the maturity of the loan.

(**) The outstanding loan balance used for the financing of Denizli natural gas power plant from TSKB, is, as of 30 September 2018, TL 142,775,355 (USD 23,834,823) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 178,427 (USD 29,786) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan. The loan agreement was signed on February 25, 2016 within TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 92% subsidiary of the Group, for the financing of geothermal power plant investment. According to the loan agreement, total maturity is 14 years and grace period is 30 months with a total loan limit of USD 40,5 million and EUR 15 million. As of 30 September 2018, the balance of the loan, which is utilized from the limit allocated in USD, is around TL 189,279,752 (USD 31,598,236) including accrued interest. It is recognized through deducting the arrangement fee and commitment fee amounting to TL 401,981 (USD 67,107) and TL 122,394 (USD 20,432) respectively from total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(***) In addition, there is a vehicle loan amounting to TL 578,133 (EUR 83,179) including interest accrued at Garanti Bank Malta Şubesi with a rate of 4.35% 92% of the Group's subsidiary Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. On-site geothermal plant of investment financing for the Türkiye Sınai Kalkınma Bankası A.Ş. with a total maturity of 14 years, of which USD 40.5 million and EUR 15 million, with a maximum of 30 months principal repayment term, were signed on 25 February 2016. As of September 30, 2018, the balance of the loan used as EUR is at the level of TL 91,960,474 (EUR 13,230,771) including the accrued interest. The credit allocation commission amounting to TL 185,243 (EUR 26,652) and the credit commitment commission amounting to TL 60,057 (EUR 8,641) have been shown for this loan by deducting from the total loan amount. Such commission amounts are amortized over the term of the loan.

	31 December 2017		
	Yearly average effective interest rate (%)	Original amount	TL
EUR borrowings			
- Floating interest rate (*)	6M Euribor + 1.65%	11,044,131	49,869,772
- Fixed interest rate (***)	2.95% - 4.75%	1,535,871	6,935,224
USD borrowings			
- Floating interest rate (**)	6M Libor + 3.40% - 6M Libor + 4.75%	8,898,603	33,564,640
Tlborrowings			
- Fixed interest rate	16.36%	171,354	171,354
Total short term financial liabilities			90,540,990

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

NOTE 6 – FINANCIAL LIABILITIES (Continued)

	31 December 2017		
	Yearly average effective interest rate (%)	Original amount	TL
EUR borrowings			
- Floating interest rate (*)	6M Euribor + 1.65%	65,194,865	294,387,412
- Interest accrual of EUR floating rate loan (*)	6M Euribor + 1.65%	31,220	140,972
- Fixed interest rate(***)	4.75%-4.35%	12,113,131	54,696,842
USD borrowings			
- Floating interest rate (**)	6M Libor + 3.40%- 6M Libor + 4.75%	42,636,902	160,822,131
- Interest accrual of USD floating rate loan (**)		2,901	10,943
Tlborrowings			
- Fixed interest rate	16.36%	311,880	311,880
Total long term financial liabilities			510,370,180
Total financial liabilities			600,911,170

(*) The outstanding loan balance used for the long term financing of Denizli natural gas power plant from Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium is TL 360,903,972 (EUR 79,925,583) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 15,106,596 (EUR 3,345,498) and arrangement fee amounting to TL 1,399,220 respectively from the total amount of the loan. The aforementioned commission amounts are amortized throughout the maturity of the loan.

(**) The outstanding loan balance used for the financing of Denizli natural gas power plant from TSKB, is TL 98,798,799 (USD 26,193,377) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 195,922 (USD 51,943) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan. According to the loan agreement, total maturity is 14 years and grace period is 30 months with a total loan limit of USD 40.5 million and EUR 15 million. The loan agreement was signed on February 25, 2016 within TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 92% subsidiary of the Group, for the financing of geothermal power plant investment. As of 31 December 2017, the balance of the loan, which is utilized from the limit allocated in USD, is around TL 96,317,067 (USD 25,535,424) including accrued interest. It is recognized through deducting the arrangement fee amounting to TL 399,837 (USD 106,004) and commitment fee amounting the 122,393 (USD 32,449) respectively from total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(***) In addition, there is an auto loan with a maturity of TL 595,319 (EUR 131,839) including the accrued interest from Garanti Bank Malta Branch with 4,35% interest rate. As of 31 December 2017, the amount of the loan used in the EUR limit is TL 61,272,124 (EUR 13,569,289) including the accrued interest. The arrangement fee amounting to TL 175,320 (EUR 38,826) and the commitment fee amounting to TL 60,057 (EUR 13,300) have been shown for this loan by deducting from the total loan amount. Such commission amounts are amortized over the term of the loan.

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

Foreign currency denominated floating rate borrowings are converted to TL by using the exchange rates prevailing at the end of the period, The interest rates of floating rate borrowings are being re-determined in 6-month periods and it is envisaged that the values carried forward will converge to reasonable values,

The redemption schedule of financial liabilities is as follows:

	30 September 2018	31 December 2017
Within 1 year	**157,191,865**	90,540,990
1 - 2 years	**146,133,055**	90,176,528
2 - 3 years	**137,663,086**	85,141,310
3 - 4 years	**129,736,346**	80,520,599
4 - 5 years	**109,658,931**	76,213,056
After 5 years	**248,657,866**	178,318,687
	929,041,149	600,911,170

The following is the information compiled regarding the loans made available for the 775 MW Natural Gas Combined Cycle Power Plant investment, within the scope of financing corresponding to the share of Turcas Elektrik Üretim A.Ş., an associate of the Group, in the Denizli Project:

- The loan agreement was entered into with the bank consortium composing of Bayerische Landesbank ("Bayern LB") and EAA (Erste Abwicklungsanstalt) with respect to the amount EUR 149,351,984, with a maturity of 13 years and no-payback (grace) period of three years at the interest rate 6MEuribor + 1.65%.
- The loan agreement was entered into with Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB") with respect to the amount USD 55,000,000, with a maturity of 10 years and no-payback (grace) period of three years at the interest rate 6MLibor + 3.40%.

In accordance with the amendment agreement signed on June 20, 2016 between Turcas Petrol A.Ş and TSKB, Bayern LB and EAA (Erste Abwicklungsanstalt) (Consortium Banks), maturities of loans obtained from Consortium Banks for the financing of Denizli Combined Cycle Gas Power Plant with an installed capacity of 775 MW (TEÜAŞ's stake: 30%) have been extended by 2 years. Therefore, maturity of the loan obtained from TSKB is extended from 2020 to 2022. Meanwhile, maturity of the loan obtained from Bayern LB and EAA (Erste Abwicklungsanstalt) is extended from 2023 to 2025.

92% of the Group's subsidiary Turcas Kuyucak Geothermal Elektrik Üretim A.Ş. On-site geothermal plant of investment financing for the Industrial Development Bank of Turkey with a total maturity of 14 years, consisting of a maximum of 30 months principal repayment, amounting to EUR 15 million and USD 40.5 million, was signed on February 25, 2017. As at 30 September 2018, the principal amount of the loan used is USD 31,029,167 and EUR 13,075,314.

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

Reconciliation of obligations arising from financing activities

The cash and non-cash changes related to the group's financing activities are presented in the table below. The liabilities arising from financing activities are the cash flows that the Group will classify or classify into cash flows from financing activities in the cash flow statement of the consolidated.

			Cash changes		Non-cash changes	
	31 December 2017	Principal Payment	Interest Payment	Cash Flows from borrowings	Interest accruals & exchange differences	30 September 2018
Bank borrowings	600,911,170	(50,432,898)	(19,532,153)	36,809,582	361,285,449	929,041,149
Financial liabilities	**600,911,170**	**(50,432,898)**	**(19,532,153)**	**36,809,582**	**361,285,449**	**929,041,149**

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

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD

	%	**30 September 2018**	%	31 December 2017
STAŞ	**30**	**580,144,272**	30	474,315,672
RWE & Turcas Güney Elektrik Üretim A,Ş,	**30**	**300,954,996**	30	318,273,611
		881,099,268		792,589,283

	1 January – 30 September 2018	**1 January – 30 September 2017**
Beginning of the period, 1 January	**792,589,283**	782,692,423
Income and expenses from associates (net) (*)	**37,771,046**	84,588,207
Actuarial Gain	**-**	(17,052)
Transactions with associates (**)	**574,439**	574,437
Change in accounting policies (TFRS 15) (***)	**50,164,500**	-
End of period, 30 September	**881,099,268**	867,838,015

(*) The Group's income and expense balances from associates amounting to TL 37,771,046 consist of income balance from Shell & Turcas Petrol A.Ş. amounting to TL 55,664,100 and expense balance from RWE&Turcas Güney Elektrik Üretim A,Ş, amounting to TL (17,893,054).

(**) The balance consists of the consolidation adjustment for capitalized finance expenses by RWE&Turcas Güney Elektrik Üretim A.Ş. related to the borrowing from the Group in order to finance Denizli Plant investment of RWE&Turcas Güney Elektrik Üretim A.Ş.

(***) The effect of the retrospective application of TFRS 15 is due to the Investments accounted by Equity Method account (STAS). Changes of application effects this account and retained earnings.

STAŞ

As explained in Note 1, STAŞ operates for the sales, purchase, export and import, storage and distribution of each kind of fuel products and lubricants.

Shell & Turcas Petrol A.Ş. has become operational on 1 July 2006, As of 30 September 2018, STAŞ is one of the leading companies in Turkish fuel distribution sector with 1,014 fuel stations, lubricant production facilities, retail and commercial sale.

Joint Venture Agreement gives Turcas the right to redeem a predetermined expense amount in case the management fee expenses reflected to STAŞ by Shell Türkiye exceed a certain amount, It is expected that the aforementioned management fee income for 2018 will be collected in the last quarter of the year.

In accordance with the agreements signed on 25.08.2017 between Turcas and Shell Company of Turkey;

(i) Shell has been granted the right, but not the obligation, exercisable at any time and only by Shell, after a 2 year lock-up period, to trigger a calculation of the Fair Market Value (FMV) of STAS for the purpose of purchasing Turcas' 30% shares, If upon calculation of FMV Shell makes an offer to purchase Turcas' shares in STAS, Turcas has the right to counter offer to purchase Shell's 70% shares in STAS, which could then effectively trigger an auction between the parties where each party has the right either to agree to sell its shares at the last offer or make an increased counter-offer to purchase the other party's shares, Shell has the ability to cancel the auction process at any time before acceptance of any offer, If Shell stops the process, all the offers made up to that time will be null and void and each party's shareholding in STAS will not change, But if it elects to do so, a 2 year lock up period will again be imposed.

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

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (continued)

(ii) In return for Turcas providing Shell with the option to trigger an exit, Shell shall cause STAS to issue 125 Usufruct Certificates to Turcas, which shall each entitle Turcas to USD 64,000 of preferred dividends per annum to be valid from financial year 2016 and with first payment to be realized in 2017.

Financial assets related to the agreements signed with Shell Company of Turkey Ltd. (Shell) on 25 August 2017, was recognised in the financial statements at an amount of TL 80,867,700 (Note 5).

STAŞ	**30 September 2018**	31 December 2017
Total assets	**6,330,651,000**	5,007,970,162
Total liabilities	**(4,396,836,760)**	(3,426,917,921)
Net assets	**1,933,814,240**	1,581,052,241
Group's share of associate's net assets	**580,144,272**	474,315,672

	1 January - 30 September 2018	1 January - 30 September 2017
Net sales revenue	**20,718,976,000**	14,414,898,000
Net income for the period	**185,547,000**	282,223,160
The Group's share in profit for the period	**55,664,100**	84,666,948

RWE&Turcas Güney Elektrik Üretim A,Ş,

Turcas Petrol A.Ş. has established a joint venture company named RWE & Turcas Güney Elektrik Üretim A,Ş, with RWE Holding A.Ş. that is a subsidiary of RWE AG which is one of the leading energy companies in the world, Shareholding ratio of Turcas Petrol A.Ş. is 30% in this joint venture established in 2007, Natural gas combined cycle power plant with a 800 MW installed capacity, which is established in Denizli by RWE & Turcas Güney Elektrik Üretim A.Ş. , has become operational with completion of temporary admission process conducted by the Ministry as of 24 June 2013.

RWE&Turcas Güney Elektrik Üretim A,Ş,

	30 September 2018	31 December 2017
Total assets	**1,759,922,080**	1,479,973,966
Total liabilities	**(728,091,756)**	(388,500,130)
Net assets	**1,031,830,324**	1,091,473,836
Group's share of associate's net assets (*)	**309,549,097**	327,442,151
Inter-group finance expense elimination (-)	**(8,594,101)**	9,168,540
Group's share, net	**300,954,996**	318,273,611

	1 January - 30 September 2018	1 January - 30 September 2017
Net sales revenue	**610,734,995**	725,191,421
Loss for the period	**(59,643,513)**	(319,309)
The Group's share in total comprehensive loss	**(17,893,054)**	(95,793)

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

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased for the period ending as of 30 September 2018 is TL 25,141,967 TL (30 September 2017 - TL 123,921,602). As of 30 September 2018, the majority of the purchases of tangible and intangible fixed assets include the expenditures incurred by Turcas Kuyucak Jeotermal Elektrik Uretim A,Ş,, a subsidiary of the Group, within the scope of the construction of the 18,16 MW Geothermal Power Plant ("GPP") in Kuyucak district of Aydın province.

There is no net book value of tangible and intangible assets sold for the period ending as of 30 September 2018 (30 December 2017: None).

For the nine month interim periods ending as of 30 September 2018 and 30 September 2017, all of the depreciation and amortisation expenses are included in the general and administrative expenses.

NOTE 9 – TRADE PAYABLES

- **Short term trade payables to third parties**

	30 September 2018	31 December 2017
Trade payables(*)	**32,026,112**	48,754,687
	32,026,112	48,754,687

- **Long term trade payables to third parties**

	30 September 2018	31 December 2017
Trade payables(*)	**12,492,829**	-
	12,492,829	-

(*) The trade payables include the payables due to suppliers within the scope of the construction of the 18.16 MW Geothermal Power Plant ("GPP") by Turcas Kuyucak Jeotermal Elektrik Uretim A.Ş.

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

NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a. Contingent assets and liabilities

Contingent assets and liabilities of Turcas Petrol

Collaterals, pledges, mortgages (CPM) given by the Group, as of 30 September 2018 and 31 December 2017 are as follows:

		30 September 2018		31 December 2017	
	Currency	**Original Amount**	**TL Amount**	Original Amount	TL Amount
GPM's given by the Company (Guarantee-Pledge-Mortgage)					
A. GPM's given for companies Own legal personality (*)	TL	**2,609,179**	**2,609,179**	10,573,685	10,573,685
	USD	**53,657**	**321,416**	-	-
B, GPM's given on behalf of fully Consolidated companies	TL	-	-	-	-
	USD	-	-	-	-
C, GPM's given for continuation of its (**) Economic activities on behalf of third parties	USD	**91,000,000**	**545,108,200**	91,000,000	343,242,900
	EUR	**7,194,002**	**50,001,909**	7,596,361	34,301,369
D, Total amount of other GPM's					
i) Total amount GPM's given on behalf of the majority shareholders		-	-	-	-
ii) Total amount of GPM's given to on behalf of other group companies which		-	-	-	-
are not in scope of B and C		-	-	-	-
iii) Total amount of GPM's given on behalf of third parties which are not in scope of C		-	-	-	-
			597,719,288		388,117,954

(*) It consists of the guarantees that Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has given to EMRA and district governorships and Turcas Petrol has given to EMRA and Türkiye Elektrik İletim A.Ş. (TEİAŞ).

(**) A loan agreement having 14 years of maturity with a grace period of 30 months amounting to USD 40.5 million and EUR 15 million was signed on February 25, 2016 with TSKB for the financing of geothermal power plant investment within the body of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. Surety of Turcas Petrol A.Ş. amounting to USD 91 million has been given for the aforementioned loan. The aforementioned surety will expire when the following conditions are satisfied: the revenues from the project operations will be recognized, the minimum subsequent four principal and interest payments will be made and the other conditions stated in the Loan Contract are performed by the loan borrower. In relation to Company's share of financing the investment of 775 MW Natural Gas Fired Combined-Cycle Power Plant; As stated in Note 6, within the scope of the loan contract which is signed with EAA (Erste Abwicklungsanstalt) and Bayern LB and amounting to EUR 149,351,984, a DSRA Standby Letter of Credit was arranged by Türkiye Garanti Bankası A.Ş. on behalf of Turcas Petrol A.Ş with Bayern LB as the drawee bank in the amount of EUR 5,864,457 with a maturity of 28 January 2019 (DSRA Standby Letter of Credit). Additionally, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has given a standby letter of credit amounting to EUR 1,329,545 to Exergy S.P.A. within the scope of the construction of the 18.16 MW Geothermal Power Plant ("GPP") in Kuyucak district of Aydın province.

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

NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	30 September 2018	31 December 2017
Letter of guarantees received	**2,578,943**	33,319,688
Letter of other guarantees received	**94,750**	94,750
	2,673,693	33,414,438

<u>Contingent assets and liabilities of Turcas regarding Shell & Turcas Petrol A.Ş.</u>

The contingent assets and liabilities of the Group related to STAŞ are follows:

	30 September 2018	31 December 2017
Letters of guarantee given to the customs office	**578,270,400**	577,370,553
Letters of guarantee given to the tax office	**165,767,100**	136,467,589
Letters of guarantee given to the EMRA	**15,000,000**	15,225,000
Other	**14,021,700**	6,609,319
	773,059,200	735,672,461

	30 September 2018	31 December 2017
Mortgages taken	587,652,000	551,631,769
Letters of guarantees received	272,854,500	214,091,400
Other guarantees received	92,170,800	94,664,100
	952,677,300	860,387,269

STAŞ has committed to pay TL 1,531,212,000 to the dealers for the station improvement in the periods mentioned below (31 December 2017: TL 1,147,541,000), The payment terms of Group's share of warranty are as follows:

	30 September 2018	31 December 2017
Within 1 year	**79,363,200**	59,870,000
1-5 years	**272,854,500**	214,511,400
5-22 years	**107,145,900**	69,880,900
	459,363,600	344,262,300

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

NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities of Turcas regarding RWE & Turcas Güney Elektrik Üretim A,Ş,

The contingent assets and liabilities of the Group related to RWE & Turcas are follows:

	30 September 2018	31 December 2017
Letters of guarantees given for EMRA	**6,241,000**	4,359,480
Letters of guarantees given for Türkiye Elektrik İletim A,Ş	**4,313,481**	4,313,481
Other	**120,104**	3,535,000
	10,674,585	12,207,961

	30 September 2018	31 December 2017
Letters of guarantees received	**-**	1,464,184
	-	1,464,184

NOTE 11 – EQUITY

a) Share capital / Capital adjustment due to cross-ownership (-)

Shareholders	**Group**	**Allocation (%)**	**30 September 2018**	Allocation (%)	31 December 2017
Aksoy Holding A,Ş,	A/C Group	**54.45**	**139,175,892**	51.55	139,175,892
Free Float	A Group	**27.98**	**71,518,416**	26.49	71,518,416
Turcas Petrol A.Ş. (Trading in BIST)(*)	A Group	**0.03**	**71,336**	5.36	14,471,336
Other	A/B Group	**17.54**	**44,834,356**	16.61	44,834,356
Total		**100**	**255,600,000**	100	270,000,000
Repurchased shares (*)			**(8,450,916)**		(22,850,916)
Inflation adjustment			**41,247,788**		41,247,788
Adjusted capital			**288,396,872**		288,396,872

(*) 5.36% shares of Turcas Petrol A.Ş., which was owned by Turcas Enerji Holding A.Ş., one of Turcas Petrol A.Ş.'s subsidiaries, had been purchased by Turcas Petrol A.Ş. on 29 November 2012 as a consequence of Share Buy Back Programme prepared in accordance with the communiqué no 26/767 "Principles for the Share Buy Back of Listed Companies in ISE (Istanbul Stock Exchange)" by CMB on 10 August 2011. Repurchased shares consist of this transaction. Turcas Enerji Holding A.Ş. repurchased these shares on December 26, 2016. Turcas Enerji Holding A.Ş. merged with Turcas Petrol A.Ş. with all of its assets and liabilities. As a result, all of the shares of Turcas Enerji Holding A.Ş. were transferred to Turcas Petrol A.Ş. The portion of TL 14,400,000 of the shares with nominal value of TL 14,471,335.91 repurchased in accordance with the legislation was redeemed according to the procedures of decreasing capital not requiring fund outlow in accordance with paragraph nine of article 19 of the communique with serial no II 22.1 on Buy-Back Shares of Capital Markets Boards. Accordingly, paid-in capital of the Company in the amount of TL 270,000,000 was decreased to TL 255,600,000 which has been declared in the Annual General Meeting of the year 2017 on June 21, 2018 and this decision was published on the Turkish Trade Registry Gazette on July 9, 2018.

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

NOTE 11 – EQUITY (Continued)

The issued capital of the Company in 30 September 2018 is composed of 255,600,000 shares (2017: 270,000,000 shares). The nominal value of shares is TL 1 per share.

At least three members of the Board of Directors are elected among the candidates nominated by Group "B" shareholders. At least two members of the Board of Directors are elected among the candidates nominated by Group C shareholders, Group C shareholders have at least forty percent (40%) right. Group A shareholders have the right of nominating and electing three (3) members of the Board of Directors at the General Assembly Meeting where the members of the Board of Directors are elected. However, the remaining members of the Board of Directors are nominated and elected by the Group B shareholders.

At least one of the Group C shareholders is required to vote in the affirmative for some critical decisions determined in the establishment agreement of the Company.

There is no privilege assigned to any group of shares in terms of dividend distribution.

b) Restricted reserves excepted from profit

	30 September 2018	**31 December 2017**
Legal Reserves	**39,311,954**	39,311,954
	39,311,954	39,311,954

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. In accordance with the Turkish Commercial Code, legal reserves can be used for offsetting the losses as long as they do not exceed 50% of the paid in capital. Apart from that, they cannot be used in anyhow. These amounts should be classified under "Restricted Reserves" as per CMB Financial Reporting standards.

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 unconsolidated statutory books.

It is allowed to pay dividends to shareholders as bonus share which shall be issued through the addition of dividends to equity or in cash or distributing to shareholders at a certain ratio in cash and at a certain rate as bonus share depending upon the resolutions taken in the general assemblies of companies provided that it is decided to realize dividend payment and also to remain the amount in question in partnership body without distribution if the amount of determined first dividend is less than 5% of paid/issued capital but it has become obligatory for the joint stock companies, which shall pay dividends from net income for the period as a result of their activities and having their shares separated as "old" and "new" since they have made a capital increase without realizing dividend payment related to previous period, to pay the first dividend, which shall be calculated, in cash.

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

NOTE 12- REVENUE AND COST OF SALES

Revenue	**1 January - 30 September 2018**	1 January - 30 September 2017	**1 July - 30 September 2018**	1 July - 30 September 2017
Electricity Sales	**32,968,118**	-	**9,984,844**	-
	32,968,118	-	**9,984,844**	-

Cost of revenue	**1 January - 30 September 2018**	1 January - 30 September 2017	**1 July - 30 September 2018**	1 July - 30 September 2017
Depreciation and amortization	**4,437,431**	**-**	**1,513,321**	**-**
Personnel expenses	**2,017,770**	**-**	**626,978**	**-**
Transmission capacity and service cost	**558,050**	**-**	**136,194**	**-**
Insurance expenses	**466,048**	**-**	**154,650**	**-**
Electricity cost	**637,181**	**-**	**89,385**	**-**
Outsourced benefits and services	**413,647**	**-**	**127,526**	**-**
Maintenance and repair costs	**459,828**	**-**	**187,494**	**-**
Office expenses	**113,318**	**-**	**32,591**	**-**
Rent expenses	**92,774**	**-**	**28,411**	**-**
Consultancy expenses	**112,483**	**-**	**112,483**	
Licence fee	**7,000**	**-**	**-**	**-**
Other	**606,748**	**-**	**529,961**	**-**
	9,922,278	**-**	**3,538,994**	**-**

NOTE 13 – GENERAL AND ADMINISTRATIVE EXPENSES

	1 January - 30 September	1 January - 30 September	**1 July - 30 September**	1 July - 30 September
Personnel expenses	**10,815,304**	8,602,454	**3,039,858**	2,229,484
Outsourced services	**1,691,376**	2,546,592	**272,888**	60,437
Rent expenses	**152,614**	1,365,041	**82,777**	1,305,161
Depreciation and amortization expenses	**1,772,340**	1,595,186	**635,093**	689,941
Repair and maintenance expenses	**699,997**	667,234	**193,427**	138,766
Taxes and other liabilities	**285,204**	674,095	**100,297**	284,784
Travel expenses	**558,607**	493,434	**155,817**	154,725
Donations	**119,977**	114,667	**117,577**	61,467
Other	**1,707,712**	2,996,371	**750,632**	2,454,347
	17,803,131	19,055,074	**5,348,366**	7,379,112

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

NOTE 14 - OTHER OPERATING INCOME

For the nine-month period ending as of September 30, 2018, other operating income amounting to TL 6,828,873 consists of the Joint Venture Agreement amounting to TL 3,782,277 and rent and service income amounting to TL 3,013,390.

As of 30 September 2017, TL 2,379,465 of the other operating income consists rent and service income.

Joint Venture Agreement gives Turcas the right to redeem a predetermined amount from Shell Turkey, if administration expenses reflected to STAŞ by Shell Turkey's main shareholder exceed a certain amount.

For the nine-month period ending as of September 30, 2018, other operating expenses amounting to TL 7,483,354 consist of exchange rate differences arising from trade payables.

NOTE 15 – INCOME FROM INVESTMENT ACTIVITIES

For the nine-month period ending as of September 30, 2018, income from investment activities amounting to TL 42,328,661 is mainly composed of fair value difference of usufruct certficates amounting to TL 40,099,360.

For the nine-month period ending as of September 30, 2017, TL 273,369 of the income from investment activities amounting to TL 268,927 consists of gains from the sales of tangible assets.

NOTE 16 - FINANCIAL INCOME

	1 January - 30 September 2018	1 January - 30 September 2017	**1 July - 30 September 2018**	1 July - 30 September 2017
Foreign exchange gains	**151,165,631**	61,317,583	**120,057,233**	3,897,517
Interest income	**14,354,094**	11,183,713	**5,293,882**	3,683,873
Other	**-**	15	**-**	15
	165,519,725	72,501,311	**125,351,115**	7,581,405

NOTE 17 - FINANCIAL EXPENSE

	1 January - 30 September 2018	1 January - 30 September 2017	**1 July - 30 September 2018**	1 July - 30 September 2017
Foreign exchange losses	**429,805,739**	107,358,414	**309,524,417**	21,076,712
Interest expenses	**21,625,548**	10,910,669	**10,544,823**	3,746,443
Other	**593,173**	-	**115,965**	-
	452,024,460	118,269,083	**320,185,205**	24,823,155

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

NOTE 18 - TAX ASSETS AND LIABILITIES

Current period profit tax liability

Current tax liability	**30 September 2018**	**31 December 2017**
Corporate tax provision	**-**	-
Prepaid tax and funds	**684,439**	771,619
Prepaid tax and funds / (Current tax liability), net	**684,439**	771,619

Tax expense is comprised of the following:

	1 January - 30 September 2018	**1 January - 30 September 2017**	**1 July - 30 September 2018**	**1 July - 30 September 2017**
Current period corporate tax provision	-	-	-	-
Deferred tax income/(expense)	**17,675,861**	1,660,989	**13,916,933**	7,479,664
	17,675,861	1,660,989	**13,916,933**	7,479,664

Corporate Tax

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

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. Corporate tax losses can be carried forward to be deducted from taxable profit for a maximum period of 5 years following the year in which the losses were incurred. But these losses can not be deducted retrospectively from profits incurred in previous periods.

In Turkey, there is no implementation such as agreement with the tax authorities about taxes payable. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 15 %. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets and liabilities

The Group, recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with Turkish Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Financial Reporting Standards and tax purposes.

The rate applied in the calculation of deferred tax assets and liabilities is 20% and 22% depending on the periods that temporary differences disappears (31 December 2017: 20%).

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities using principal tax rates are as follows:

	Total temporary differences		**Deferred tax asset/(liability)**	
	30 September 2018	31 December 2017	**30 September 2018**	31 December 2017
Carryforward tax losses	**(12,316,005)**	-	**2,463,201**	-
Interest accrual, net and advance outstanding loans	**3,182,620**	(2,310)	**(636,524)**	462
Tangible and intangible assets	**(91,488,740)**	(8,795,295)	**18,297,748**	1,759,059
Provision for employment termination benefits	**(1,238,555)**	(351,727)	**247,711**	70,344
RWE&Turcas Güney receivable interest accrual	**2,811,480**	-	**(562,296)**	-
Unused vacation pay liability	**(612,405)**	(315,960)	**122,481**	63,192
Income accruals	**3,710,065**	-	**(742,013)**	-
Effect of business combinations	**27,635,050**	27,635,050	**(5,527,010)**	(5,527,010)
Effect of inter-group transactions	**7,358,351**	7,358,351	**(1,471,671)**	(1,471,671)
Other	**404,915**	2,358,900	**(80,982)**	(471,780)
Deferred tax asset, net			**12,110,645**	(5,577,404)

The expiration dates of recognized carryforward tax losses are as follows:

	30 September 2018	31 December 2017
2022	**632,140**	**-**
2023	**11,683,865**	**-**
	12,316,005	**-**

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

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred tax assets and liabilities as of 30 September 2018 and 30 September 2017 are as follows:

	1 January - 30 September 2018	1 January - 30 September 2017
Opening balance	**(5,577,404)**	16,567,899
Amount in profit or loss statement	**17,675,861**	1,660,989
Amount in other comprehensive income statement	**12,188**	(85,171)
Closing balance	**12,110,645**	18,143,717

The reconciliation of the tax expense stated in the condensed consolidated statement of profit or loss for the periods ending 30 September 2018 and 2017 is as the following:

	30 September 2018	30 September 2017
Profit/(Loss) before tax	**201,816,800**	22,410,723
Tax rate (%)	**22%**	20%
Tax (expense) / income calculated on profit before tax	**40,363,360**	(4,482,145)
Income not subject to tax	**738,656**	114,754
Prior year losses deducted	**-**	26,566
Transactions with associates	**7,554,209**	16,917,641
Carry-forward tax losses on which no deferred tax was recognized	**(31,169,673)**	(10,158,187)
Expenses not deductible for tax purposes	**(96,066)**	(94,462)
Reversal of the unused portion of the tax losses on which deferred tax was recognized in prior years	**-**	(405,913)
Other	**285,375**	(257,265)
Current tax (expense) / income	**17,675,861**	1,660,989

NOTE 19 –EARNINGS/(LOSS) PER SHARE

At 30 September 2018 and 2017, the weighted average number of shares and earnings/(loss) per share are as follows:

	1 January - 30 September 2018	1 January - 30 September 2017	**1 July - 30 September 2018**	1 July - 30 September 2017
Weighted average number of outstanding shares	**255,600,000**	270,000,000	**255,600,000**	270,000,000
Income/(Loss) attributable to the equity holders of the parent	**(178,328,869)**	24,185,451	**(159,947,632)**	44,355,338
Earnings/(Loss) per share	**(0.70)**	0.09	**(0.63)**	0.16

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

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	1 January - 30 September 2018							
	Receivables				Payables			
	Short Term		Long Term		Short Term		Long Term	
Balances with related parties	**Trading**	**Non-Trading**	**Trading**	**Non-Trading**	**Trading**	**Non-Trading**	**Trading**	**Non-Trading**
Associates								
Shell Turcas Petrol A,Ş,	-	-	-	-	-	2,988	-	-
RWE & Turcas Güney Elektrik Üretim A,Ş, (*)	-	21,193,260	-	60,892,821	-	86,775	-	-
Other related entities								
Dividend payable to shareholders	-	-	-	-	-	203,309	-	-
Erdal Aksoy	-	13,714	-	-	-	-	-	-
Saffet Batu Aksoy	-	13,242	-	-	-	-	-	-
Banu Aksoy Tarakçıoğlu	-	7	-	-	-	-	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	23,510	-	-	-	136,106	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	8,813	-	-	-	-	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	86,835	-	-	-	131,094	-	-
PD Turizm ve Gayrimenkul A.Ş.	-	16,382	-	-	-	8,087	-	-
Aksoy Holding A.Ş.	-	113,016	-	-	-	-	-	-
Aksoy Enternasyonel Tic. A.Ş.	-	42,835	-	-	-	-	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	31,621	-	-
	-	21,511,614	-	60,892,821	-	599,980	-	-

(*) The Group has received loans from EAA (Erste Abwicklungsanstalt), Bayern LB and TSKB banks in order to provide the funds which shall be required for the power plant engaged in Denizli province by RWE & Turcas Güney Elektrik Üretim A.Ş. The aforementioned received loans have been used as shareholder loan to RWE & Turcas Güney Elektrik Üretim A.Ş. in accordance with shareholders loan agreement signed on 3 December 2010,The mentioned receivables have been arranged in order to be collected in 20 equal installments once in 6 months starting after 6 months following the engagement of Denizli power plant, Interest rate related to aforementioned receivables mentioned in the contract has been recognized as interest income at an amount of TL 2,811,480 using (TL Libor+2%), There is no guarantee, mortgage or pledge received for the mentioned receivable.

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

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2017							
	Receivables				Payables			
	Short Term		Long Term		Short Term		Long Term	
Balances with related parties	Trading	Non-Trading	Trading	Non-Trading	Trading	Non-Trading	Trading	Non-Trading
Associates								
Shell Turcas Petrol A.Ş.	-	-	-	-	-	10,575	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	18,956,370	-	61,111,669	-	76,112	-	-
Other related entities								
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	537,630	-	-
Dividend payable to shareholders	-	-	-	-	-	273,823	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	69,427	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	34,177	-	-
Aksoy Holding A.Ş.	-	45,877	-	-	-	-	-	-
Aksoy Enternasyonel Tic. A.Ş.	-	38,744	-	-	-	-	-	-
Aksoy Bodrum Taşinmaz Yatirimlari A.Ş.	-	7,723	-	-	-	-	-	-
Pronegy Gayrimenkul Ve Enerji Yatirimlari A.Ş.	-	1,263	-	-	-	-	-	-
PD Turizm ve Gayrimenkul A.Ş.	-	3,939	-	-	-	-	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	7,726	-	-	-	-	-	-
	-	19,061,642	-	61,111,669	-	1,001,744	-	-

(*) The Group has received loans from EAA (Erste Abwicklungsanstalt), Bayern LB and TSKB banks in order to provide the funds which shall be required for the power plant engaged in Denizli province by RWE & Turcas Güney Elektrik Üretim A.Ş. The aforementioned received loans have been used as shareholder loan to RWE & Turcas Güney Elektrik Üretim A.Ş in accordance with shareholders loan agreement signed on 3 December 2010.The mentioned receivables have been arranged in order to be collected in 20 equal installments once in 6 months starting after 6 months following the engagement of Denizli power plant. Interest rate related to aforementioned receivables mentioned in the contract has been recognized as interest income at an amount of TL 28,071,214 using (TL Libor+2%). There is no guarantee, mortgage or pledge received for the mentioned receivable. On December 22, 2017, TL 360,448,037 of RWE & Turcas Güney Elektrik Üretim A.Ş.'s outstanding shareholder loan was added to the capital as non-cash, In addition, TL 94,551,964 has been added to the capital in cash, For the non-cash portion of the mentioned capital increase, the 30% share of the Group is amounting to TL 108,134,411, For the cash portion, the 30% share of the Group is amounting to TL 28,365,589.

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

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 30 September 2018							
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Interest paid**	**Rent income**	**Dividend income**	**Other income**	**Other expenses**
Associates								
Shell & Turcas Petrol A,Ş,	-	-	-	-	1,667,088	-	-	60,255
RWE & Turcas Güney Elektrik Üretim A,Ş,	-	-	9,360,289	-	-	-	83,781	69,217
Other related entities and shareholders								
Erdal Aksoy	-	-	-	-	-	-	-	18,351
Saffet Batu Aksoy	-	-	-	-	-	-	-	55,484
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	222,349	-	13,451	248,078
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	31,361	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	31,361	566,364
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	4,500	-	-	-
PD Turizm ve Gayrimenkul A.Ş.	-	-	-	-	-	-	10,543	-
Aksoy Holding A.Ş.	-	-	-	-	4,500	-	241,455	33,237
Aksoy Enternasyonel Tic. A.Ş.	-	-	-	-	4,500	-	137,161	-
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	31,361	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	-	-	-	4,500	-	31,361	-
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic Aş	-	-	-	-	-	-	-	47,231
Transbalkan Denizyolları Taş. A.Ş.	-	-	-	-	4,500	-	-	-
The Shell Company Of Turkey Ltd.	-	-	-	-	-	-	3,782,177	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	327,771
EPİAŞ	-	-	-	-	-	3,826	-	-
	-	-	9,360,289	-	1,925,437	3,826	4,394,012	1,425,988

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

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2017							
Transactions with related parties	Purchases	Sales	Interest received	Interest paid	Rent income	Dividend income	Other income	Other expenses
Associates								
Shell & Turcas Petrol A,Ş,	-	-	-	-	-	-	62,836	-
RWE & Turcas Güney Elektrik Üretim A,Ş,	-	-	7,344,463	-	-	-	-	154,178
Other related entities and shareholders								
Alte Enerji A.Ş.	-	-	-	1,298	-	-	-	-
Aksoy Bodrum Taşinmaz Yatirimlari A.Ş.	-	-	-	-	3,000	-	19,634	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	3,000	-	19,634	585,447
Aksoy Holding A.Ş.	-	-	-	-	3,000	-	102,195	-
Aksoy Enternasyonel Ticaret A.Ş.	-	-	-	-	3,000	-	77,808	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	3,000	-	19,634	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	108,920	-	-	260,674
YTC Turizm ve Enerji Ltd. Şti.	-	-	-	-	-	-	-	296,318
Erdal Aksoy	-	-	-	-	-	-	-	9,620
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	3,000	-	-	-
Epiaş	-	-	-	-	-	4,259	-	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	-	-	-	3,000	-	19,634	-
Tas.Hal.Transbalkan Denizyolları Deniz Taş.A.Ş.	-	-	-	-	3,000	-	-	-
PD Turzizm ve Gayrimenkul A.Ş	-	-	-	-	-	-	6,677	-
Saffet Batu Aksoy	-	-	-	-	-	-	-	19,187
	-	-	7,344,463	1,298	132,920	4,259	328,052	1,325,424

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

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Total compensation provided to key management personnel and board members by the Company during the current period are as follows:

	1 January - 30 September 2018	**1 January - 30 September 2017**	**1 July - 30 September 2018**	**1 July - 30 September 2017**
Salaries and other short term benefits	**3,687,326**	3,557,624	**1,343,904**	251,650
	3,687,326	3,557,624	**1,343,904**	251,650

For the years of 2018 and 2017, the senior management bonuses, daily allowance, retirement benefits, dismissal, post employment benefits, equity settled share-based payments, and other long-term benefits are not provided to key management personnel and members of the board of directors.

NOTE 21 - FOREIGN CURRENY POSITION

(i) Foreign currency risk management

Foreign currency transactions cause foreign currency risk.

The Group has foreign currency risk, due to the fluctuations in exchange rates used in used in foreign currency transactions. The foreign currency risk arises from the future differences between recorded assets and liabilities. Under such circumstances, the Group controls this risk by netting off the foreign currency assets and liabilities. The management analyzes the Group's foreign currency position and takes necessary precautions when needed.

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

NOTE 21 - FOREIGN CURRENY POSITION (Continued)

(i) Foreign currency risk management (Continued)

The Group is primarily exposed to risks from USD and EUR, other currency's effects are immaterial.

					30 September 2018
		TRY Equivalent (Functional currency)	USD	EUR	Other
1-	Trade receivables	-	-	-	-
2a-	Monetary financial assets	172,238,939	23,700,913	4,354,468	-
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	-	-	-	-
4-	**Current assets (1+2+3)**	**172,238,939**	**23,700,913**	**4,354,468**	-
5-	Trade receivables	-	-	-	-
6a-	Monetary financial assets	-	-	-	-
6b-	Non-monetary financial assets	-	-	-	-
7-	Other	-	-	-	-
8-	**Non-current assets (5+6+7)**	-	-	-	-
9-	**Total Assets (4+8)**	**172,238,939**	**23,700,913**	**4,354,468**	-
10-	Trade payables	30,494,928	927,249	3,588,306	-
11-	Financial liabilities	157,020,573	11,161,369	12,971,979	-
12a	Other monetary financial liabilities	-	-	-	-
12b	Other non-monetary financial liabilities	-	-	-	-
13-	**Current Liabilities (10+11+12)**	**187,515,501**	**12,088,618**	**16,560,285**	-
14-	Trade payables	12,492,829	-	1,797,400	-
15-	Financial liabilities	771,626,014	44,154,364	72,963,462	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	-	-	-	-
17-	**Non-current liabilities (14+15+16)**	**784,118,843**	**44,154,364**	**74,760,862**	-
18-	**Total liabilities (13+17)**	**971,634,344**	**56,242,982**	**91,321,147**	-
19-	**Net asset / liability position of off-balance sheet derivatives (19a-19b)**	-	-	-	-
19a-	Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-	Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20-	**Net foreign currency asset liability position (9-18+19)**	**(799,395,405)**	**(32,542,069)**	**(86,966,679)**	-
21-	**Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)**	**(799,395,405)**	**(32,542,069)**	**(86,966,679)**	-
22-	**Fair value of foreign currency hedged financial assets**	-	-	-	-
23-	**Hedged foreign currency assets**	-	-	-	-
24-	**Hedged foreign currency liabilities**	-	-	-	-
25-	**Exports**	-	-	-	-
26-	**Imports**	-	-	-	-

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

NOTE 21 - FOREIGN CURRENY POSITION (Continued)

(i) Foreign currency risk management (Continued)

The Group is primarily exposed to risks from USD and EUR, other currency’s effects are immaterial.

	31 December 2017			
	TL Equivalent (Functional currency)	**USD**	**EUR**	**Other**
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	120,675,319	30,782,237	1,010,836	835
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	**120,675,319**	**30,782,237**	**1,010,836**	**835**
5- Trade receivables	-	-	-	-
6a- Monetary financial assets	-	-	-	-
6b- Non-monetary financial assets	-	-	-	-
7- Other	-	-	-	-
8- Non-current assets (5+6+7)	-	-	-	-
9- Total Assets (4+8)	**120,675,319**	**30,782,237**	**1,010,836**	**835**
10- Trade payables	38,957,057	-	8,627,407	-
11- Financial liabilities	90,369,640	8,898,603	12,580,002	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	**129,326,697**	**8,898,603**	**21,207,409**	-
14- Trade payables	-	-	-	-
15- Financial liabilities	510,058,303	42,639,803	77,339,216	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	**510,058,303**	**42,639,803**	**77,339,216**	-
18- Total liabilities (13+17)	**639,385,000**	**51,538,406**	**98,546,625**	-
19- Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a-Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20- Net foreign currency asset liability position (9-18+19)	**(518,709,681)**	**(20,756,169)**	**(97,535,789)**	**835**
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14+15-16a)	**(518,709,680)**	**(20,756,169)**	**(97,535,790)**	**835**
22- Fair value of foreign currency hedged financial assets	-	-	-	-
23- Hedged foreign currency assets	-	-	-	-
24- Hedged foreign currency liabilities	-	-	-	-
25- Exports	-	-	-	-
26- Imports	-	-	-	-

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

NOTE 21 - FOREIGN CURRENY POSITION (Continued)

Foreign currency sensitivity

	30 September 2018			
	Gain/(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	**(38,986,700)**	**38,986,700**	**-**	**-**
2- Part of hedged from USD risk (-)	**-**	**-**	**-**	**-**
3- USD net effect (1+2)	**(38,986,700)**	**38,986,700**	**-**	**-**
+/-20% fluctuation of EUR rate				
4- EUR net asset / liability	**(120,892,380)**	**120,892,380**	**-**	**-**
5- Part of hedged from EUR risk (-)	**-**	**-**	**-**	**-**
6- EUR net effect (4+5)	**(120,892,380)**	**120,892,380**	**-**	**-**
TOTAL (3+6)	**(159,879,080)**	**159,879,080**	**-**	**-**

	31 December 2017			
	Gain/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-20% fluctuation of USD rate				
1- USD net asset / liability	(7,829,019)	7,829,019	-	-
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(7,829,019)	7,829,019	-	-
+/-20% fluctuation of EUR rate				
4- EUR net asset / liability	(44,042,286)	44,042,286	-	-
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(44,042,286)	44,042,286	-	-
TOTAL (3+6)	(51,871,305)	51,871,305	-	-

NOTE 21 - SUBSEQUENT EVENTS

Turkish Lira has appreciated against major foreign currencies between September 30, 2018 and November 8, 2018, the date on which the financial statements were approved. Such appreciation amounted to approximately 10% against USD and approximately 9% against EUR.