TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019

(ORIGINALLY ISSUED IN TURKISH)

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2019

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2019 AND 31 DECEMBER 2018

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

		(Audited)	(Audited)
		Current Period	Prior Period
	Notes	**31 March 2019**	31 December 2018
ASSETS			
Current assets			
Cash and cash equivalents	4	**114,464,386**	85,560,288
Trade receivables		**3,641,515**	3,813,575
- Trade receivables from third parties		***3,641,515***	*3,813,575*
Other receivables		**29,603,510**	19,428,707
- Other receivables from related parties	*19*	***28,495,859***	*19,000,804*
- Other receivables from third parties		***1,107,651***	*427,903*
Prepaid expenses		**1,572,778**	253,648
Assets related to current period tax	17	**973,616**	912,490
Other current assets		**11,783,190**	9,117,420
Total currents assets		**162,038,995**	119,086,128
Non-current assets			
Other receivables		**64,679,614**	70,684,752
- Other receivables from related parties	*19*	***64,147,961***	*70,153,099*
- Other receivables from third parties		***531,653***	*531,653*
Financial investments	5	**5,605,556**	5,605,556
Financial assets	5	**80,894,125**	73,899,149
Investments accounted by equity method	7	**793,837,249**	806,035,015
Property, plant and equipment	8	**207,662,813**	209,398,634
Intangible assets	8	**53,890,509**	54,507,082
Deferred tax assets	17	**7,697,707**	6,889,081
Other non-current assets		**435,157**	5,608,253
Total non-current assets		**1,214,702,730**	1,232,627,522
TOTAL ASSETS		**1,376,741,725**	1,351,713,650

These condensed interim consolidated financial statements as at and for the period ended 31 March 2019 have been approved for issue by the Board of Directors ("BOD") on 9 May 2019 and signed on behalf of the BOD by Erkan İlhantekin, Finance Director (CFO) and Engin Çaylan, Accounting 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 31 MARCH 2019 AND 31 DECEMBER 2018

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

		(Audited)	(Audited)
		Current Period	Prior Period
	Notes	**31 March 2019**	31 December 2018
LIABILITIES			
Current liabilities			
Short term portions of long term financial liabilities	6	**140,481,354**	134,697,747
Trade payables		**25,824,445**	25,729,645
- Trade payables to related parties	19	***42,060***	-
- Trade payables to third parties		***25,782,385***	*25,729,645*
Short term liabilities for employee benefits		**416,888**	351,760
Other payables		**4,626,875**	2,504,854
- Other payables to related parties	*19*	***404,111***	*760,781*
- Other payables to third parties		***4,222,764***	*1,744,073*
Short term provisions		**658,104**	496,066
- Short term provisions for employee benefits		***658,104***	*496,066*
Total current liabilities		**172,007,666**	163,780,072
Non-current liabilities			
Financial liabilities	6	**660,745,806**	615,025,824
Trade payables		**11,357,411**	10,834,727
- Trade payables to third parties		***11,357,411***	*10,834,727*
Long term provisions		**610,884**	503,460
- Long term provisions for employee benefits		***541,571***	*434,147*
- Other long term provisions		***69,313***	*69,313*
Other non-current liabilities		**837,687**	837,687
Total non-current liabilities		**673,551,788**	627,201,698
EQUITY			
Paid-in capital	10	**255,600,000**	255,600,000
Adjustment to share capital	10	**41,247,788**	41,247,788
Repurchased shares (-)	10	**(8,450,916)**	(8,450,916)
Other comprehensive income/(expense) not to be reclassified to profit or loss		**(3,122,188)**	(3,138,289)
Actuarial gains / (losses) on defined benefit plans		***(3,122,188)***	*(3,138,289)*
Restricted reserves	10	**39,311,954**	39,311,954
Other comprehensive income/(expense) to be reclassified to profit or loss		**(8,418,156)**	-
- Gains / (losses) on cash flow hedges		***(8,418,156)***	-
Other reserves		**(7,256,169)**	(7,256,169)
Retained earnings		**243,417,512**	370,877,553
Net profit / (loss) for year		**(21,147,554)**	(127,460,041)
Equity attributable to equity holders of the parent		**531,182,271**	560,731,880
Non-controlling interest		**-**	-
Total equity		**531,182,271**	560,731,880
TOTAL LIABILITIES AND EQUITY		**1,376,741,725**	1,351,713,650

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE - MONTH PERIODS ENDED 31 MARCH

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

	Notes	**Non-audited 1 January – 31 March 2019**	Non-audited 1 January – 31 March 2018
Revenue	11	**14,588,668**	9,160,211
Cost of sales (-)	11	**(4,729,232)**	(3,173,580)
GROSS PROFIT / (LOSS)		**9,859,436**	5,986,631
General administrative expenses (-)	12	**(6,271,278)**	(6,999,351)
Other operating income	13	**16,054,806**	4,063,336
Other operating expenses (-)	13	**(1,580,910)**	(3,077,730)
OPERATING (LOSS) / PROFIT		**18,062,054**	(27,114)
Income from investment activities	14	**7,044,776**	-
Income from investments accounted by equity method	7	**(12,389,246)**	11,277,571
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSES)		**12,717,584**	11,250,457
Financial income	15	**8,387,630**	12,160,207
Financial expenses (-)	16	**(43,065,419)**	(47,611,652)
(LOSS) / PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**(21,960,205)**	(24,200,988)
Tax income / (expense) from continued operations			
- Current income tax expense (-)	17	**-**	-
- Deferred tax expense (-)	17	**812,651**	1,192,519
(LOSS) / PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**(21,147,554)**	(23,008,469)
Attributable to:			
Equity holders of the parent		**(21,147,554)**	(22,538,357)
Non-controlling shares		**-**	(470,112)
(Loss) / earnings per share	18	**(0.083)**	(0.083)

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE - MONTH PERIODS ENDED 31 MARCH

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

	Notes	**Non-audited** **1 January –** **31 March 2019**	Non-audited 1 January – 31 March 2018
(LOSS) / PROFIT FOR THE PERIOD		**(21,147,554)**	(23,008,469)
Other comprehensive income / (expense) not to be reclassified to profit or loss			
Actuarial gains / (losses) on defined benefit plans		**20,126**	(400,230)
Taxes related to other comprehensive income not to be reclassified to profit or loss			
Deferred tax income / (expense)	*17*	***(4,025)***	*80,047*
Other comprehensive income of shares from investments accounted by the equity method not to be reclassified to profit or loss			
Revaluation gains / (losses) of defined benefit plans of investments accounted by equity method		**-**	37,035
Shares from other comprehensive income of associates and joint ventures accounted by the equity method that will not be reclassified to profit or loss, tax effect		**-**	(7,407)
Total		**16,101**	(290,555)
Other comprehensive income / (expense) to be reclassified to profit or loss			
Other comprehensive income (loss) related with cash flow hedges		**(8,418,156)**	-
Total		**(8,418,156)**	-
Other comprehensive income / (expense)		**(8,402,055)**	(290.555)
TOTAL COMPREHENSIVE (LOSS) / INCOME		**(29,549,609)**	(23,299,024)
Equity holders of the parent		**(29,549,609)**	(22,826,696)
Non-controlling interests		**-**	(472,328)
(Loss) / earnings per share		**(0.116)**	(0.085)

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 FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

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

					Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income /expense 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	Other comprehensive income (loss) related with cash flow hedges	Other reserves	Retained earnings	Net income / (loss) for the period	Equity holders of the parent	Non controlling interest	Total equity
1 January 2018	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
Transfers	-	-	-	-	-	-	-	65,513,737	(65,513,737)	-	-	-
Net profit / (loss)	-	-	-	-	-	-	-	-	(22,538,357)	(22,538,357)	(470,112)	(23,008,469)
Other comprehensive income / (expense)	-	-	-	-	(288,339)	-	-	-	-	(288,339)	(2,216)	(290,555)
Other comprehensive income / (expense)	-	-	-	-	(288,339)	-	-	-	(22,538,357)	(22,826,696)	(472,328)	(23,299,024)
31 March 2018 (*)	270,000,000	41,247,788	(22,850,916)	39,311,954	(4,866,108)	-	-	362,063,177	(22,538,357)	662,367,538	3,284,897	665,652,435
1 March 2019	**255,600,000**	**41,247,788**	**(8,450,916)**	**39,311,954**	**(3,138,289)**	**-**	**(7,256,169)**	**370,877,553**	**(127,460,041)**	**560,731,880**	**-**	**560,731,880**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(127,460,041)**	**127,460,041**	**-**	**-**	**-**
Net profit / (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(21,147,554)**	**(21,147,554)**	**-**	**(21,147,554)**
Other comprehensive income / (expense)	**-**	**-**	**-**	**-**	**16,101**	**(8,418,156)**	**-**	**-**	**-**	**(8,402,055)**	**-**	**(8,402,055)**
Total comprehensive income / (expense)	**-**	**-**	**-**	**-**	**16,101**	**(8,418,156)**	**-**	**-**	**(21,147,554)**	**(29,549,609)**	**-**	**(29,549,609)**
31 March 2019 (*)	**255,600,000**	**41,247,788**	**(8,450,916)**	**39,311,954**	**(3,122,188)**	**(8,418,156)**	**(7,256,169)**	**243,417,512**	**(21,147,554)**	**531,182,271**	**-**	**531,182,271**

(*) Non-audited.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW FOR THE THREE MONTH PERIODS ENDED 31 MARCH

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

	Notes	Non-audited 1 January- 31 March 2019	Non-audited 1 January- 31 March 2018
A. Cash flows from operating activities		**25,112,347**	**12,899,904**
Net (loss) / income for the period		**(21,147,554)**	(23,008,469)
Adjustments to reconcile net (loss) / income for the period		**46,325,802**	**29,815,859**
Adjustments related to tax (income) / expense	17	**(812,650)**	(1,192,519)
Adjustment related to unrealized foreign currency translation differences		**38,356,011**	40,305,313
Adjustments related to depreciation and amortization expenses		**2,903,113**	2,014,691
Adjustments related to losses / (gains) resulting from the disposal of the tangible assets		**(49,800)**	-
Other adjustments related to profit and (loss) reconciliation		**(6,994,976)**	-
Adjustments related to provisions / (reversals) for employee termination benefits		**289,585**	197,383
Adjustments related to undistributed profit/losses of investments accounted by the equity method	7	**12,389,246**	(11,277,571)
Adjustments related to undistributed profits of associates	7	**(191,480)**	(191,480)
Adjustments related to interest income	15	**(5,655,749)**	(4,454,339)
Adjustments related to interest expense	16	**6,092,502**	4,414,381
Changes in working capital		**(4,775)**	**6,241,409**
Adjustments related to decrease / (increase) in trade receivables		**172,060**	2,488
Decrease / (Increase) in prepaid expenses		**1,188,196**	1,333,398
Adjustments related to increase / (decrease) in trade payables		**617,484**	542,506
Decrease / (increase) in other assets related to operations		**(4,169,664)**	4,246,367
Increase / (decrease) in other liabilities related to operations		**2,187,149**	116,650
Cash generated from operations		**25,173,473**	**13,048,799**
Premium and bonus paid		-	(5,587)
Tax payments		**(61,126)**	(143,308)
B. Net cash (used) / generated from investing activities		**5,126,702**	**24,733**
Cash outflow resulted from acquisition of tangible and intangible assets	8	**(1,380,719)**	(4,368,615)
Cash inflow generated by sales of tangible and intangible assets		**879,800**	-
Interest received		**5,627,621**	4,393,348
C. Net cash generated / (used) in financing activities		**(1,363,080)**	**(2,449,832)**
Proceeds from borrowings	6	**2,176,040**	1,158,157
Repayment of bank borrowings	6	**(148,968)**	(692,452)
Interest paid	6	**(3,390,152)**	(2,915,537)
Net increase in cash and cash equivalents		**28,875,969**	**10,474,805**
Cash and cash equivalents balance at the beginning of the period	4	**85,548,862**	**126,317,550**
Cash and cash equivalents balance at the end of the period	4	**114,424,831**	**136,792,355**

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

(Amounts expressed in Turkish Lira ("TL") 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 9.

The number of employees of the Group at the end of the period is 98 (31 December 2018: 98).

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 a Terminal License for ATAŞ from the Energy Market Regulatory Authority ("EMRA"). The entity continues its storage and service operations as of the balance sheet date and is recognized under financial investments in the financial statements of Turcas Petrol A.Ş.

(Amounts expressed in Turkish Lira ("TL") 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, "Marmara Petrol ve Rafineri İşleri A.Ş."'s title was changed into "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. Turcas Enerji Holding A.Ş (TEHAŞ) had decided to merge with Turcas Yenilenebilir Enerji Üretim A.Ş. (TYEÜAŞ), which is its 100% subsidiary, via takeover method whereby all assets and liabilities of TYEÜAŞ shall be transferred to TEHAŞ as a whole and carry out necessary transactions in accordance with Turkish Commercial Code, Corporate Tax Law and related legislation. At this time, the Company has been informed that the abovementioned merger transaction has been registered by İstanbul Trade Registration Office on 26 October 2017. Turcas Petrol A.Ş had decided to merge with Turcas Enerji Holding A.Ş. (TEHAŞ), which is Turcas Petrol's 100% subsidiary, via takeover method whereby all assets and liabilities of TEHAŞ shall be transferred to Turcas Petrol as a whole and carry out necessary transactions in accordance with Turkish Commercial Code, Corporate Tax Law and related legislation. At this time, the Company has been informed that the abovementioned merger transaction has been registered by İstanbul Trade Registration Office on 4 December 2017.

Turcas Elektrik Toptan Satış A.Ş. has been established on 30 October 2000 and obtained the license to operate in electricity trading business for 10 years starting from 5 June 2003 in accordance with the Electricity Market Regulation numbered 4628. In accordance with the decision of Turcas Elektrik Toptan Satış A.Ş.'s Board of directors dated 29 January 2019 and numbered 2019/01, it has been decided to apply to the Energy Market Regulatory Authority for the termination of its supply license. Turcas Elektrik Toptan Satış A.Ş.has not carried out any operation related to the mentioned license for the last three years due to the developments in retail and wholesale electricity market as well as the fact that these operations can be carried out by both our subsidiary RWE & Turcas Güney Elektrik Üretim A.Ş.and its own subsidiaries and Turcas Kuyucak Geothermal Power Generation. Following this transaction, our Company aims to increase operational efficiency within the group and simplify our Company's organization

Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. was established on September 2013 with an aim to operate in the field of geothermal power generation as a joint venture (Turcas Enerji Holding A.Ş.:46%, BM Mühendislik ve İnşaat A.Ş.: 46% and Alte Enerji A.Ş.: 8%). The Company purchased 46% shares owned by BM Mühendislik ve İnşaat A.Ş. on 30 May 2016 and purchased 8% shares owned by Alte Enerji A.Ş. on 11 December 2018. Thus, Turcas Petrol A.Ş. has become 100% shareholder of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.

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

Financial reporting standards

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 31 March 2019 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 2018.

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 2018. 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 2018.

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 consolidated financial statements as at March 31, 2019 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, 2019. 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, 2019 are as follows:

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.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group elected to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value and had no effect on the financial statements.

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

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.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.]

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.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. The interpretation did not have a significant impact on the financial position or performance of the Group.

Annual Improvements – 2015–2017 Cycle

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- 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.
- TAS 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.
- TAS 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.

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

The amendments are effective from annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.

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

In January 2019, the POA published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" 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.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA 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.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments are not applicable for the Group and did not have an 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 consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

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

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.

TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, 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. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features.

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

TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

The following standards, interpretations and amendments to existing IFRS 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 IFRS 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.

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

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

Definition of Material (Amendments to IAS 1 and IAS 8)

- In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

- The amendments are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

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

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

The Group has unused accumulated losses which can be deducted from future taxable profits of TL 288,441,166 (31 December 2018: TL 269,891,348) at the balance sheet date. Since the Group anticipates that is going to generate taxable profit for the next five years, deferred tax assets amounting to TL 9,994,987 has been recognized for total TL 1,998,997 accumulated losses (31 December 2018: deferred tax assets amounting to TL 13,416,740 has been recognized for total TL 2,683,348) (Note 14).

(Amounts expressed in Turkish Lira ("TL") 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 31 March 2019 are as follows:

	Oil	**Electricity**	**Other**	**Total**
Revenue from external customers	-	**14,588,668**	-	**14,588,668**
EBITDA	-	**(4,144,761)**	**10,521,260**	**6,376,499**
Financial income	**191,480**	**1,363,164**	**6,832,986**	**8,387,630**
Financial expense	-	**(10,834,574)**	**(32,230,845)**	**(43,065,419)**
Depreciation and amortisation expense	-	**(2,251,926)**	**(651,187)**	**(2,903,113)**
Income from associates	**(1,017,740)**	**(11,371,506)**	-	**(12,389,246)**
Purchase of tangible and intangible assets	-	**353,008**	**1,027,711**	**1,380,719**

b) Operating segments which have been prepared in accordance with the reportable segments as of 31 March 2018 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	9,160,211	-	9,160,211
EBITDA	-	(5,275,570)	(1,897,064)	(7,172,634)
Financial income	191,480	825,836	11,142,891	12,160,207
Financial expense	-	(10,719,209)	(36,892,443)	(47,611,652)
Depreciation and amortisation expense	-	(1,460,667)	(554,024)	(2,014,691)
Income from associates	16,403,700	(5,126,129)	-	11,277,571
Purchase of tangible and intangible assets	-	4,026,391	342,224	4,368,615

c) Operating segment information as of 31 March 2019 are shown below:

	Oil	**Electricity**	**Other**	**Eliminations**	**Total**
Segment assets (*)	-	**270,748,621**	**302,526,469**	**9,629,385**	**582,904,475**
Associates	**504,490,200**	**289,347,049**	-	-	**793,837,249**
Segment liabilities	-	**292,567,853**	**554,290,960**	**(1,299,359)**	**845,559,454**

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) Operating segment information as of 31 December 2018 are shown below:

	Oil	Electricity	Other	Eliminations	Total
Segment assets (*)	-	256,148,663	285,194,143	4,335,829	545,678,635
Investments accounted by equity method	505,507,940	300,527,075	-	-	806,035,015
Segment liabilities	-	270,768,306	520,355,721	(142,257)	790,981,770

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

e) Reconciliation between reportable segment income, EBITDA, assets and liabilities and other significant items are as follows:

	1 January – 31 March 2019	1 January – 31 March 2018
Income		
Segment revenue	**14,588,668**	9,160,211
Consolidated Income	**14,588,668**	9,160,211
EBITDA		
EBITDA of segment	**(4,144,761)**	(5,275,570)
Other EBITDA	**10,521,260**	(1,897,064)
Consolidated EBITDA	**6,376,499**	(7,172,634)
Financial income	**8,387,630**	12,160,207
Financial expense	**(43,065,419)**	(47,611,652)
Income from investment activities	**7,044,776**	-
Income from investments accounted by equity method	**(12,389,246)**	11,277,571
Amortisation and depreciation	**(2,903,113)**	(2,014,691)
Consolidated (Loss) / profit before tax	**(21,960,205)**	(24,200,988)

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2019	31 December 2018
Cash	**24,242**	14,082
Banks	**114,440,144**	85.546.206
- time deposits	**114,427,678**	85,420,089
- demand deposits	**12,466**	126,117
	114,464,386	85,560,288

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

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

The maturities of cash and cash equivalents are as follows:

Up to 30 days	**109,097,721**	77,249,105
Up to 60 days	**5,366,665**	8,311,183
	114,464,386	85,560,288

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

	31 March 2019	31 December 2018
TL	**12.65%**	15.38%
USD	**2.06%**	2.37%
EUR	**0.78%**	0.92%

Cash and cash equivalents as of 31 March 2019, 31 December 2018 and 31 March 2018, as seen in condensed interim consolidated cash flow statements, are as follows:

	31 March 2019	31 December 2018	31 March 2018
Cash and cash equivalents	**114,464,386**	85,560,288	136,899,949
Less: Interest accrual	**(39,555)**	(11,426)	(107,594)
	114,424,831	85,548,862	136,792,355

The Group has no blocked deposits as of 31 March 2019 (31 December 2018: None).

NOTE 5 - FINANCIAL ASSETS

		31 March 2019			31 December 2018	
	Short term	**Long term**	**Total**	Short term	Long term	Total
Financial assets held for sale	**-**	**5,605,556**	**5,605,556**	-	5,605,556	5,605,556
	-	**5,605,556**	**5,605,556**	-	5,605,556	5,605,556

a) Financial assets available for sale:

	31 March 2019		31 December 2018	
	Participation amount	**Participation rate (%)**	Participation amount	Participation rate (%)
ATAŞ	**5,555,556**	**5**	5,555,556	5
Elektrik Piyasaları İşletmeleri Anonim Şirketi (*)	**50,000**	**0.08**	50,000	0.08
	5,605,556	**5,605,556**	5,605,556	5,605,556

(*) 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.

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

NOTE 5 - FINANCIAL ASSETS (Continued)

According to TFRS 9 Financial Instruments, effective from 1 January 2018, ATAŞ is started to be recognized at fair value. As of January 1, 2018 the fair value difference has been accounted in the previous years profits and comparative information on prior periods has not been restated.

b) Financial assets

	31 March 2019	31 December 2018
Financial assets (Note 7) (*)	**80,894,125**	73,899,149
Total	**80,894,125**	73,899,149

Financial assets are recognized at fair value.

(*) The financial asset originating from the agreements signed between Turcas and Shell Company of Turkey Ltd. (Shell) on 25.08.2017 is subject to valuation and disclosed in the financial statements as TL 80,894,125.

	2019
1 January	**73,899,149**
Preferred dividend collection (-)	**-**
Fair value difference	**6,994,976**
31 March	**80,894,125**

NOTE 6 - FINANCIAL LIABILITIES

	31 March 2019	31 December 2018
Short-term bank borrowings	**140,481,354**	134,697,747
Long-term bank borrowings	**660,745,806**	615,025,824
	801,227,160	749,723,571

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

			31 March 2019
	Yearly average effective interest rate (%)	**Original amount**	**TL**
EUR borrowings			
- Floating interest rate (*)	**6Month Euribor + %1.65**	**10,847,842**	**68,545,347**
- Fixed interest rate (***)	**%4.35 - %4.75**	**1,703,775**	**10,765,814**
USD borrowings			
- Floating interest rate (**)	**6Month Libor+%3.40- 6Month Libor%4.75**	**10,837,695**	**60,998,884**
TL borrowings			
- Fixed interest rate	**%16.36**	**171,309**	**171,309**
Total short term financial liabilities			**140,481,354**
EUR borrowings			
- Floating interest rate (*)	**6Month Euribor + %1.65**	**56,094,978**	**354,452,949**
- Interest accrual of EUR floating rate loan (*)	**-**	**276,261**	**1,745,635**
- Fixed interest rate (***)	**%4.35 - %4.75**	**10,948,236**	**69,179,712**
USD borrowings			
- Floating interest rate (**)	**6Month Libor +%3.40 6Month Libor +%4.75**	**41,588,612**	**234,077,344**
- Interest accrual of USD floating rate loan (**)	**-**	**201,053**	**1,131,605**
TL borrowings			
- Fixed interest rate	**%16.36**	**158,561**	**158,561**
Total long term financial liabilities			**660,745,806**
Total financial liabilities			**801,227,160**

(*) 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 439,270,607 (EUR 69,518,043) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 13,095,411 (EUR 2,072,452) and arrangement fee amounting to 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 TL 119,059,761 (USD 21,153,394) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 162,111 (USD 28,802) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan. According to the loan agreement signed on February 25, 2016 by TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 100% subsidiary of the Group, for the financing of geothermal power plant investment, the 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 31 March 2019, the balance of the loan, which is utilized from the limit allocated in USD, is around TL 177,839,956 (USD 31,596,894) including accrued interest. It is recognized through deducting the arrangement fee amounting to TL 407,379 (USD 72,379) and commitment fee amounting the TL 122,394 (USD 21,746) respectively from total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(***) According to the loan agreement signed on February 25, 2016 by TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 100% subsidiary of the Group, for the financing of geothermal power plant investment, the 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 31 March 2019, the amount of the loan used in the EUR limit is TL 79,947,868 (EUR 12,652,381) including the accrued interest. The arrangement fee amounting to TL 187,189 (EUR 29,624) and the commitment fee amounting to TL 60,057 (EUR 9,505) have been shown for this loan by deducting from the total loan amount. Such commission amounts are amortized over the term of the loan. In addition, there is an auto loan with a maturity of TL 244,904 (EUR 38,758) including the accrued interest from Garanti Bank Malta Branch with 4.35% interest rate.

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

	31 December 2018		
	Yearly average effective interest rate (%)	Original amount	TL
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65	11,008,848	66,361,334
- Fixed interest rate (***)	%4.35 - %4.75	1,702,946	10,265,361
USD borrowings			
- Floating interest rate (**)	6M Libor + %3.40- 6M Libor + %4.75	11,005,663	57,899,692
TL borrowings			
- Fixed interest rate	%16.36	171,360	171,360
Total short term financial liabilities			134,697,747
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65	55,839,616	336,601,205
- Interest accrual of EUR floating rate loan (*)	-	26,700	160,947
- Fixed interest rate(***)	%4.35 - %4.75	10,821,030	65,229,166
USD borrowings			
- Floating interest rate (**)	6M Libor + %3.40 – 6M Libor + %4.75	40,454,867	212,829,007
- Interest accrual of USD floating rate loan (**)	-	2,650	13,943
TL borrowings			
- Fixed interest rate	%16.36	191,556	191,556
Total long term financial liabilities			615,025,824
Total financial liabilities			749,723,571

(*) 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 417,550,410 (EUR 69,268,482) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 12,995,660 (EUR 2,155,883) and arrangement fee amounting to TL 1,431,264 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 110,242,324 (USD 20,955,031) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 157,840 (USD 30,002) 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 100% subsidiary of the Group, for the financing of geothermal power plant investment. As of 31 December 2018, the balance of the loan, which is utilized from the limit allocated in USD, is around TL 161,176,058 (USD 30,636,594) including accrued interest. It is recognized through deducting the arrangement fee amounting to TL 395,506 (USD 75,178) and commitment fee amounting the TL 122,394 (USD 23,265) respectively from total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(***) According to the loan agreement signed on February 25, 2016 by TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 100% subsidiary of the Group, for the financing of geothermal power plant investment, the 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 31 December 2018, the amount of the loan used in the EUR limit is TL 75,391,122 (EUR 12,506,822) including the accrued interest. The arrangement fee amounting to TL 185,035 (EUR 30,696) and the commitment fee amounting to TL 60,057 (EUR 9,963) have been shown for this loan by deducting from the total loan amount. Such commission amounts are amortized over the term of the loan. In addition, there is an auto loan with a maturity of TL 348,497 (EUR 57,813) including the accrued interest from Garanti Malta with 4.35% interest rate.

(Amounts expressed in Turkish Lira ("TL") 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:

	31 March 2019	31 December 2018
Within 1 year	**140,481,354**	134,697,747
1 - 2 years	**134,199,359**	125,271,719
2 - 3 years	**126,432,761**	117,772,412
3 - 4 years	**119,279,406**	110,828,108
4 - 5 years	**88,004,934**	82,458,980
After 5 years	**192,829,346**	178,694,605
	801,227,160	749,723,571

The following is the information compiled regarding the loans made available for the 800 MW Natural Gas Combined Cycle Power Plant investment, within the scope of financing corresponding to the share of RWE & Turcas Güney 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 Portigon AG 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 6M Euribor + 1.65%, under the guarantee of Euler Hermes German Export Loan Agency,

- 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 6M Libor + 3.40%.

The maturities of the loans have been extended for 2 years.

The outstanding amount of the loan received from the bank consortium formed by Bayern LB and EAA (Erste Abwicklungsanstalt) is EUR 69,518,043 and the outstanding amount of the loan received from TSKB is USD 21,153,394 as of 31 March 2019. In accordance with the amendment agreement signed between Turcas Elektrik Üretim A.Ş. ("TEÜAŞ") 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 800 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.

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, 2017 with TSKB for the financing of geothermal power plant investment within the body of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is the 100% subsidiary of the Group. As of 31 March 2019, the outstanding loan balance is around USD 31,036,594 and EUR 12,506,822.

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

			Cash Changes		**Non-cash changes**	
	31 December 2018	**Principal Payments**	**Interest Payments**	**Cash Flow from borrowings**	**Interest accruals & translation adjustments**	**31 March 2019**
Bank loans	749,723,571	(148,968)	(3,390,152)	2,176,040	52,866,669	801,227,160
Financial liabilities	**749,723,571**	**(148,968)**	**(3,390,152)**	**2,176,040**	**52,866,669**	**801,227,160**

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD

	(%)	**31 March 2019**	(%)	31 December 2018
STAŞ	**30**	**504,490,200**	30	505,507,940
RWE & Turcas Güney Elektrik Üretim A.Ş.	**30**	**289,347,049**	30	300,527,075
		793,837,249		806,035,015

	31 March 2019	31 March 2018
Balance at the beginning of the year	**806,035,015**	792,589,283
Income and losses from associates (net) (*)	**(12,389,246)**	11,277,571
Actuarial losses	**-**	29,628
Transactions with associates (**)	**191,480**	191,480
Balance at the end of the year	**793,837,249**	804,087,962

(*) The Group's net losses from associates amounting to TL 12,389,246 consist of loss from RWE&Turcas Güney Elektrik Üretim A.Ş. amounting to TL 11,371,506, andloss from Shell & Turcas Petrol A.Ş amounting to TL 1,017,740.

(**) 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 Power Plant investment of RWE&Turcas Güney Elektrik Üretim A.Ş.

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

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

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., which has 30% of shareholder of Turcas, has become operational on 1 July 2006. As of 31 March 2019, STAŞ is one of the leading companies in Turkish fuel distribution sector with 1,020 fuel stations, lubricant production facilities, retail and commercial sale.

In accordance with the agreements signed on 25.08.2018 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.

(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.

The Group has recognized financial assets, which is generated as a result of this Agreement, as Financial Asset (Note 5), amounting to TL 80,894,125 according to the valuation.

The summarized financial information of STAŞ, which is an associate of the Group accounted using the equity method is as follows:

STAŞ	**31 March 2019**	31 December 2018
Total assets	**7,494,474,000**	5,355,651,964
Total liabilities	**(5,812,840,000)**	(3,670,625,496)
Net assets	**1,681,634,000**	1,685,026,468
Group's share of associate's net assets	**504,490,200**	505,507,940

	1 January - 31 March 2019	1 January - 31 March 2018
Net sales revenue	**9,009,266,000**	5,273,861,000
Comprehensive income / (expense)	**(3,392,467)**	54,777,760
The Group's share in total comprehensive income / (expense)	**(1,017,740)**	16,433,328

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

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

RWE&Turcas Güney Elektrik Üretim A.Ş.

Turcas 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. Shareholding ratio of Turcas Elektrik Üretim A.Ş. is 30% in this joint venture established in 2007. Natural gas combined cycle power plant with a 775 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	**31 March 2019**	31 December 2018
Total assets	**1,545,515,635**	1,452,912,833
Total liabilities	**(553,655,002)**	(423,147,173)
Net assets	**991,860,639**	1,029,765,660
Group's share of associate's net assets	**297,558,192**	308,929,698
Intra-group finance expense elimination	**(8,211,143)**	(8,402,623)
Group's share, net	**289,347,049**	300,527,075

	1 January - 31 March 2019	1 January - 31 March 2018
Net sales revenue	**91,253,007**	155,198,754
Comprehensive income / (expense)	**(37,905,020)**	(17,087,095)
The Group's share in total comprehensive income/(expense)	**(11,371,506)**	(5,126,129)

NOTE 8 – TANGIBLE AND INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased for the period ending as of 31 March 2019 is TL 1,380,719 (31 March 2018 - TL 4,368,615).

The net book value of tangible and intangible assets sold for the period ending as of 31 March 2019 is TL 830,000 (December 31, 2018 - None).

For the three month interim periods ending as of 31 March 2019 and 31 March 2018, all of the depreciation and amortisation expenses are included in the general administrative expenses and cost of sales.

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

NOTE 9 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities of Turcas

Collaterals, pledges, mortgages (CPM) given by the Group, as of 31 March 2019 and 31 December 2018 are as follows:

		31 March 2019		31 December 2018	
	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	**24,792,458**	**24,792,458**	24,649,120	24,649,120
	USD	**53,657**	**302,003**	53,657	282,284
B. GPM's given on behalf of fully Consolidated companies	TL	-	-	-	-
	USD	-	-	-	-
	EUR	-	-	-	-
C. GPM's given for continuation of its Economic activities on behalf of third parties (**)	USD	**91,000,000**	**512,184,400**	91,000,000	478,741,900
	EUR	**7,141,967**	**45,128,660**	7,194,002	43,365,443
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		-	-	-	-
			582,407,521		547,038,747

(*) 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 800 MW Natural Gas Fired Combined-Cycle Power Plant; As stated in Note 6, within the scope of the loan contract which is signed with Portigon AG and EAA (Erste Abwicklungsanstalt) 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 5,812,422, with a maturity of 26 July 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 ("TL") unless otherwise indicated.)

NOTE 9 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 March 2019	31 December 2018
Letter of guarantees received	**25,105,413**	24,003,880
Letter of other guarantees received	**108,500**	94,750
	25,213,913	24,098,630

(*) It consists of a guarantee letter of EUR 3,594,800 (TL 22,714,822) from 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.

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

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

	31 March 2019	31 December 2018
Letters of guarantee given to the customs office	**549,342,000**	577,393,760
Letters of guarantee given to the tax office	**173,596,500**	164,150,244
Letters of guarantee given to the EMRA	**15,000,000**	15,000,000
Other	**2,547,600**	10,117,560
	740,486,100	766,661,564

	31 March 2019	31 December 2018
Mortgages taken	**617,245,800**	614,484,060
Letters of guarantees received	**309,238,200**	277,534,175
Other guarantees received	**86,669,400**	92,795,051
	1,013,153,400	984,813,286

STAŞ has committed to pay TL 1,656,599,000 to the station owners for the station improvement in the periods mentioned below (31 December 2018: TL 1,586,059,000). The payment terms of group's share of warranty are as follows:

	31 March 2019	31 December 2018
Within 1 year	**140,477,400**	133,388,479
1-5 years	**279,556,800**	262,150,104
5-22 years	**76,945,500**	80,279,157
	496,979,700	475,817,740

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

NOTE 9 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

According to the environmental laws in effect, Shell & Turcas Petrol A.Ş. ("STAŞ") is responsible for any environmental pollution that may arise as a result of its operations. In the case that STAŞ causes an environmental pollution, STAŞ may be required to recover the damages. There are no environmental lawsuits claimed against STAŞ as of the balance sheet date, however in the case of abandoning the currently operating terminals in the future, STAŞ may be charged for the soil clean-up costs for these terminals. On the other hand, according to the BCA, any environmental liabilities that have arisen prior to the acquisition date are the responsibility of shareholders. STAŞ is accountable only for the environmental liabilities that occur subsequent to the Acquisition Date. However, STAŞ management does not foresee any liabilities that should be reflected in these consolidated financial statements.

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

The contingent assets and liabilities of the Group related to RWE & Turcas Güney Elektrik Üretim A.Ş. are follows:

	31 March 2019	31 December 2018
Letters of guarantees given for EMRA	**4,359,480**	6,359,480
Letters of guarantees given for TEİAŞ	**9,762,328**	7,817,328
Other	**120,104**	1,520,561
	14,241,912	15,697,369

	31 March 2019	31 December 2018
Letters of guarantees received	**95,007**	461,182
	95,007	461,182

NOTE 10- EQUITY

a) Paid in capital/repurchased shares

Shareholders	**Group**	**Allocation (%)**	**31 March 2019**	Allocation (%)	31 December 2018
Aksoy Holding A.Ş.	A/C Group	**54.45**	**139,175,892**	54.45	139,175,892
Free Float	A Group	**27.99**	**71,518,416**	27.99	71,533,510
Turcas Petrol A.Ş., publicly traded on Borsa İstanbul (*)	A Group	**0.03**	**71,336**	0.03	71,336
Other	A/B Group	**17.53**	**44,834,356**	17.53	44,819,262
Total		**100**	**255,600,000**	100	255,600,000
Repurchased shares (*)			**(8,450,916)**		(8,450,916)
Inflation adjustment			**41,247,788**		41,247,788
Adjusted capital			**288,396,872**		288,396,872

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

NOTE 10- EQUITY (Continued)

(*) 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.

The issued capital of the Company in 31 March 2019 is composed of 255,600,000 shares (31 December 2018: 255,600,000 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

	31 March 2019	31 December 2018
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.

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

NOTE 10- EQUITY (Continued)

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.

NOTE 11 - REVENUE AND COST OF SALES

	1 January - 31 March 2019	1 January - 31 March 2018
Electricity sales	**14,588,668**	9,160,211
	14,588,668	9,160,211

	1 January - 31 March 2019	1 January - 31 March 2018
Depreciation and amortization	**2,251,926**	1,460,667
Personnel expenses	**1,277,711**	802,820
Transmission capacity and service cost	**216,149**	228,978
Insurance expenses	**252,716**	158,012
Electricity cost	**332,214**	273,899
Outsourced benefits and services	**157,873**	91,855
Maintenance and repair costs	**32,172**	46,384
Other	**208,471**	110.965
	4,729,232	3.173.580

NOTE 12 - OPERATING EXPENSES

	1 January – 31 March 2019	1 January- 31 March 2018
Personnel expenses	**3,772,912**	4,637,543
Outsourced services	**445,523**	564,297
Taxes and other liabilities	**95,091**	265,838
Depreciation and amortization expenses	**651,187**	554,024
Repair and maintenance expenses	**258,475**	244,622
Travel expenses	**129,068**	208,752
Rent expenses	**37,487**	6,436
Donations	**10,935**	1,500
Other	**870,600**	516,339
	6,271,278	6,999,351

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

NOTE 13 – OTHER OPERATING INCOME / EXPENSE

For the three-month period ending as of March 31, 2019, other operating income amounting to TL 16,054,806 consists of the Joint Venture Agreement amounting to TL 15,311,236 and rent and service income amounting to TL 743,570.

For the three-month period ending as of March 31, 2018, other operating income amounting to TL 4,063,336 consists of the Joint Venture Agreement amounting to TL 3,782,177 and rent and service income amounting to TL 281,159.

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 three-month period ending as of March 31, 2019, other operating expenses amounting to TL 1,562,674 consist of exchange rate differences arising from trade payables and other expenses amounting to TL 18,236.

NOTE 14 – INCOME FROM INVESTMENT ACTIVITIES

For the three-month period ending as of March 31, 2019, TL 6,994,976 of the income from investment activities amounting to TL 7,044,776 consists of the fair value difference of usufruct certificates and TL 49,800 of the fixed asset sales profit (31 March 2018: None).

NOTE 15 - FINANCIAL INCOME

	1 January- 31 March 2019	1 January – 31 March 2018
Foreign exchange gains	**2,731,881**	7,705,868
Interest income	**5,655,749**	4,454,339
	8,387,630	12,160,207

NOTE 16 - FINANCIAL EXPENSE

	1 January – 31 March 2019	1 January – 31 March 2018
Foreign exchange losses	**35,942,393**	43,110,083
Interest expenses	**6,092,502**	4,414,381
Other	**1,030,524**	87,188
	43,065,419	47,611,652

NOTE 17 - TAX ASSETS AND LIABILITIES

	31 March 2019	31 December 2018
Prepaid tax and funds	**973,616**	912.490
Corporate tax provision	**-**	-
Prepaid tax and funds / (current tax liability), net	**973,616**	912.490

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Tax expense is comprised of the following:

	1 January – 31 March 2019	1 January – 31 March 2018
Deferred tax income	**812,651**	1,192,519
	812,651	1,192,519

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 for tax payables. 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.

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 2018: 22%).

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

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

	Total temporary differences		**Deferred tax asset/(liability)**	
	31 March 2019	31 December 2018	**31 March 2019**	31 December 2018
Carryforward tax loss (*)	**(9,994,987)**	(13,416,740)	**1,998,997**	2,683,348
Interest accrual	**4,577,730**	2,462,820	**(915,546)**	(492,564)
Tangible and intangible assets	**(76,392,346)**	(62,675,415)	**15,278,469**	12,535,083
Provision for employment termination benefits	**(541,571)**	(434,147)	**108,314**	86,829
Unused vacation pay liability	**(658,104)**	(496,066)	**131,621**	99,213
RWE & Turcas South receivable interest accrual	**4,145,911**	-	**(829,182)**	-
Effect of business combinations	**27,635,050**	27,635,050	**(5,527,010)**	(5,527,010)
Sales revenues extend to the next month	**4,553,779**	5,305,145	**(910,756)**	(1,061,029)
Effect of intra-group transactions	**7,358,351**	7,358,351	**(1,471,671)**	(1,471,671)
Other	**827,650**	(184,410)	**(165,529)**	36,882
Deferred tax asset, net			**7,697,707**	6,889,081

The expiration dates of recognized carry-forward tax losses on which deferred tax asset has been calculated are as follows:

	31 March 2019	31 December 2018
2022	**-**	632,140
2023	**9,994,987**	12,784,600
	9,994,987	13,416,740

The movement of deferred tax assets and liabilities as of 31 March 2019 and 2018 are as follows:

	1 January- 31 March 2019	1 January- 31 March 2018
Opening balance	**6,889,081**	(5,577,402)
Presented in statement of profit or loss	**812,651**	1,192,519
Presented in other comprehensive income	**(4,025)**	80,047
Closing balance	**7,697,707**	(4,304,836)

NOTE 18 – (LOSS) / EARNINGS PER SHARE

For the years 31 March 2019 and 2018, the weighted average number of shares and earnings / loss per share is as follows:

	1 January – 31 March 2019	1 January - 31 March 2018
Weighted average number of outstanding shares	**255,600,000**	270,000,000
(Loss) / profit attributable to the equity holders of the parent	**(21,147,554)**	(22,538,357)
(Loss) / earnings per share	(0.083)	(0.083)

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

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	31 March 2019							
	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								
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	28,214,174	-	64,147,961	42,060	77,578	-	-
Shell & Turcas Petrol A.Ş.	-	2,881	-	-	-	5,910	-	-
Other related entities								
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	5,900	-	-	-	-	-	-
Dividend payable to real person shareholders	-	-	-	-	-	200,527	-	-
Erdal Aksoy	-	3,602	-	-	-	-	-	-
Saffet Batu Aksoy	-	8,135	-	-	-	-	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	35,988	-	-	-	294	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	17,627	-	-	-	-	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	18,217	-	-	-	85,559	-	-
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	5,900	-	-	-	-	-	-
PD Turizm ve Gayrimenkul A.Ş.	-	5,692	-	-	-	-	-	-
Aksoy Holding A.Ş.	-	86,464	-	-	-	-	-	-
Aksoy Enternasyonel Tic. A.Ş.	-	51,915	-	-	-	-	-	-
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	17,627	-	-	-	-	-	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	21,739	-	-	-	-	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	34,243	-	-
	-	28,495,859	-	64,147,961	42,060	404,111	-	-

(*) The Group has received loans from Bayern LB, EAA (Erste Abwicklungsanstalt) 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 4,877,828 using (TL Libor+2%). There is no guarantee, mortgage or pledge received for the mentioned receivable.

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

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 2019							
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Interest paid**	**Rent income**	**Dividend income**	**Other income**	**Other expenses**
Associates								
Shell & Turcas Petrol A.Ş.	-	-	-	-	-	-	2,876	29,372
RWE & Turcas Güney Elektrik Üretim A.Ş.	116,692	96,842	4,877,828	31,862	-	-	10,473	-
Other related entities								
Erdal Aksoy	-	-	-	-	-	-	-	-
Yeditepe Beyn.Otelcilik Turz.Ve Tic A.Ş.	-	-	-	-	-	-	-	691
Yılmaz Tecmen	-	-	-	-	-	-	-	-
Saffet Batu Aksoy	-	-	-	-	-	-	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	90,747	-	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	1,500	-	13,938	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	1,500	-	13,938	263,790
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	1,500	-	-	-
PD Turizm ve Gayrimenkul A.Ş.	-	-	-	-	-	-	4,843	-
Aksoy Holding A.Ş.	-	-	-	-	1,500	-	73,938	21,935
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	-	1,500	-	63,534	-
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	-	1,500	-	13,938	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	-	-	-	1,500	-	17,423	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	2,408	91,193
The Shell Company Of Turkey Ltd. (*)	-	-	-	-	-	-	15,311,236	-
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	-	-	-	1,500	-	-	-
Yasin Biçer	-	-	-	-	-	-	-	-
	116,692	96,842	4,877,828	31,862	102,747	-	15,528,545	406,981

(*) It consists of the management fees obtained from Shell & Turcas Petrol A.Ş.

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

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 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								
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	18,889,681	-	70,153,099	-	83,554	-	-
Shell Turcas Petrol A.Ş.	-	-	-	-	-	357	-	-
Other related entities								
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	304,447	-	-
Dividend payable to shareholders	-	-	-	-	-	214,053	-	-
Dividend recievable from shareholders	-	13,526	-	-	-	-	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	77,676	-	-
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic Aş	-	-	-	-	-	9,520	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	71,174	-	-
Aksoy Holding A.Ş.	-	49,146	-	-	-	-	-	-
Aksoy Enternasyonel Tic. A.Ş.	-	21,935	-	-	-	-	-	-
Aksoy Bodrum Taşinmaz Yatirimlari A.Ş.	-	4,702	-	-	-	-	-	-
Pronegy Gayrimenkul Ve Enerji Yatirimlari A.Ş.	-	4,702	-	-	-	-	-	-
Daytona Turizm Ve Danişmanlik Ltd.Şti.	-	4,130	-	-	-	-	-	-
Tas.Hal.Transbalkan Denizyollari Deniz Taş.Aş.	-	4,130	-	-	-	-	-	-
PD Turizm ve Gayrimenkul A.Ş.	-	4,150	-	-	-	-	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	4,702	-	-	-	-	-	-
	-	19,000,804	-	70,153,099	-	760,781	-	-

(*) The Group has received loans from Portigon AG, 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 14,795,073 using (TL Libor+2%). There is no guarantee, mortgage or pledge received for the mentioned receivable.

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

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 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.	-	-	-	-	-	-	-	22,956
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	3,062,046	-	-	-	10,473	-
Other related entities								
Erdal Aksoy	-	-	-	-	-	-	-	1,807
Saffet Batu Aksoy	-	-	-	-	-	-	-	20,794
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	75,433	-	-	75,890
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	1,500	-	10,454	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	1,500	-	10,454	206,854
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	1,500	-	-	-
PD Turizm ve Gayrimenkul A.Ş.	-	-	-	-	-	-	3,515	-
Aksoy Holding A.Ş.	-	-	-	-	1,500	-	67,370	24,861
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	-	1,500	-	38,583	-
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	-	1,500	-	10,454	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	-	-	-	1,500	-	10,454	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	120,778
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	-	-	-	1,500	-	-	-
Yasin Biçer	-	-	-	-	-	-	50	-
	-	-	3,062,046	-	87,433	-	161,807	473,940

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

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Total compensation provided to key management personnel during the current period is as follows:

	1 January – 31 March 2019	1 January - 31 March 2018
Salaries and other short term benefits	**1,431,424**	1,455,172

During 2019 and 2018, the senior management bonuses, daily allowance, retirement benefits, dismissal, post employment benefits, equity settled share-based payments, and other long-term benefits have not been provided.

NOTE 20 - 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 future trade transactions, the difference 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.

Starting with the issuance of financial statements on 31 March 2019, effective hedge accounting applied in accordance with TFRS 9, in order to ensure that the effects of the foreign exchange gains and losses are reflected on the financial statements of the Group in accordance with the periodicity principle of accounting.

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

NOTE 20 - FOREIGN CURRENY POSITION (Continued)

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

	31 March 2019			
	TL Equivalent (Functional currency)	**USD**	**EUR**	**Other**
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	110,226,103	14,397,233	4,619,978	3
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	**110,226,103**	**14,397,233**	**4,619,978**	**3**
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)	**110,226,103**	**14,397,233**	**4,619,978**	**3**
10- Trade payables	22,590,039	-	3,575,052	-
11- Financial liabilities	140,310,045	10,837,696	12,551,617	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	**162,900,084**	**10,837,696**	**16,126,669**	**-**
14- Trade payables	11,357,411	-	1,797,400	-
15- Financial liabilities	660,587,245	41,789,664	67,319,475	-
16a-Other monetary liabilities				
16b-Other non-monetary liabilities				
17- Non-current liabilities (14+15+16)	**671,944,656**	**41,789,664**	**69,116,875**	**-**
18- Total liabilities (13+17)	**834,844,740**	**52,627,360**	**85,243,544**	**-**
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)	**(724,618,637)**	**(38,230,127)**	**(80,623,566)**	**3**
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14-15-16a)	**(724,618,637)**	**(38,230,127)**	**(80,623,566)**	**3**
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 20 - FOREIGN CURRENY POSITION (Continued)

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

	31 December 2018			
	TL Equivalent (Functional currency)	**USD**	**EUR**	**Other**
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	83,713,938	14,747,309	1,016,882	10
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	**83,713,938**	**14,747,309**	**1,016,882**	**10**
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)	**83,713,938**	**14,747,309**	**1,016,882**	**10**
10- Trade payables	21,878,482	62,359	3,575,052	-
11- Financial liabilities	134,526,387	11,005,663	12,711,794	-
12a-Other monetary liabilities	1,893,924	360,000	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	**158,298,794**	**11,428,022**	**16,286,847**	-
14- Trade payables	10,834,727	-	1,797,400	-
15- Financial liabilities	614,834,268	40,457,517	66,687,345	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	**625,668,995**	**40,457,517**	**68,484,745**	-
18- Total liabilities (13+17)	**783,967,789**	**51,885,539**	**84,771,592**	-
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)	(700,253,851)	(37,138,230)	(83,754,710)	10
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14-15-16a)	**(700,253,851)**	**(37,138,230)**	**(83,754,710)**	**10**
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 20 - FOREIGN CURRENY POSITION (Continued)

Foreign currency sensitivity

	31 March 2019			
	Gain/Loss		**Equity**	
	Appreciation of foreign currency	**Devaluation of foreign currency**	**Appreciation of foreign currency**	**Devaluation of foreign currency**
+/-10% fluctuation of USD rate				
1- USD net asset / liability	**(21,517,445)**	**21,517,445**	**-**	**-**
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**(21,517,445)**	**21,517,445**	**-**	**-**
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	**(50,944,419)**	**50,944,419**	**-**	**-**
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**(50,944,419)**	**50,944,419**	**-**	**-**
TOTAL (3+6)	**(72,461,864)**	**72,461,864**	**-**	**-**

	31 December 2018			
	Gain/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-10% fluctuation of USD rate				
1- USD net asset / liability	(19,538,050)	19,538,050	-	-
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(19,538,050)	19,538,050	-	-
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	(50,487,340)	50,487,340	-	-
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(50,487,340)	50,487,340	-	-
TOTAL (3+6)	(70,025,390)	70,025,390	-	-

NOTE 21 - SUBSEQUENT EVENTS

As previously announced in Company's Public Disclosure dated 20.02.2019, Turcas Petrol A.Ş. had signed an Exclusive Distributorship Agreement ("Agreement") with SPSCAP Europe GmbH ("SPSCAP"), an ultra capacitor energy storage technology company.

SPSCAP has formally informed Company that they are terminating the Agreement (one sided) as they are not able to meet the requirements of the Agreement. Therefore, mentioned agreement has been terminated with the reservation of Company's legal rights. Company still aims to contribute to local manufacturing via collaborations with potential innovative ultra capacitor energy storage technology peers that enhances performance and efficiency.

The termination of the aforementioned agreement has no effect on the financial or operational performance of the Company.

Pursuant to Resolution of Board of Directors no. 2019/05 of 08.04.2019; it has been resolved to submit the decision about not distributing any dividends to the approval of shareholders during 2018 Annual General Meeting as there is no distributable profit in Dividend Distribution Table in accordance with 2018 year-end statutory and consolidated financial statements prepared and audited according to the regulations of Capital Markets Board, due to net losses recorded in 2018.

Pursuant to Resolution of Board of Directors no. 2019/07 of 03.05.2019; it has been resolved that in accordance with Turkish Commercial Code, Capital Markets Law and related legislation as well as the positive view of the Company's Audit Committee, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (a member of Ernst & Young Global)'s election for the independent audit of financial statements of the fiscal year 2019 shall be submitted to the approval of shareholders during 2018 Annual General Meeting.