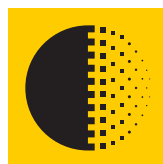
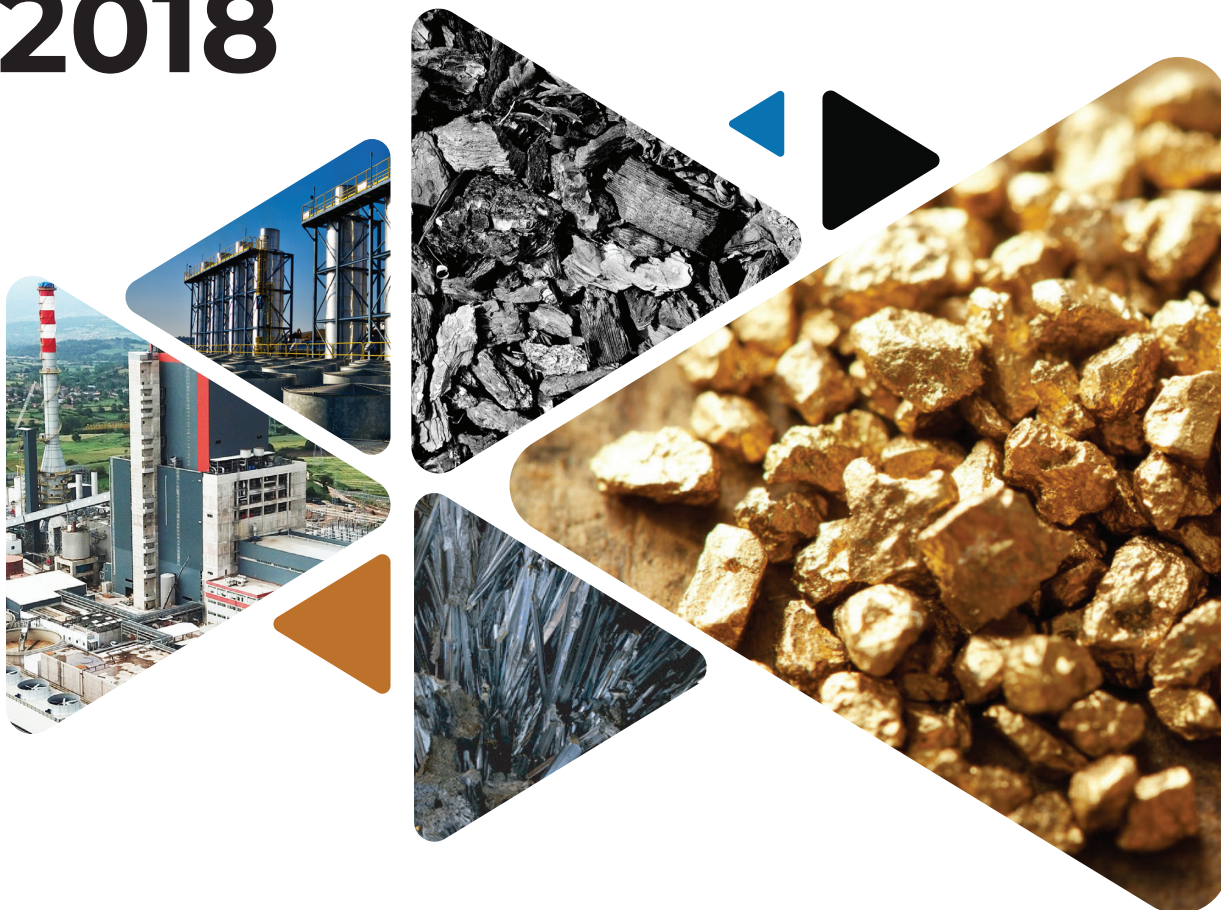


Annual Report

2018



**ODAS**





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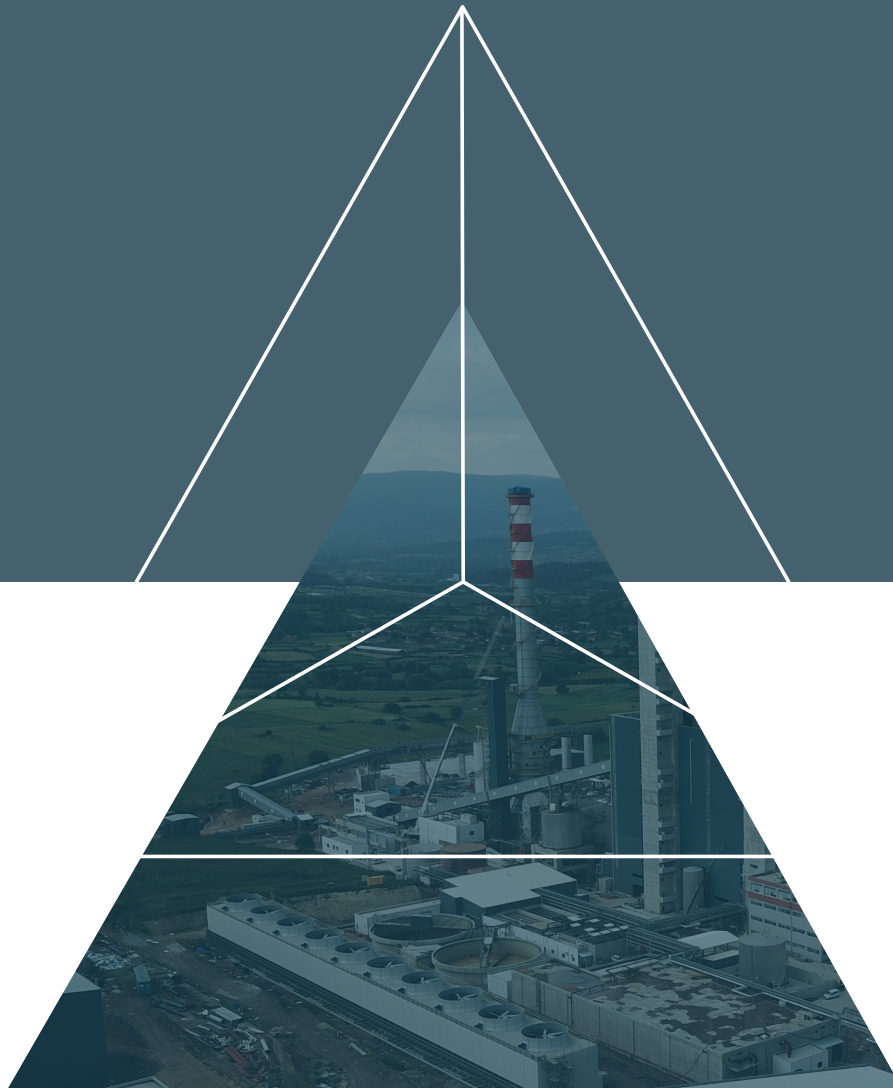
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# INDEPENDENT AUDIT REPORT ON THE BOARD OF DIRECTORS' ANNUAL ACTIVITY REPORT



## INDEPENDENT AUDITOR'S REPORT RELATED TO ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of  
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.

### 1) Opinion

We have audited the annual report of Odaş Elektrik Üretim Sanayi Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2018 period.

In our opinion, financial information contained in the annual report of the board of directors and analysis made by the Board of Directors about the Company's situation are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

### 2) Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit give sufficient and appropriate basis for our opinion.

### 3) Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 11 March 2019 on the full set consolidated financial statements for the 1 January - 31 December 2018 period.

### 4) Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly.

b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also, in the report, developments and possible risks which the Company

may encounter are clearly indicated. The assessments of the Board of Directors in regard to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Customs and Trade and other relevant institutions.

#### 5) Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC provisions regarding whether or not the financial information and the analysis made by the Board of Directors are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information in the annual report and the analysis made by the Board of Directors are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

As Bağımsız Denetim ve YMM A.Ş.  
(Member of NEXIA INTERNATIONAL)

M. Cem Tezelman  
Partner



11.03.2019  
İstanbul, Türkiye

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# ODAŞ AT A GLANCE

## ODAŞ MILESTONES

# 2014

The 0.25 MW Solar Power Plant was commissioned.

Investment for Çan-2 Thermal Power Plant with an installed capacity of 340 MW began.

The Environmental Impact Assessment (EIA) report for the Çan-2 Thermal Power Plant of Çan Kömür ve İnşaat A.Ş. was granted.



# 2013

Odaş Doğal Gaz Toptan Satış Sanayi Ticaret A.Ş. was founded.

Şanlıurfa Natural Gas Cycle Plant's installed capacity reached 140MW.

92% of Çan Kömür ve İnşaat A.Ş. was acquired by Odaş.



# 2011

First phase of the Şanlıurfa Natural Gas Cycle Plant with an installed capacity of 140 MW was commissioned.



# 2010

ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. was founded.

# 2012

Odaş Enerji Elektrik Perakende Satış A.Ş. became a part of the ODAŞ Group.







## 2016

Antimony and antimony trioxide production began at Suda Maden A.Ş.



## 2018

The Çan-2 Thermal Power Plant was commissioned.

The Environmental Impact Assessment (EIA) Report for gold production was accepted for gold production.



## 2015

ODAŞ began to study in gold and antimony mining. As part of this, the Anadolu Export Maden Sanayi Ticaret A.Ş. was established to operate in the field of gold mining, and Suda Maden A.Ş. for antimony mining was taken over by the ODAŞ Group.

Köprübaşı Hydroelectric Power Plant with an Installed Capacity of 8.2 MW was commissioned. ODAŞ shares were listed on the BIST 100 Index of Borsa Istanbul.



## 2017

The Production capacity of antimony was increased following high demand for antimony and antimony trioxide mining activities.

Prior to gold production, an Environmental Impact Assessment (EIA) Report application was applied.

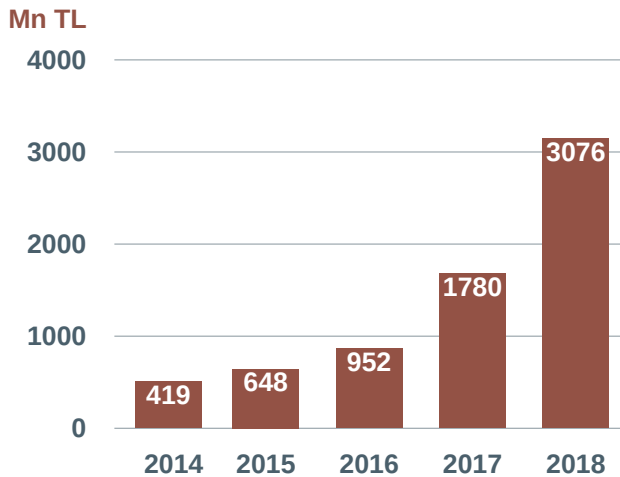
Coal sales began in accordance with the Group's coal production and sales planning

## FINANCIAL DATA HIGHLIGHTS

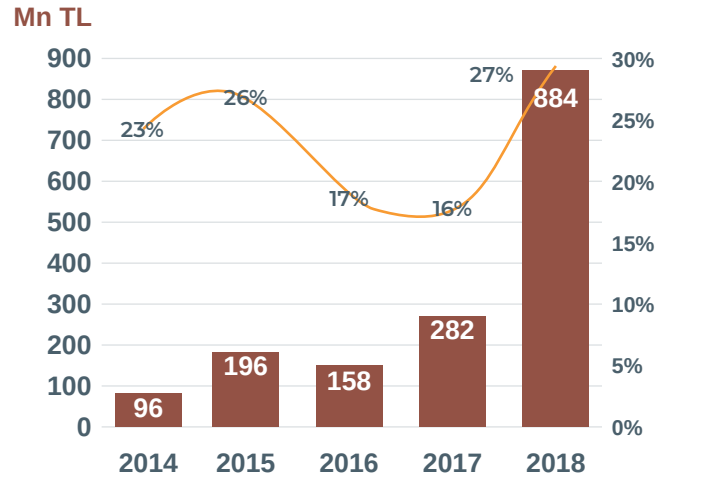
### Consolidated Financial Data (Mn TL)

	2014	2015	2016	2017	2018
Net Sales	622	485	517	614	886
Sales From Production Net Profit	212	172	210	265	441
EBITDA (Consolidated)(†)	27	-0.56	-9	100	-251
	54	37	60	54	68
Cash & Cash Equivalents	71	62	108	124	7
Short Term Liabilities	104	115	165	341	581
Long Term Liabilities	136	251	473	825	1147
Equity	96	169	158	282	844
Total Assets	419	648	952	1780	3076
Net Debt(††)	169	305	531	1042	1722
	2014	2015	2016	2017	2018
Net Debt / Equity (x)	1,8	1,8	3,4	3,7	2,0
Net Debt / EBITDA (x)	3,2	8,2	8,8	19,3	25,4
Equity / Total Assets (%)	23%	26%	17%	16%	27%
EBITDA Margin	9%	8%	12%	9%	8%
	59	27.2	59.1	52.6	82.9

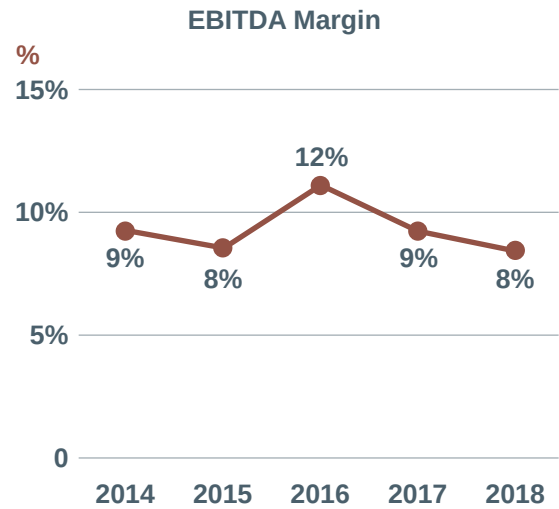
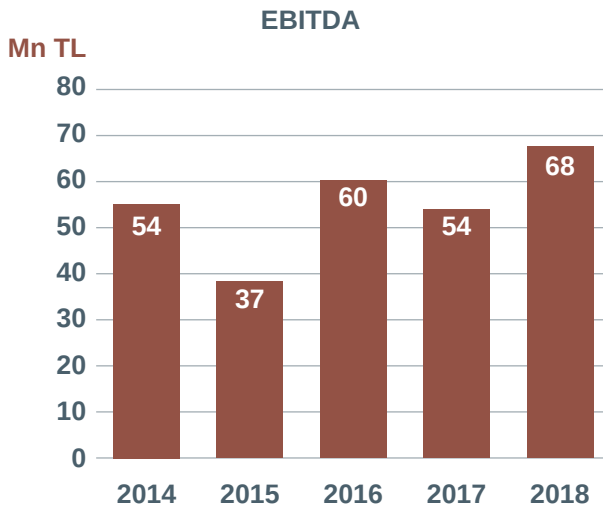
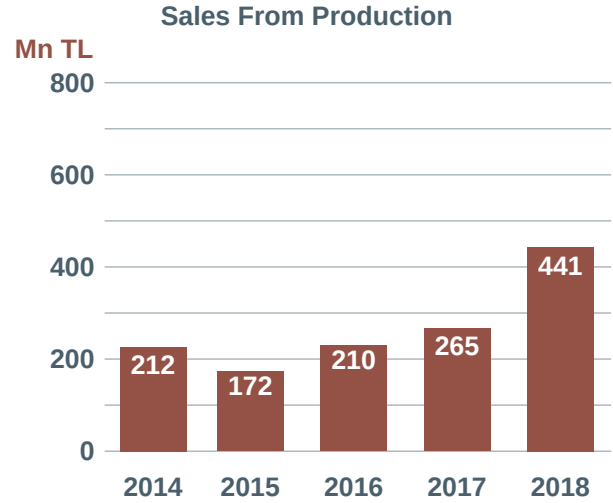
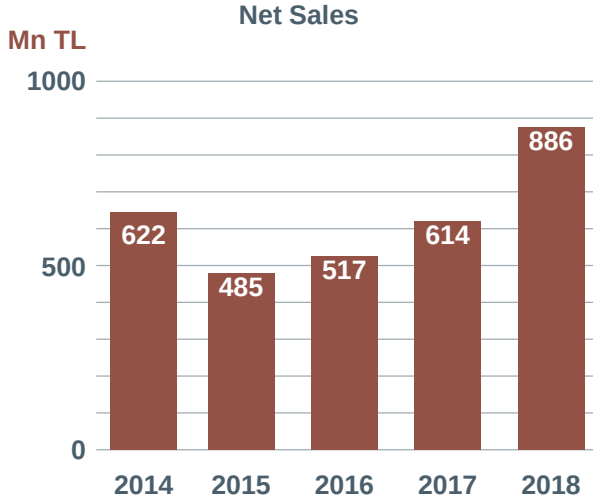
Total Assets



Equity



## FINANCIAL DATA HIGHLIGHTS



(†) Earnings Before Interest Tax and Amortization

(††) 62% of total Net Debt of 2018 comes from ÇAN-2 Coal Fired Power Plant Investment and the principle payments of ÇAN-2 CFPP will commence as of 2020.

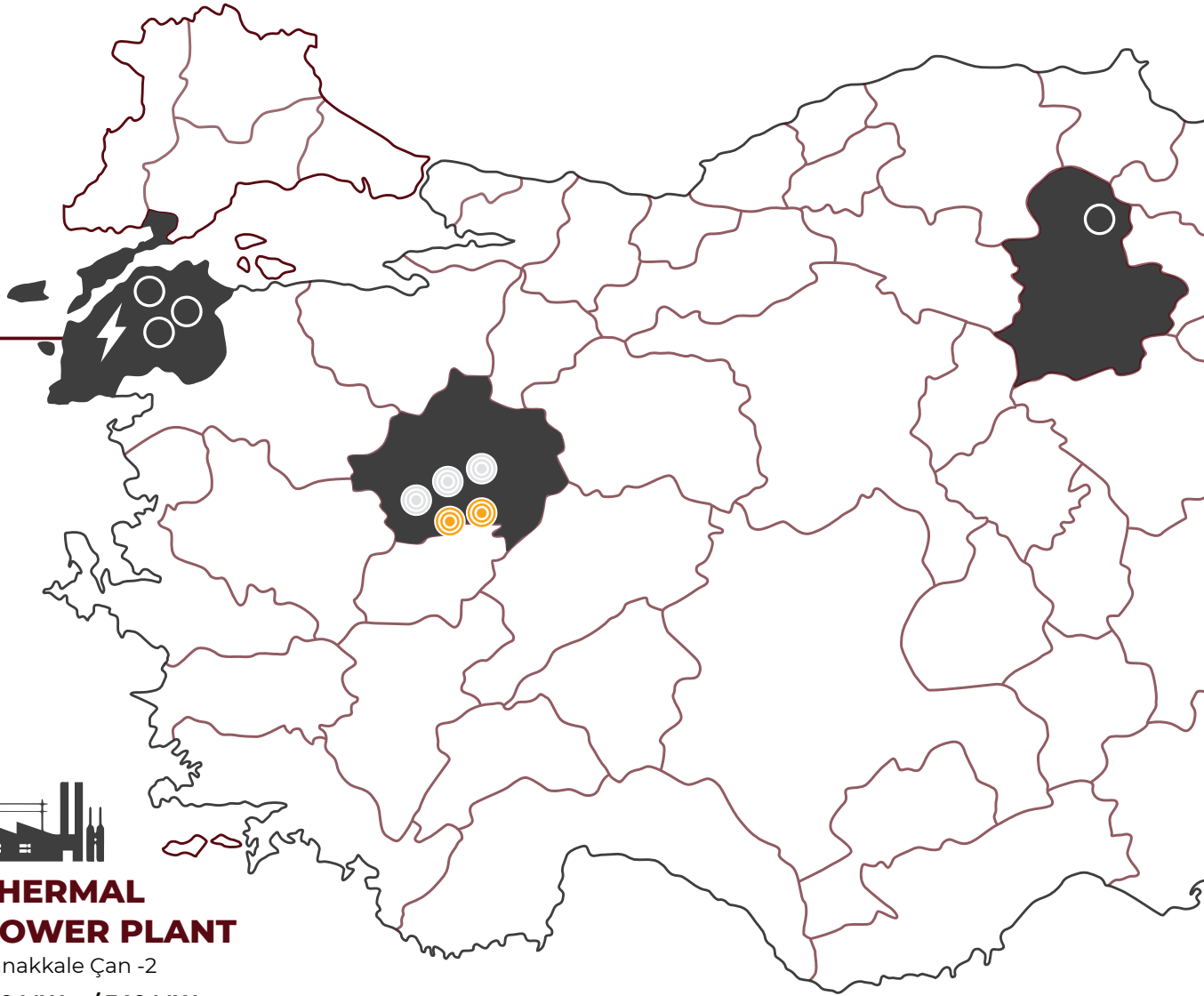
## EXISTING ENTERPRISES & ONGOING INVESTMENTS



### THERMAL POWER PLANT

Çanakkale Çan -2

330 MWm / 340 MWe



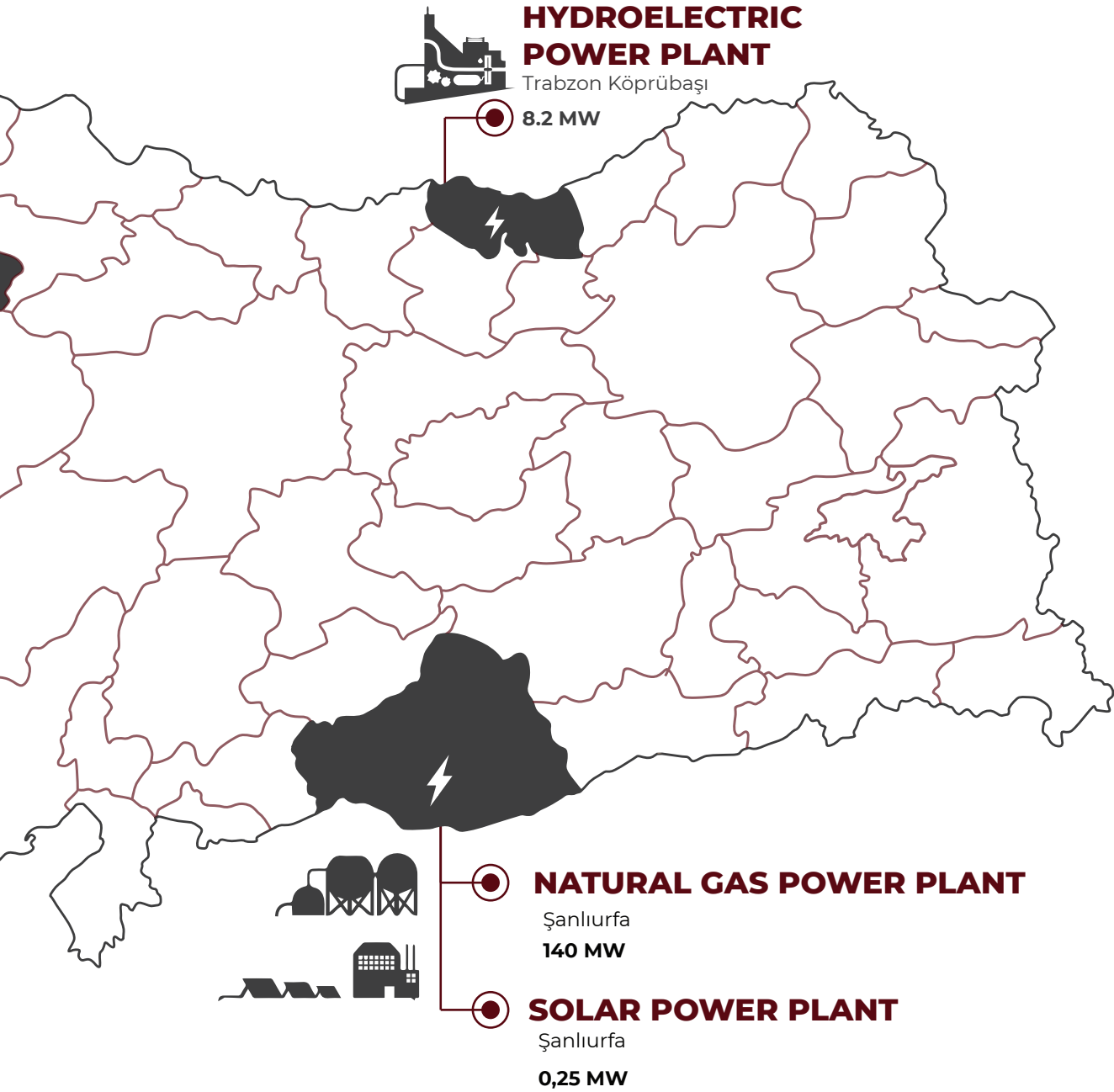
Gold Mining Sites



Coal Mining Sites



Antimony Mining Sites



Electricity Generation

## HIGHLIGHTS OF 2018

# 340 MW ÇAN II Thermal Power Plant

The Çan-2 Domestic Coal Thermal Power Plant with an installed capacity of 340 MWm / 330 MW began commercial operations as of 01.08.2018 following approval by the Ministry. A “Ramp-Up” period in which production is performed in a planned and controlled manner began after commissioning of the Çan-2 domestic coal-based Thermal Power Plant at the beginning of August. Based on the result of the activities conducted during planned production, improvement works of the power plant’s systems for (i) providing air flow, (ii) extracting coal slag and (iii) turbine insulation were completed and the plant was commissioned with full capacity as of end of March 2019.

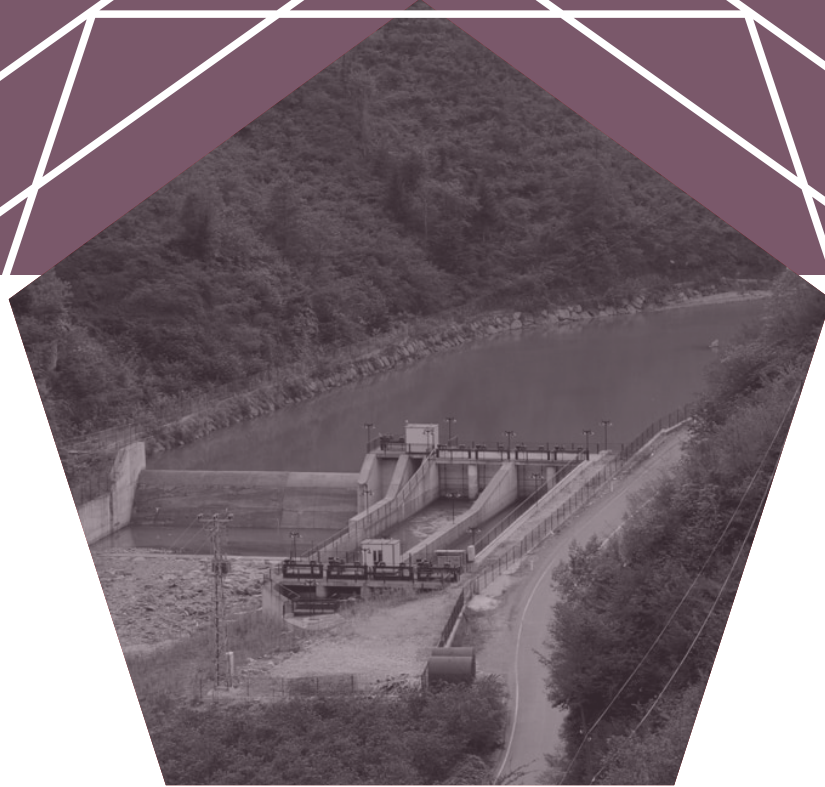
# Precious and Strategic Metal Mining

The activities conducted with regards to Precious Metal Mining revealed a source of 348,150 ounces of gold (167,486 ounces indicated and 180,664 ounces inferred) and 2.8 million ounces of silver (1,255,064 ounces indicated and 1,576,432 ounces inferred), and the Environmental Impact Assessment (EIA) Report application regarding operations was made prior to gold production planning and approved by Monitoring and Assessment Commission meeting held at the Ministry of Environment and Urbanization on October 2018.

On the other hand, antimony, which is included in a strategic metal group within the Odaş Group, continued to be produced in 2018. Consequently, Odaş became the only antimony trioxide and metal producing company with a vertically integrated business structure in Turkey. In 2018 a decision for investing in the construction of a new antimony furnace has been made in addition to the two already existing antimony trioxide furnaces and one metal furnace. The planned furnace is expected to be utilized in the production of antimony trioxide in the metal slag produced at the end of the production in the metal furnace. It is anticipated that an average of 180 metric tons of antimony trioxide will be annually produced when the new production furnace is put into service.

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# MANAGEMENT

## BOARD MEMBERS

### Abdulkadir Bahattin Özal

Chairman

Having completed his primary and secondary education at TED Ankara College, Mr. Özal attended Üsküdar Cumhuriyet High School, followed by ITU Control and Computer Engineering Department in 1985, and Boğaziçi University Physics Engineering Department in 1988. Thereafter, he entered business life and established and managed numerous firms in the construction, import, export and energy sectors. In cooperation with Mr. Burak Altay, Mr. Özal has implemented more than ten successful projects in the energy sector, as well as completing investments in five power plants over five years. Currently he serves as the Chairman of the Board of Directors of the firm, as the founding partner of ODAŞ Group.

### Mustafa Ali Özal

Board Member

Having graduated from Gazi University's Department of Economics, Mr. Özal took on a career in business in 1982. He served as an executive and board member at various firms operating in a number of sectors. Mr. Özal continues to serve as a board member in the firm.

### Yavuz Baylan

Independent Board Member

Having graduated from Istanbul University's Department of Economics, Mr. Baylan served as a chief public accountant at the Ministry of Finance for eight years, followed by a career in financial consultancy in the private sector from 1981 onward. In 1987, he was a pioneer in the establishment of BDO Turkey, and became a sworn financial consultant in 1989. Mr. Baylan continues to serve as an independent board member in the firm.

### Burak Altay

Deputy Chairman / CEO

Having graduated from Koç University's Department of Business Administration, Mr. Altay taught courses as a research assistant at Koç University while studying for his master's degree at Marmara University's Faculty of Law. After beginning his career in entrepreneurship as Alstom Power's representative in Turkey, Mr. Altay then developed numerous start-up projects in the energy sector together with Mr. Bahattin Özal, leading to successful investments in energy. Mr. Altay continues to serve as the Deputy Chairman of the Board as a founding partner of ODAŞ Group.

### Hafize Ayşegül Özal

Board Member

Having completed her education in 1972, Mrs. Özal began working at Aköz Foundation in 1994, and was appointed as Foundation Director in 1996. Currently, she is a board member of Aköz Foundation, offering scholarships to 250 students and providing support to people in need. Mrs. Özal continues to serve as a board member in the firm.

### Salih Erez

Independent Board Member

Mr. Erez graduated from Koç University's Department of Business Administration and continues to serve as a board member at Haznedar Refrakter San. AŞ, Durer Refrakter Malzemeleri San. ve Tic. AŞ, and Haznedar Yatırım ve Pazarlama AŞ, along with his position as an independent board member in ODAŞ.

## MISSION, VISION & STRATEGY

### Mission

To provide value-creating products and services for our country and shareholders through a flexible approach to high-return investments, by taking social and environmental concerns into account.

### Vision

To become a pioneering firm achieving sustainable profitability by standing out with strategic investments in the energy and mining sector.

### Strategy

While maintaining its value-creating investments in the energy sector and standing out with its high level of internal efficiency, ODAŞ intends to achieve added synergies through operations in the mining industry, and to diversify its revenues.





# OPERATIONS

# ODAŞ ENERJİ

## ODAŞ GROUP COMPANIES

### Çan Kömür ve İnşaat A.Ş.

%92

Local Coal Based Thermal Power Plant

### ODAŞ Doğal Gaz Toptan Satış Sanayi ve Ticaret A.Ş.

%90

Natural Gas Wholesale

### Küçük Enerji Üretim ve Ticaret Ltd. Şti.

%90

Köprübaşı Regulator and Hydroelectric Power Plant

### Voytron Enerji Elektrik Perakende Satış A.Ş.

%100

Retail Sales of Electricity

### Hidro Enerji Elektrik Üretim Sanayi A.Ş.

%100

Volkan Hydroelectric Power Plant Generation License

### Ena Elektrik Üretim Ltd. Şti.

%80

Electricity Wholesale

### CR Proje Geliştirme Yatırım Sanayi ve Ticaret A.Ş.

%100



## ODAŞ GROUP COMPANIES

### Suda Maden A.Ş.

%100

Precious and Strategic Metal Mining

### Suda Stratejik Metal Dış Ticaret A.Ş.

%100

### Anadolu Export Maden Sanayi ve A.Ş.

%96

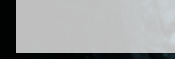
Precious Metal Mining

### Yel Enerji Elektrik Üretim Sanayi Ticaret A.Ş.

%92 (Dolaylı)

### YS Madencilik Sanayi Ticaret Ltd. Şti.

%52



# EN ER GY



## ENERGY

### Electricity Generation & Sales

#### **Çan Kömür ve İnşaat A.Ş.**

The Group acquired 92% of Çan Kömür ve İnşaat A.Ş., which holds a paid royalty in the Çan district of Çanakkale province in September 2013, with a view to focusing on domestic coal resources with high calorific value in order to employ the most advantageous methods of power generation currently available in the sector.

Exploration works were undertaken in accordance with the standards of the Joint Ore Reserves Committee (JORC) on the existing license site. The average calorie value of the reserves identified in 2013 was 3.481 kcal/kg. This figure is actually the highest value seen in a Turkish power plant generating lignite-based electricity.

This translates to a competitive advantage also in terms of production costs compared to their peers. Efforts to put these advantages to good use led to an investment in a 340 MWm/330 Mwe power plant. The power plant began to operate commercially on 01.08.2018 following the approval of the Ministry.

The investment cost of the power plant is rather low relative to similar investments. In consequence of the findings obtained during the "Ramp-Up" process which began after the commissioning of the Çan-2 Thermal Power Plant, improvement works of the power plant's systems for (i) providing air flow, (ii) extracting coal slag and (iii) turbine insulation were undertaken, and orders for the relevant equipment were placed as from November 2018 and concluded as of the end of March 2019.

#### **Voytron Enerji Elektrik Perakende Satış A.Ş.**

Voytron Enerji Elektrik Perakende Satış A.Ş. wholly owned by ODAŞ Enerji was founded in 2009. Thanks to the wholesale license received from the Energy Market Regulatory Authority, the company can sell the electricity purchased in the market through bilateral agreements to its customers.

#### **Küçük Enerji Üretim ve Ticaret Ltd. Şti.**

The company which became a 90% subsidiary of ODAŞ Enerji in December 2012 owns the Köprübaşı Regulator and Hydroelectric Power Plant with an installed capacity of 8.2 MW and is located on Manahoz Creek in Trabzon province. As local electro-mechanical equipment has been used in the construction of the power plant the guaranteed purchase price has been applied as 9.3 \$cent/KWh and 7.3 \$cent/KWh over a five-year period from 2016 onward and for the ensuing five-year period, respectively.

#### **ODAŞ Doğal Gaz Toptan Satış Sanayi ve Ticaret A.Ş.**

A 90% subsidiary of ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. (ODAŞ), ODAŞ Doğal Gaz Toptan Satış Sanayi ve Ticaret A.Ş. was founded to provide long-term reliable natural gas supplies for the ODAŞ Natural Gas Power Plant in Şanlıurfa, as well as to extend the existing sales network of Voytron Enerji Elektrik Perakende Satış A.Ş. in the electricity sector to the natural gas sector. The company received a natural gas wholesale license from the Energy Market Regulatory Authority as at March 2013.

#### **Hidro Enerji Elektrik Üretim Sanayi A.Ş.**

Hidro Enerji, a 100% subsidiary of Odaş, operates in building, commissioning and renting electric power generation plants, as well as generating electric power and selling generated electric power and/or capacity to customers.

#### **Ena Elektrik Üretim Ltd.Şti.**

The company which 80% is owned by ODAŞ applied for a generation license for the Hisar Regulator and Hydroelectric Power Plant. A "Share Transfer Contract" was signed with a foreign company to transfer all our shares in Ena Elektrik Üretim Limited Şirketi for the price of approximately TRY 1 million following completion of the licensing procedures before the Energy Market Regulatory Authority.

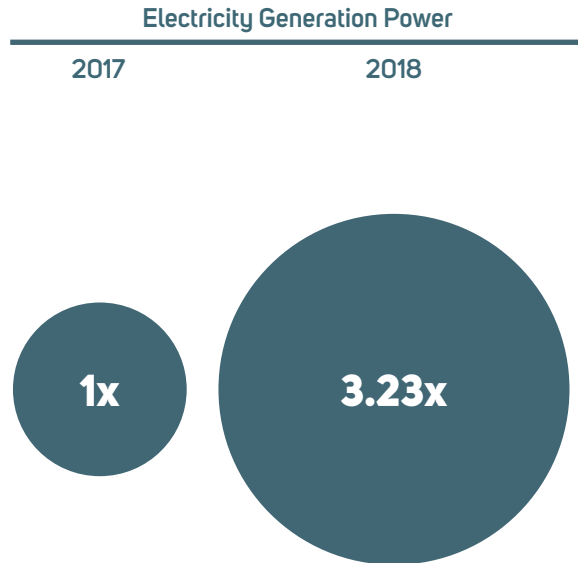
## ENERGY

### Electricity Generation & Sales

#### Total Installed Capacity

The installed capacity share within Total Electricity Generation rose by 223% as of 2018 after the Çan II Power Plant (330 MWe) was commissioned.

#### The Outlook for the Sector



As of December 2018, the total installed capacity in the sector showed a year-over-year increase of 3.93% and reached 88,550.8 MW. The share of installed capacity based on natural gas was 29%, while the share of renewable energy resources increased by 3.28% to 44.68% compared to the previous year.

A breakdown of the total installed capacity based on the type of installation reveals that investments are mainly sourced from the private sector. In December 2018, 64.73% of the total installed capacity originated from power plants of independent generation companies while EÜAŞ makes up 22.23%. Similar to previous years, the renewable energy portfolio maintained its upward trend in December 2018 as well and registered an installed capacity increase of 5.42% compared to the previous year. Electricity generation in Turkey exhibited a year-over-year decline of 0.44%. The share of renewable energy and natural gas power plants in electricity generation as at the end of 2018 was 33.6% and 27.26%, respectively. In line with the increase in installed capacity of the renewable energy portfolio, the production amount of renewable energy increased by 8.15% compared to the previous year.

#### Diversified Energy Generation Portfolio

ODAŞ continues to operate in the sector with its diversified energy generation portfolio. ODAŞ adopted a medium-scale, yet profit-oriented generation policy with the domestic coal-based Çan-2 Thermal Power Plant with an installed capacity of 330 MWe, 140 MWe Natural Gas Cycle Plant, 8.2 MWe Hydroelectric Power Plant and 0.25 MWe Solar Power Plant.

The Çan II Thermal Power Plant commissioned in August 2018 is one of the power plants which is

## ENERGY

### Electricity Generation & Sales

<b>ODAŞ Urfa DGKÇS (140 MW)</b>	<b>2018</b>	<b>2017</b>
Urfa Total Electricity Generation (Net ) (GW)	306	497
<b>Köprübaşı HES (8,2 MW)</b>	<b>2018</b>	<b>2017</b>
Köprübaşı Total Electricity Generation (Net ) (GW)	24,1	26
<b>Çan II TES (330 MW)</b>	<b>2018</b>	<b>2017</b>
Çan II TES Total Electricity Generation (GWh)(†)	251	0
<b>Total Electiricity Production</b>	<b>2018</b>	<b>2017</b>
	582 GWh	523 GWh

supported through the option of an electricity purchase warranty by market regulators and generates power by using local coal resources. Consequently, this power plant, which comprises about 70% of our production portfolio, has ensured that production can be satisfied using fuels based on domestic resources, that fuel costs are able to be brought under control, that access to fuel is increased and that a robust structure is created against possible fluctuations in the sale prices of electricity.

Within the policy of electricity generation, ODAŞ made its investments in order to maximize its profitability, having regard to the profile for electricity demand in Turkey, rather than reaching a high generation volume which is the usual trend in the market. Therefore, thanks to the comparative advantage of the Group's production portfolio, it became possible to complete advantageous transactions in all markets of the energy sector and to attain a highly flexible position against the sector's financial sensitivity.

#### Electricity Retail Sales and Wholesale

In the electricity retail sales, the limit for eligible consumers, (which was 2,400 kWh/year and 2,000 kWh/year in 2017 and 2018, respectively), was reduced to 1,600 kWh/year in 2019. An increase in exchange rates caused one of the main sales cost items, the renewable energy support mechanism, to rise by 61% compared to the previous year. Due to the fact that the gradual price hikes for natural gas tariffs by BOTAŞ reached 112.5% by the end of the year. The energy prices increased by 41.38% in terms of annual average. Thus, energy supply costs also went up and the dynamics for sales competition declined. Such an increase in costs was directly reflected on eligible consumer sales prices. As part of this, the retail portfolio of the Group was downsized as of August 2018, and electricity supply only continued for consumers consi

(†) It covers production in 2018 Q4 within the "Ramp-Up" period.

# MIN ING

## MINING

### Precious Metal and Mining

#### Suda Maden A.Ş.

The company, 100% subsidiary of ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., holds four mining licenses in the Kütahya-Uşak region; two for operating and two for prospecting. Precious metal works carried out under these licenses revealed the existence of gold (Au) and antimony (Sb), as well as copper (Cu) and silver (Ag), leading to the inclusion of all these minerals in the prospecting framework. Antimony and antimony trioxide are currently produced on sites under Suda Maden A.Ş., while the licenses held by the company cover an area around Kütahya and Uşak, near the Karaağaç gold mining license site.

#### Anadolu Export Maden Sanayi ve Ticaret A.Ş.

Anadolu Export Maden Sanayi, 96% owned by ODAŞ holds the Karaağaç gold mining license within the provincial borders of Kütahya and Uşak. Recent works conducted under this license revealed the existence of 348,150 ounces of gold (Au) (167,486 ounces indicated and 180,664 ounces inferred) and 2,832,036 ounces of silver (Ag) (1,255,604 ounces indicated and 1,576,432 ounces inferred). Prior to gold production planning, (related to the project on Capacity Increase

of Karaağaç Yıldız Gold and Silver Mine, Mineral Processing Plant and Crushing & Screening Plant), the Environmental Impact Assessment (EIA) Report was approved as final in October 2018. It was decided upon additional exploration and financing initiatives to enable the additional investment of an estimated 23.1 million USD for a leach plant. When the leach plant is completed, it is expected to generate an annual operational capacity of 40,000 ounces of gold and 315,000 ounces of silver. This decision comes as an additional investment arrangement to coincide with the previous investment spending of 4 million USD as an equity made to date for the Yıldız Karaağaç gold and silver licenses within the Kütahya and Uşak regions.

#### YS Madencilik Sanayi Ticaret Ltd. Şti.

Company which 52% is owned by ODAŞ , active in mining.

#### Suda Stratejik Metal Dış Ticaret A.Ş.

Suda Stratejik Metal Dış Ticaret A.Ş. ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. owns 100% of the company indirectly.

## INVESTOR RELATIONS

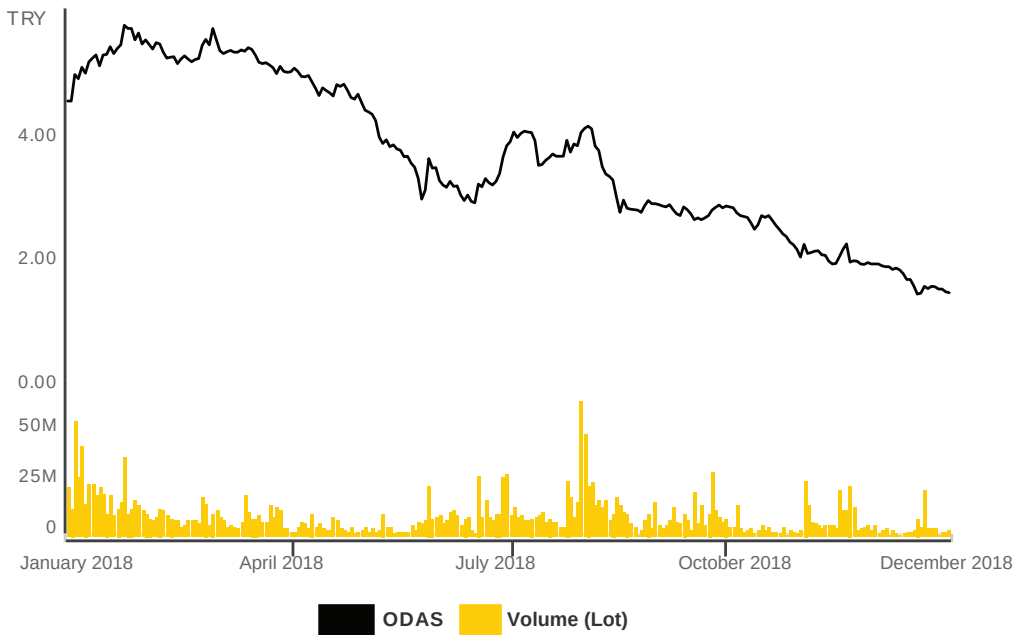
The ODAŞ Investor Relations Department aims to ensure performance of necessary operations in line with the principles of honesty, accountability, transparency, and reliability and according to the Corporate Governance Principles of the Capital Markets Board (CMB) by providing smooth communications between the Board of Directors and existing and potential shareholders, local and foreign analysts, and portfolio managers and also by enabling complete fulfilment of the Company's obligations arising from the legal regulations related to capital markets.

### Investor Relations Activities

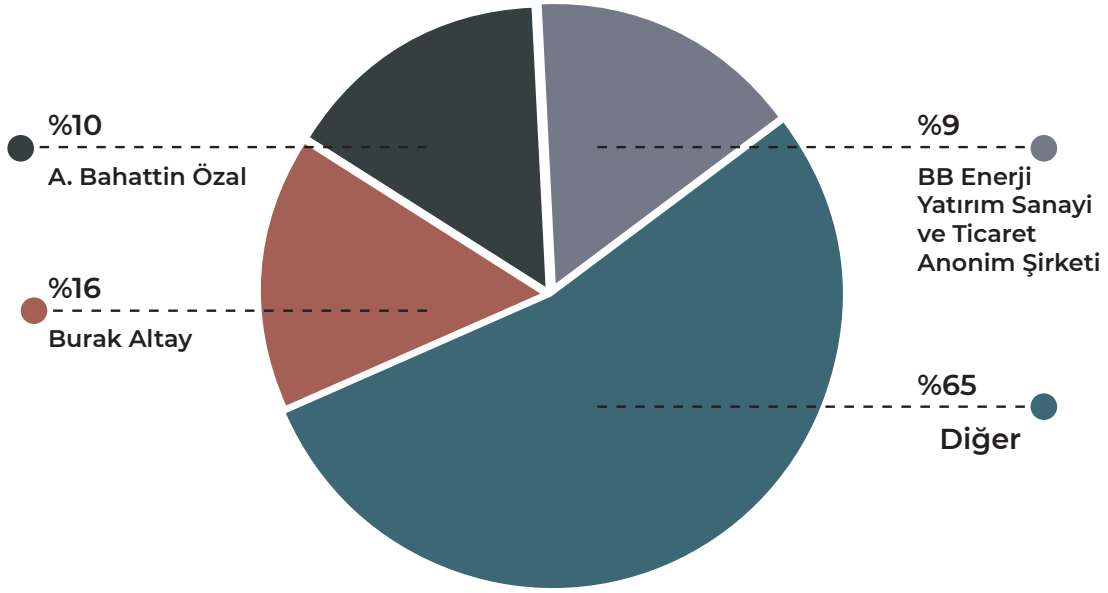
In 2018, the Investor Relations team, together with senior executives of the Company, held meetings 41 meetings with domestic and foreign institutional investors, analysts and portfolio managers. As part of these meetings, a picture of the Company's existing operations and investments were communicated with reference to actual financial and operational data.





### Investor Relations & Share Performance

As at 31.12.2018, 37.46% of 135,750,000 shares, each worth a nominal value of TRY 1, were listed on the BIST 100 Index of Borsa Istanbul.



## ODAŞ SHAREHOLDING STRUCTURE(†)



Name Surname	Group A Shares	Group B Shares	Number of Total Shares(TL)	%
 Burak Altay	4.277.820	41.491.024,13	45.768.844,13	16%
 A. Bahattin Özal	4.277.820	26.413.631,39	30.691.451,39	10%
 BB Enerji Yatırım San. ve Tic. A.Ş.		27.008.100,04	27.008.100,04	9%
 OTHER		191.274.555,44	191.274.555,44	65%
<b>TOTAL</b>	8.555.640	286.187.311,00	294.742.951,00	%100,00

(†) The new shareholding structure after the Capital Increase in January 2019.

## HUMAN RESOURCES

Operating in the energy and mining industries, ODAŞ elaborately carries out all organizational development activities, such as recruitment, training and internal communication activities, compensation and benefits issues, bearing in mind that “humans” are the most significant resource that supports its sustainable success.

Our human resources policies are developed based on “Creativity and Flexibility,” “Transparency and Sustainability,” “Sensitivity towards Society and the Environment,” and “A Focus on Occupational Health and Safety.”

The purpose of Human Resources Management at Odaş is to recruit right candidates within the organization and at the same time, to carry out a successful planning for our employees that affects positively their professional and personal development, working conditions, satisfaction and engagement. We truly know that otherwise the business success can't be able to sustainable in long term.

In the course of its growth, Odaş strives to preserve and improve its agility, one of the most important advantages. In line with this, its priorities include supporting the employees to become competent by enhancing their knowledge and skills as well as helping the managers to make fast and right choices by reinforcing their leadership competencies.

Odaş employs a total of 965 people, and 18% of its human resources have roles at administrative levels and 82% in production and field positions.

In its fields of operation, Odaş adopts the principle of enhancing competencies of all employees, making them have a point of view that is sensitive to society and the environment, and contributing to the workforce in our country.

For ODAŞ, selection of the right candidate for the organization is equally important as the proper assignment that will reveal the full potential of the candidate. Thus, we use different recruitment tools to evaluate the qualifications, skills, and expertise of the candidates correctly and make sure of the right match. At the beginning of the recruitment process, the candidates are informed of methods which vary depending on position, and we attach importance to maintaining the communication needed throughout the process. One of the critical targets of the recruitment process is to ensure that every candidate has a pleasant experience.

ODAŞ shares the company objectives, priorities, and corporate competencies with all employees through the performance management system. Every employee is aware of the goals that will lead the company to success. They set individual targets that will influence this success in their area of responsibility, together with their unit manager.

The performance system can prioritize not only quantitative targets but also professional development targets to make sure an individual performs their duty better.

Corporate competencies are evaluated by the help of behavioral indicators and have an impact on the final performance outcome. The purpose is to communicate to employees not only what they are expected to do but also what set of attitudes and behaviors they are expected to use.

Increasing the effectiveness of the Performance Management System, feedback plays a significant role in the entire process. Effective communication during the setting, follow-up, and evaluation of goals is crucial as it influences the success of the system.

Performance evaluation results provide input in many areas, and are used for employee development planning, training needs analysis, compensation&/ benefits and promotion/rotation decisions for the company, etc.

## Human Resources

## Talent Acquisition

## Performance Management System



## Learning and Development

### HUMAN RESOURCES

Appreciating the human factor, Odaş prioritizes professional and personal development of all employees that will lead the organization to success. Several factors trigger the development needs of an employee. Such factors include new assignments, delegations, outcomes of the performance management system, occupational, industry-specific, and technological developments related to the job, and plans and objectives of the company. Odaş Learning and Development plans are made by considering all these factors, in a manner that provides the maximum benefit to the individual. Accordingly, the principles of the 70/20/10 model for learning and development are used in the annual plans. The individuals are improved through responsibilities assigned to them, via mentorship and feedback, and by using classroom/remote training tools. Furthermore, manufacturing employees complete and are tracked for all mandatory trainings, primarily on job safety, and technical development trainings.

## Compensation and Benefits

While evaluating positions in various lines of business, ODAŞ use the research and studies of expert and independent consulting firms. Accordingly, a fair and competitive C&B policy is applied by using regular market analyses. Another critical input for the process is the outcomes of the performance management system. An objective and fair system are run by taking the performance of the employees into account.

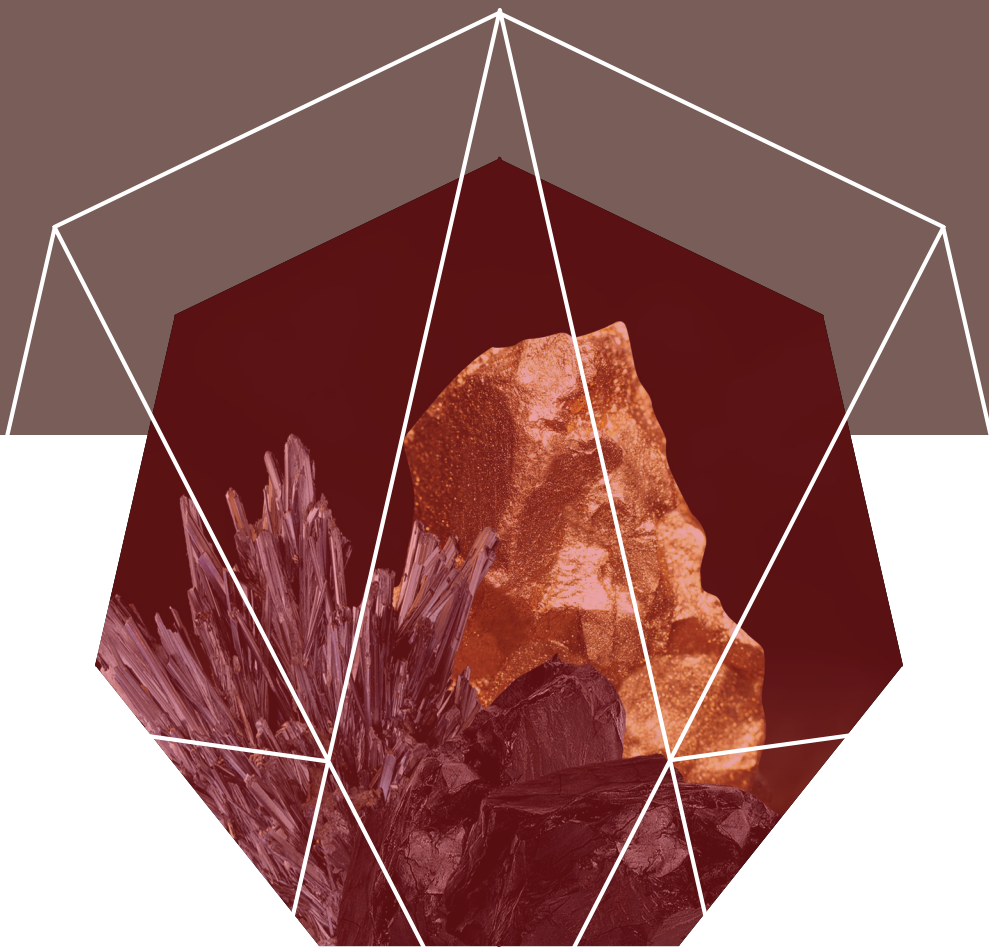
## Internal Communication

One of ODAŞ' essential human resources policies is to create a common language based on open communication with its young and dynamic workforce. The objective is to create a communication platform where everybody can express themselves through transparent and non-hierarchical sharing. Hence, the generation of innovative and different ideas is accelerated, and solutions contributing to the organization are found more easily.

## Our Social Responsibility Policy

The sense of social responsibility is an issue on which we put emphasis on our values, the building blocks of our corporate culture, and to which we sincerely attach priority. Our basic management mentality is based on doing business with the awareness of our social and environmental responsibilities in all operations. In order to make certain all employees act on this sensitivity and embrace this mentality, we use necessary learning tools, include them in our rules and procedures, and apply them.

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# CORPORATE GOVERNANCE

# REPORT FOR COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

## CHAPTER I

### COMPLIANCE STATEMENT FOR CORPORATE MANAGEMENT PRINCIPLES

ODAŞ (the firm) applies the utmost diligence in compliance with the Capital Markets Board's Corporate Governance Principles, and embraces the concepts of equality, transparency, accountability, and responsibility among the corporate governance principles while proceeding towards its objectives. In 2018, ODAŞ complied completely with the mandatory principles under Communiqué No. II-17.1 on the Identification and Application of Corporate Governance Principles, and did its best to comply with the optional principles.

On these foundations, the efforts to ensure compliance with corporate governance principles, which began in 2013 and continued through to 2018, are still on track with the use of numerous mechanisms implemented within the firm's framework. In the early phase of the efforts, the Articles of Incorporation were revised to provide the shareholders with an egalitarian, accountable, responsible and transparent structure. In conjunction with the amendment of the Articles of Incorporation to entail the rights stipulated in the Corporate Governance Principles, the management structure was also reviewed to achieve the objective of "better management".

The firm's website was updated to provide the maximum amount of accurate and complete information to the public, swiftly and on a real-time basis. This statement shows ODAŞ's embracement of a transparent and open form of management, and its intent to develop a responsible and accountable management perspective with respect to all shareholders, particularly small shareholders. The firm's Corporate Governance Committee continues its efforts to develop corporate governance practices. The difficulties experienced with certain principles, and.

#### **Justification for Delays in the Implementation of Certain Corporate Governance Principles**

Ongoing debates in national, as well as international platforms, regarding compliance with certain principles have so far prevented complete compliance with some principles. That said, the principles which have yet to be implemented have not lead to any conflicts of interests between stakeholders. Plans are in place to effect the required structural changes and internal arrangements for the implementation of the limited number of optional principles which have not been implemented so far. Comments on comprehensive work carried out at our

firm with respect to Corporate Governance Principles, and principles which have yet to be complied with, are noted in the subsequent sections of the report.

- Even though the Articles of Incorporation do not specify so, no one at the firm has unlimited decisionmaking authority.
- According to Article 4.6.5 of the "Corporate Governance Principles", the remuneration and other benefits provided to the members of the Board of Directors and other senior executives are disclosed to the public through the annual report. However, the disclosure does not provide such information with reference to specific individuals, but rather is based on a distinction between the Board of Directors and senior executives.

## CHAPTER II

### SHAREHOLDERS

#### **Investor Relations Department**

At our firm, the Investor Relations Department serves to facilitate the exercise of shareholder rights, enabling communications between the Board of Directors and existing and potential shareholders, as well as local and foreign analysts and portfolio managers, and executing required procedures in compliance with the CMB's Corporate Governance Principles. The department reports to the Corporate Governance Committee, as well as to Burak ALTAY, Deputy Chairman of the Board of Directors and the Chief Executive Officer. In 2018, the Investor Relations Team, along with the senior management of the firm, had contacts with a total of 41 institutional investors, analysts, and portfolio managers, and provided a picture of the firm's existing operations and investments, with reference to actual financial and operational data.

#### **Accordingly, the Investor Relations Department is responsible for;**

- Promoting the firm's operations and investments among an audience of existing and potential institutional investors and intermediaries from within Turkey, as well as from overseas.
- Responding to information requests regarding the firm submitted by Turkish and foreign institutional investors and analysts, save for confidential information and trade secrets withheld from the public.
- Notifying shareholders and Turkish and foreign institutional investors on a proactive and regular basis through conferences and investor meetings, about the developments concerning the firm.

- Responding to the questions received from shareholders, save for confidential information and trade secrets currently withheld from public.
- Performing analyses of the performances of other firms operating in the same sector from a comparative perspective regarding the performance of the firm's shares.
- Ensuring that General Assembly meetings are carried out in accordance with the Articles of Incorporation and other internal regulations of the firm.
- Preparing documents that shareholders can use as a reference for General Assembly meetings, and publishing such documents on the firm's website three weeks in advance of the General Assembly for investors to review.
- Keeping a record of voting results through the General Assembly minutes and offering the reports of voting results to shareholders.
- Ensuring compliance with, referral to, and monitoring of obligations arising from any Capital Market Regulations applicable to the shareholders of public corporations, along with the obligations regarding financial reporting, corporate governance, and public disclosure.
- Regularly reviewing the contents of the "Investor Relations" section of the website, applying updates where required.
- Preparing presentations on and summaries of the firm's operations and finances for the relevant operating quarters.
- Preparing and updating the list of people with access to insider information, within the framework of the Material Cases Communiqué.
- Management and monitoring all procedures with the Capital Markets Board, Borsa İstanbul A.Ş., Merkezi Kayıt Kuruluşu A.Ş., and any other capital markets agencies.
- Ensuring the flow of information both ways, between shareholders and the senior management and the firm's Board of Directors.

Melih Yüceyurt

Director of Finance and Investor Relations

Mehmet Erdem Aykırı

Investor Relations Manager

### Exercise of the Shareholders' Right to Information

Any information requests submitted to the Investor Relations Department are responded to diligently in accordance with the principle of equality and without any discrimination between investors, provided that they do not concern confidential information or trade secrets currently withheld from the public. Accordingly, in 2018, any information requests submitted by the shareholders on various issues were responded to clearly and in detail via telephone and e-mail on a verbal and written basis. Every question was answered to the satisfaction of investors, provided that they did not concern trade secrets.

Furthermore, the "Investor Relations" section of the firm's website ([www.odasenerji.com](http://www.odasenerji.com)) makes complete, accurate, and up-to-date information available to investors. In 2018, public disclosure of any developments that may affect the exercise of shareholder rights was achieved through the material disclosures on the Public Disclosure Platform (KAP), as well as the firm's website.

As the shareholders' right to demand the appointment of a special auditor is subject to regulations, the Articles of Incorporation does not stipulate any arrangements regarding the appointment of a special auditor. During the year, no request regarding the appointment of a special auditor was received.

### ABDULKADİR BAHATTİN ÖZAL

TOTAL NOMINAL PAYMENT: 24.091.255

SHARE RATE(%):17,75%

### BURAK ALTAY

TOTAL NOMINAL PAYMENT:21.243.782

SHARE RATE (%):15,65%

### BB ENERJİ YATIRIM SANAYİ VE TİCARET A.Ş.

TOTAL NOMINAL PAYMENT:21.389.099

SHARE RATE (%):15,76%

### OTHERS

TOTAL NOMINAL PAYMENT:69.025.864

SHARE RATE (%):50,85%

TOTAL : 135.750.000

TOTAL SHARE RATE (%):100,0%

### General Assembly Meetings

The General Assembly meetings are carried out in accordance with the Turkish Code of Commerce, the Capital Markets Law, and the Corporate Governance Principles, in a manner that provides adequate information to and the extensive participation by shareholders. The Ordinary General Assembly of the firm convenes at least once a year, and discusses and decides on the matters on the agenda drawn up by the Board of Directors in accordance with

Article 413 of the Turkish Code of Commerce. The notices and announcements regarding the General Assembly meeting are published through any means of communication including electronic communications, so as to reach the highest number of shareholders, and according to the minimum time frames stipulated in the Turkish Code of Commerce, the Capital Markets Law, and other regulations concerned.

The firm's Ordinary General Assembly Meeting for the year 2017 was held on Tuesday, June 28, 2018, at 2pm, at the corporate headquarters located at the address of Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8B 2. Kule Kat: 17 Tepeüstü Ümraniye/ISTANBUL. The 2017 Ordinary General Assembly Meeting was held under the oversight of the Government Commissar appointed by the Turkish Ministry of Customs and Trade. The agenda, minutes, and attendance sheet for the meeting are published on the firm's website.

Invitations to General Assembly meetings are extended by the Board of Directors in accordance with the provisions of Turkish Code of Commerce, the Capital Markets Law, and the Articles of Incorporation. The Board of Directors' resolution for the General Assembly meeting is followed immediately by necessary disclosures to inform the public, via KAP and the Electronic General Assembly Meeting System (EGKS). The General Assembly meeting announcements are made at least three weeks in advance via the website [www.ogasenerji.com](http://www.ogasenerji.com), so as to reach out to the highest number of shareholders possible, as well as through other procedures stipulated in the regulations, not to mention the ads published in the Trade Registry Gazette of Turkey, and one of the daily newspapers with a high circulation figure.

Prior to the General Assembly meetings, the disclosure document regarding the items in the agenda is drawn up and announced to the public, in compliance with the legal procedures and regulations regarding all disclosures. Within the framework of the items on the agenda for the General Assembly meeting, financial statements and reports, dividend payment proposals, and independent audit reports including the audited annual report, as well as any proposed amendment texts and justification thereof in case of Articles of Incorporation amendments, the disclosure policy, remuneration policy, dividend policy, resumés of all prospective Board of Directors members including independent ones, and other documents which are to serve as the basis of the items on the agenda, are made easily available for review by shareholders, at the corporate headquarters and on the website.

The General Assembly meetings are held simultaneously in physical and electronic form, at the corporate headquarters, and via the Electronic General Assembly

Meeting System. The venue for General Assembly meetings is arranged to enable participation by all shareholders. The agenda of the General Assembly is set clearly to enable the consideration of each proposal under a separate item, so as to prevent different interpretations. At the General Assembly meeting, the agenda items are conveyed to the shareholders in an objective, detailed, clear and understandable way, and the shareholders are given the opportunity to explain their opinions and ask questions under equal conditions. The questions directed by the shareholders during the general assembly meeting are responded accordingly by the board members and the senior executives of the firm.

Templates for proxy appointment letters for those who are employing a proxy to represent them at the General Assembly meeting, are made available to shareholders via newspaper ads and the website. The voting procedure applicable at the meeting is presented to shareholders via the website and newspaper ads. The items on the agenda at the General Assembly meetings are voted on by raising hands in an open ballot.

Following the General Assembly meeting, the meeting minutes are registered in the firm's minutes book. The meeting minutes are available through KAP, EGKS, and the corporate website. The General Assembly meetings, the attendance sheet, agenda, and announcements are made available for review by all local and foreign investors simultaneously.

The firm's preparations for the Electronic General Assembly Meeting for the 2017 Ordinary General Assembly were carried out in compliance with the regulations, under Article 1527 of the Turkish Code of Commerce. The invitation for the meeting was made on 07.06.2018 through announcement on the Public Disclosure Platform (KAP), Merkezi Kayıt Kuruluşu A.Ş.'s Electronic General Assembly System (EGKS), the corporate website, and in Issue 9594 of the Turkish Trade Registry Gazette dated 06.06.2018, so as to cover the agenda, and in line with the requirements of the Law and the Articles of Incorporation. A review of the attendance sheet revealed that, out of the 135.750.000 shares, each worth a nominal value of TRY 1, representing the firm's total capital figure of TRY 135.750.000, shares corresponding to TRY 24.597.464,138 were represented in proxy, while shares corresponding to TRY 56.527.869,414 were represented in person, amounting to a total attendance representing a capital figure of TRY 81.125.333,552 TRY leading to the observation that the quorum for meeting stipulated in the Turkish Code of Commerce, the Capital Markets Law, and the Articles of Incorporation were met. Thereafter, the General



Assembly meeting was opened by the President of the Council. At the Ordinary General Assembly for 2017, the shareholders were given the opportunity to ask questions. When discussing the last item of the agenda "Wishes and Requests", the questions received from the shareholders were responded to, providing them with information. There were no written requests submitted by the shareholders of the corporation for inclusion within specific items in the agenda with respect to the Ordinary General Assembly Meeting for 2017.

Donations and grants worth a total of TRY 103.011,35 during the period were presented to the shareholders, under a separate item of the agenda. Furthermore, an upper limit of TRY 400,000 was set for donations and grants for 2018, under Article 19, Paragraph 5 of the Capital Markets Law.

Since the amended context of the Article 6 of the Articles of Association was kept open to examination of shareholders, it was requested to be considered as read and this request was accepted unanimously by participants both electronically and physically. With the permission letters of the Capital Market Board dated 02.04.2018 with no 29833736-110.04.04- E.3704, Ministry of Customs and Trade dated 10.04.2018 with no 50035491-431.02 the amended Article 6 of the Articles of Association was accepted unanimously.

The agenda for the General Assembly meeting, as well as the attendance sheet and meeting minutes are made available for review by shareholders at the corporate headquarters. Furthermore, the Investor Relations section of the corporate website presents the documents pertaining to the General Assembly meeting, for review by shareholders and all stakeholders. The controlling shareholders, members of the Board of Directors, executive directors and their spouses and family members (both blood and in-law relatives) up to second degree did not engage in any material transaction which may lead to conflicts of interest with the corporation or subsidiaries.

### ***Voting Rights and Minority Rights***

The voting procedure for General Assembly meetings is announced to the shareholders at the beginning of the meeting. The firm avoids practices which could complicate the exercise of voting rights.

At the Ordinary and Extraordinary General Assembly meetings of the firm, group (A) shareholders are accorded 15 votes for each share, while group (B) shareholders are accorded 1 vote for each share. The shareholders can appoint proxies from both within and outside the shareholders, to represent them at the

General Assembly meetings.

Proxies who hold shares in their own right as well, are authorized to vote in consideration of the shares of the shareholders they represent, in addition to the shares they themselves hold. The Board of Directors shall establish the formal requirements of the proxy appointment letter within the framework of the Capital Markets Board regulations. The proxy appointment letter should be in writing.

The proxy is required to cast votes in line with the will of the shareholder who appointed the proxy, provided that such instructions are noted on the proxy appointment letter. The relevant regulations of the Capital Markets Board shall apply with respect to proxy voting. The votes in General Assembly meetings are cast by raising hands, showing the documents attesting proxy voting, in line with the regulations of the Capital Markets Board. However, a secret ballot can be employed, upon the request of shareholders who hold one twentieth of the firm's capital, among those shareholders present at the meeting.

Group A shares are privileged in terms of the appointment of the members of the Board of Directors, and the exercise of voting rights at the General Assembly, within the framework of Articles 7, 8, and 10 of the Articles of Incorporation (Board of Directors, nomination for the Board of Directors, election of the Chairman and the Deputy Chairman, representation of the firm, and right to vote in the General Assembly).

### ***Dividend Rights***

The firm's dividend payment decisions are made with reference to the Turkish Code of Commerce, Capital Markets Regulations, the Regulations and Decisions by the Capital Markets Board (CMB), Tax Codes, and the provisions of other applicable regulations, as well as the firm's Articles of Incorporation. The dividend payment is based on a balanced and consistent policy between the interests of shareholders, and the interests of the firm, in line with the Principles of Corporate Governance.

Each year, the Board of Directors resolution regarding dividend payments is submitted for the approval of shareholders at the General Assembly, as a separate item on the agenda. The firm's dividend payment policy is announced in the annual report, as well as on the firm's website. The firm's Ordinary General Assembly for 2017 discussed the Board of Directors' proposal regarding the dividend payment, and culminated in the decision to withhold dividend payment as no dividends payable arose in the financial statements drawn up for 2017, in accordance with the principles of the Tax Procedure Code .

The firm does not have any preference shares in terms of dividend payment. Every share of the firm is entitled to an equal share of the dividends.

The firm can pay out advance dividends within the framework of Article 20 of the Capital Markets Law. The form and timing of dividend payment shall be established by the General Assembly, with reference to the relevant Board of Directors' proposal. The principles of dividend payments shall abide by the provisions of the Capital Markets Board Communiqué No. II-19.1 and other applicable provisions, with reference to the establishment of the responsibilities and the dividend to be paid.

### **Share Transfers**

The approval of the Energy Market Regulatory Board shall be sought for each instance of direct or indirect acquisition of shares representing 5% or more of the firm's capital, by a natural or legal person, and existing shareholders acquiring additional shares to increase their shareholdings above 5% of the legal person's capital, and/or any share transfers causing a fall of the shareholding of an existing shareholder below the above-mentioned limits. The transfer shall be followed by material disclosures required as per the Capital Markets Regulations.

This provision shall also apply in case of acquisition of voting rights.

Even if no share transfers occur, the establishment and removal of concessions on existing shares, or the issuance of dividend shares shall be submitted to the approval of the Energy Market Regulatory Board, regardless of the rates stipulated above.

In the case of transfers of Group (A) shares, the Board of Directors is entitled to withhold approval for the transfer and registration to the share registry, on the grounds of realizing the corporation's objective, and maintaining economic autonomy within the framework of the provision of Article 493 of the Turkish Code of Commerce. No restrictions shall be introduced on the transfer of group (B) shares to be traded at the stock exchange.

In cases where banks and/or financial institutions obtain the control of the firm and/or engage in a subsidiary relationship with the firm due to default in terms of the requirements of credit agreements within the framework of irrevocable project financing, bringing about a case where the market share limits stipulated

in applicable regulations are exceeded, such excess shall be eliminated within the time frame granted to such banks and/or financial institutions by the Energy Market Regulatory Authority.

Without prejudice to the provisions above, the transfer of registered shares shall be subject to the applicable provisions of the Turkish Code of Commerce, Capital Markets Regulations, and Energy Market Regulatory Authority regulations.

## **CHAPTER III PUBLIC DISCLOSURE AND TRANSPARENCY STAKEHOLDERS Disclosure Policy**

The Corporate Disclosure Policy was established with the Board of Directors' resolution dated 30.12.2013 no. 2013/34, and is published on the website. The Corporate Disclosure Policy was established and is implemented under the authority of the Board of Directors. The Board of Directors reserves the right to revise the policy at any time in line with the applicable regulations.

The disclosure policy and any revisions thereof shall be published on the firm's website, following the approval of the Board of Directors. The Investor Relations Department is responsible for overseeing and monitoring the Disclosure Policy.

### **Corporate Website and its Contents**

The firm's website address is [www.odasenerji.com.tr](http://www.odasenerji.com.tr); the Investor Relations section of the website contains the issues noted in the CMB's Corporate Governance Principles. The website is set up to provide open, clear, and simultaneous disclosure to shareholders, stakeholders, and the entire public. The information provided on the website is updated continuously. The information provided on the website is presented in English language as well, to enable it to be accessed by international investors.

### **Annual Report**

The firm's activity report is drawn up in line with the details required in the Turkish Code of Commerce and the Capital Markets Regulations, so as to provide the shareholders, the public, and all other stakeholders with access to complete and accurate information on the firm's operations.



## CHAPTER IV STAKEHOLDERS

### *Disclosure of Information to Stakeholders*

The website was revised as required to provide disclosure to stakeholders on matters concerning them. Any and all information concerning the firm is presented to stakeholders in line with the Corporate Governance Principles. Stakeholders, investors, and analysts can access the firm's financial reports, activity reports, and other information, using the firm's website. Furthermore, certain material announcements and messages are conveyed to all employees via e-mail.

The Audit Committee is responsible for ensuring and overseeing compliance with the regulations, while the Corporate Governance Committee is responsible for reviewing and concluding the complaints received from the shareholders and stakeholders, on matters of concern from a corporate governance perspective.

### *Stakeholders' Participation in Management*

No model was developed regarding the stakeholders' participation in the firm's management. On the other hand, the requests and proposals voiced in meetings with employees and other stakeholders are taken into consideration by the management, leading to the development of relevant policies and practices.

### *Human Resources Policy*

ODAŞ's Human Resources Policy is based on the objective of becoming an employer which increases the quality of life of its employees, and which elevates their performance capabilities.

The mission of Human Resources is to set up human resources systems which will create a culture bent on achieving excellence, and embraced by every individual, so as to enable a dynamic, motivated and high-quality work force improve the Group's performance in a sustainable manner through innovative, creative, and solution-focused ideas enabled by the development of a shared language based on open communications between all employees. The Human Resources Policy is implemented through the three fundamental processes below, aiming to enable the employees to make optimal use of their potential

- Identifying and stating the objectives
- Developing the concept of communications with employees, through open communications and a network of timely constructive feedback
- Preparing the grounds for continuous employee development by planning development activities to enable them to perform their current duties in the best possible way, and to prepare them for potential assignments in the future.
- All managers and shift supervisors are responsible

for managing effective and transparent relationships with employees, with the Human Resources Department assuming the role of central coordinator. All managers and supervisors are obliged to treat their employees fairly and justly, without exerting any subordinates superior pressure. Thanks to due application of the principle of equality, one of the leading pillars of ODAŞ's management perspective, no negative employee feedback or complaints were received with respect to discrimination.

- ODAŞ abides by the principle of announcing job descriptions and assignments, as well as performance assessment and rewards criteria to its employees. Job analyses and assessments regarding all positions within the organization are performed in detail, and are reviewed periodically in parallel to the growth of the firm. These assessments lead to the identification of all competences and qualifications required for the performance of the job. Thereafter, the hiring processes are managed with reference to such previously established criteria for individual positions. Furthermore, feedback meetings are held annually with the employees, with a view to identifying the need for improvement, and informing regulatory and preventive actions.

## CODE OF CONDUCTS

### *Code of Conduct and Social Responsibility*

The firm's Code of Conduct is drawn up in writing, and is made available to the employees. The Code of Conduct is defined, updated, and published by the Board of Directors.

ODAŞ's Code of Conduct constitutes integral parts of ODAŞ's Policies and Values, and all employees, including the Board of Directors and the executives are required to abide by the code.

### *ODAŞ's Code of Conduct*

#### *Honesty*

Tüm iş süreçlerimizde ve ilişkilerimizde doğruluk ve dürüstlük en önem verdiğimiz değerimizdir.

#### *Equality*

Any discrimination on the grounds of age, language, religion, race, medical status, gender, or marital status constitutes a violation of the rules of the workplace. Employees can report their complaints on this issue directly to the Human Resources Department. The reporting of such complaints cannot be prohibited.

Employees are required to abide by the principles of professional confidentiality stipulated in the law.

As ODAŞ Group employees, we take good care of maintaining the privacy and confidentiality of information

on our customers, employees, and other persons and entities with whom we deal.

We protect the confidential documents regarding the operations of the group companies, and use such information exclusively for the objectives of ODAŞ Group, sharing them with relevant parties within the framework of the authorities established.

### **Confidentiality**

Our employees are obliged to comply with the principals of professional confidentiality as laid down by the law. At ODAŞ Group, we take care to protect the privacy and proprietary data of our customers, employees and other related persons and organizations we work with. We protect the classified information about the activities of the Group companies and use such information solely in accordance with the objectives of the ODAŞ Group and share it with the concerned persons within the framework of the specified rules.

### **Prevention of Conflicts of Interest**

ODAŞ employees are prohibited from deriving personal benefits for themselves, their families or relatives or friends by making use of the employee's status in the firm. Employees are also prohibited from engaging in close relationships with individuals or organizations which may benefit from confidential information to which the employee is party, or business decisions he/ she may make. When performing their duties, employees take care to maintain the interests of the firm, and avoid any acts or behavior which would give either them or their friends or relatives benefits.

Where the private interests of the employee conflict or may conflict with those of ODAŞ, one can talk about the existence of a conflict of interest. Deriving improper personal benefit by abusing one's position is also considered a conflict of interest.

No employee can derive personal benefit for their family members or friends through the firm's operations, use the firm's properties, information, and positions for their personal interests, or compete with the firm. ODAŞ employees can extend/receive gifts to/from various persons, agencies and entities they are in contact with due to their position, only within the framework of the rules established by the firm.

Employees should protect the firm's assets and ensure their efficient use, with a view to protecting and making good use of company property. The firm's assets should be used for business purposes only.

### **Social Responsibility**

The firm implemented social responsibility projects in 2016 with reference to the environmental and social requirements of the society in which we live and within the framework of the Social Responsibility Policy.

## **CHAPTER V**

### **BOARD OF DIRECTORS**

#### **Board Member Resumés Composition and Formation of the Board of Directors**

The firm shall be represented and administered by a Board of Directors composed of at least 5 (five) members to be elected by the Board of Directors in accordance with the Turkish Code of Commerce, and the Capital Markets Law and Regulations.

The members of the Board of Directors are elected as follows, with a tenure until the Ordinary General Assembly Meeting convenes to review the accounts for the year 2018

<b>Full Name</b>	<b>Title</b>
Abdulkadir Bahattin Özal	Chairman of the Board of Directors
Burak Altay	Deputy Chairman of the Board of Directors
Mustafa Ali Özal	Member of the Board of Directors
Hafize Ayşegül Özal	Member of the Board of Directors
Yavuz Baylan	Independent Member of the Board of Directors
Salih Erez	Independent Member of the Board of Directors

### **Board Member Resumés**

#### **Abdülkadir Bahattin Özal**

##### **(Chairman of the Board of Directors)**

Having completed his primary and secondary education at TED Ankara College, Mr. Özal attended Üsküdar Cumhuriyet High School, followed by ITU Control and Computer Engineering Department in 1985, and Boğaziçi University Physics Engineering Department in 1988. Thereafter, he entered into business life and established and managed numerous firms in the construction, import, export and energy sectors. In cooperation with Mr. Burak Altay, Mr. Özal has implemented more than ten projects in the energy sector, as well as completing investments in five power plants over five years. Currently he serves as the Chairman of the Board of Directors of the firm, as the founding partner of ODAŞ Group.

#### **Burak Altay**

##### **(Deputy Chairman of the Board of Directors)**

Having graduated from Koç University's Department of Business Administration, Mr. Altay taught courses as a research assistant at Koç University while studying for his master's degree at Marmara University's Faculty of

Law. After beginning his career in entrepreneurship as Alstom Power's representative in Turkey, Mr. Altay then implemented more than ten projects in the energy sector with Mr. Bahattin Özal, completing investments in five power plants within just five years. Mr. Altay continues to serve as the Deputy Chairman of the Board as a founding partner of ODAŞ Group.

### **Mustafa Ali Özal**

#### **(Member of the Board of Directors)**

Having graduated from Gazi University's Department of Economics, Mr. Özal took on a career in business in 1982. He served as an executive and board member at various firms operating in a number of sectors. Mr. Özal is a member of the Board of Directors.

### **Hafize Ayşegül Özal**

#### **(Member of the Board of Directors)**

Having completed her education in 1972, Mrs. Özal began working in Aköz Foundation in 1994, and was appointed as Foundation Director in 1996. Currently, she is a board member of Aköz Foundation, offering scholarships to 200 students and providing support to people in need. Mrs. Özal is a member of the Board of Directors.

### **Yavuz Baylan**

#### **(Independent Member of the Board of Directors)**

Having graduated from Istanbul University's Department of Economics, Mr. Baylan served as a chief public accountant at the Ministry of Finance for eight years, followed by a career in financial consultancy for the private sector, from 1981 onward. In 1987, he was a pioneer in the establishment of BDO Turkey, and became a sworn financial consultant in 1989. Since March 2013, Mr. Baylan has been serving as an independent board member at our firm.

### **Salih Erez**

#### **(Independent Member of the Board of Directors)**

Graduated from Koç University's Department of Business Administration. Mr. Erez continues to serve as a board member at Haznedar Refrakter, Durer Refrakter Malzemeleri, and Haznedar Yatırım ve Pazarlama, along with his position as an independent board member in our firm which he has held since September 2015.

Deputy Chairman of the Board of Directors Burak ALTAY, also serves as the Chief Executive Officer of the firm.

In the meeting of the Nomination Committee dated 06.04.2016 no. 2017/01 (which members of Corporate Governance Committee act on their be half) submitted to the Board of Directors the report drawn up with respect to independent members of the Board of Directors. Accordingly, Mr. Yavuz Baylan and Mr. Salih Erez,

who were found to have met the independence criteria stipulated in the Corporate Governance Principles of the Capital Markets Board, were elected as the independent members of the Board.

Written statements submitted by each independent board member, with respect to their independent status, stipulate the following:

i. That they neither personally, nor through their spouses

ii. or relatives by blood or marriage up to third degree, have been involved in the last five years in an executive employment relationship assuming substantial duties and responsibilities, or held, individually or jointly, more than 5% of the capital or voting rights or preferred shares, or engaged in any substantial commercial relationship with any affiliates of ODAŞ Elektrik Üretim ve Ticaret A.Ş. ("ODAŞ Energy") or any corporations in which the firm has management control or substantial influence, or shareholders which maintain the firm's management control or substantial influence in the firm, and legal persons which hold management control of such shareholders

iii. That they have not been a shareholder (5% or more) or executive with significant duties and responsibilities, or board member in the firms which have provided or bought significant amounts of services or products within the framework of agreements, including but not limited to the auditing (including tax audits, statutory audits, internal audits), rating, and consulting of the firm, during the last five years, in the time frame of such provision or purchase of services or products, iii. That they have the professional training, expertise and experience to duly perform the duties to be assumed on the grounds of being an Independent Member of the Board of Directors,

iv. That they are not a full-time employee of a government agency or entity,

v. That they are considered a resident of Turkey as per the Income Tax Law

vi. That they have robust ethical standards, the professional reputation and the experience to enable free decision-making, taking into account the rights of stakeholders, and contributing positively to the operations of ODAŞ Energy, while maintaining impartiality in conflicts of interest which may arise between the shareholders,

vii. They will be able to set aside time required for the firm's business, to perfectly perform the requirements of the job assumed, and to monitor the operations of ODAŞ Energy,

viii. They have not served as a member of the Board of Directors of the firm for more than six years in the last ten years,

ix. They are not an independent board member

for more than three firms where the firm or the controlling shareholders of the firm hold the control of management and/or more than five corporations whose shares are listed in the stock exchange.

x. During the reporting period, no events to abolish the independent status of the independent board members took place. No restrictions regarding the assumption of duties or positions outside the firm are imposed on the board members. The members of the Board of Directors do not currently engage in any business which would lead to any conflicts of interest with the firm, and do not engage in operations to compete with the firm in the same fields of operation.

### ***Operating Principles of the Board of Directors***

The frequency of the board meetings of the firm, as well as the quorum for meeting and resolution are established in the Articles of Incorporation. Accordingly, the Board of Directors shall convene with a simple majority of the membership, as the firm's operations and procedures require. The Board resolutions are made with the majority of the members present at the meeting. The Board of Directors meetings are held at the corporate headquarters of the firm, or in an available facility in the city where the corporate headquarters is located. The Board of Directors can also convene in another city, on the basis of a board resolution for doing so. The secretariat services for the Board of Directors meetings are provided by the legal department.

The agenda of the Board of Directors is set through consultations the Chairman has with other members of the board, and with the General Manager and/or Chief Executive Officer.

The managers' requests will be taken into consideration when setting the agenda. In 2018, the Board of Directors held 22 meetings. No dissenting comment was registered in the resolution minutes against any resolutions made in such meetings. However, should such a dissent arise, all aspects to reflect the dissenting opinion shall be registered in the minutes.

Where the Capital Markets Regulations require so, important resolutions of the Board of Directors are announced to the public through Material Disclosures. In 2018, a total of 33 Material Disclosures were announced. None of the members of the Board of Directors, including the Chairman, weighted voting rights and/or veto powers. In the meetings, each member has one vote.

No insurance has yet been procured to cover the losses the firm may incur due to fault on the part of board members in the performance of their duties

### ***The, Structure of Independent of Committees Formed under the Board of Directors***

The Audit Committee and the Corporate Governance Committee, were established through the Board of Directors' resolution dated 21.03.2013, in the process of the public offering of the firm's shares. Furthermore, the Early Detection of Risk Committee was established through the Board of Directors' resolution dated 25.12.2013. The Corporate Governance Committee have also assumed the authorities, duties, and responsibilities regarding the performance of the duties of the Nomination Committee and the Remuneration Committee.

The duties and working principles of the committees established within the framework of the Corporate Governance Principles, entered into force through the Board of Directors' resolution dated 25.12.2013, and were announced on the Public Disclosure Platform. Furthermore, the Duties and Working Principles establishing the general procedures regarding the activities to be performed by all committees were updated as of 12.06.2015 and announced to stakeholders on the Public Disclosure Platform and the corporate web site.

### ***Audit Committee***

The Audit Committee was structured in accordance with the Corporate Governance Principles of the Capital Markets Board. The committee is composed of at least two members. The committee is composed of two non-executive independent members of the Board of Directors. Mr. Yavuz Baylan serves as the committee chair, while Mr. Salih Erez serves as the committee member. Special consideration was paid to ensure that the Committee Chair had previously served in a similar capacity, and has the expertise to analyze financial statements, as well as a strong grasp of accounting standards, and substantial qualifications.

The purpose of the committee reporting to the Board of Directors is to assist the Board of Directors with respect to the firm's accounting system, public disclosure of financial data, independent audits, and overseeing the operation and effectiveness of the internal control system in line with the Capital Markets Regulations and the principles stipulated therein, as well as to consider and report to the Board of Directors any issues it observes during its assessments. The arrangement that requires the convening of the committee at least.

on a quarterly basis was implemented through the Duties and Working Principles of the Audit Committee.

The Corporate Governance Committee is set up to support and assist the Board of Directors by working



on monitoring the firm's compliance with the corporate governance principles in accordance with the Capital Markets Regulations, implementing the principles, identifying any failure of implementation, working to improve its efficiency, identifying the candidates to be elected to the Board of Directors, establishing the company's perspective, principles, and applications regarding remuneration, assessing the performance and career planning of the board members and executive staff, overseeing investor relations operations, and making applicable proposals to the Board of Directors.

The committee is set up in accordance with the Articles of Association. It is composed of at least two members. If the committee is composed of two members, both shall be appointed among the non-executive board members. In cases where the committee is composed of more than two members, the majority will be non-executive board members. The Chief Executive Officer/General Director of the firm cannot be a member of the committee. The Committee Chair shall be appointed from among the independent members of the Board of Directors. The director of the Investor Relations Department shall be appointed as a member of the Corporate Governance Committee. Furthermore, individuals who are experts in their field, but not members of the Board of Directors, can also be appointed as members of the Corporate Governance Committee. The Board of Directors appoints the members of the Corporate Governance Committee in the first Board of Directors meeting to follow the General Assembly which elected the Board of Directors. The Corporate Governance Committee shall serve until the election of the next Board of Directors. The Corporate Governance Committee shall convene at least three times per year.

Where necessary, the committee shall convene at the corporate headquarters, upon an invitation issued by the Committee Chair through the secretariat of the Board of Directors. The committee shall convene with a simple majority and shall resolve with a majority. Once taken, decisions shall be registered in written form, to be signed by the committee members during the next meeting, and duly archived. The Corporate Governance Committee shall be composed of a total of three members, two independent non-executive board members, and one official of the firm.

### **Risk Committee**

The Early Detection of Risk Committee is composed of at least two non-executive members of the Board of Directors. The committee is composed of two independent members of the Board of Directors. Mr. Salih Erez serves as the Committee Chair, while Mr. Yavuz Baylan serves as a committee member. The Early Detection of Risk Committee is set up in line with the

Turkish Code of Commerce, the Articles of Incorporation, and the Corporate Governance Principles Communiqué of the Capital Markets Board, with a view to submitting recommendations to the Board of Directors, with respect to the early detection of risks which could threaten the existence, development, and continuation of the firm, as well as the application of the measures regarding identified risks, and the management of the risks.

The committee reports to the Board of Directors. The arrangements regarding the convening of the committee are established in the duties and working principles of the Early Detection of Risk Committee.

### **Risk Management and Internal Control Mechanism**

In line with its nature, ODAŞ issues its financial statements on a consolidated basis in accordance with the regulations. For the operating group covering electricity generation, electricity wholesale, and mining operations, UFRS based financial statements are drawn up on a quarterly basis. At ODAŞ level, on the other hand, transactions between electricity generation and electricity wholesale are written off, with consolidated financial statements being produced. The periodical financial results and performance of the firms included in the consolidation framework are analyzed, leading to consolidated financial reporting. ODAŞ's internal control operations are executed within the framework of the regulations, under the responsibility of the Audit Committee. In quarterly periods where financial statements are disclosed to the public, the consolidated financial statements are submitted to the Board of Directors of the firm, after being checked and approved by the committee for audit.

The new Turkish Code of Commerce which entered into force on July 1, 2012 rendered risk management activities a requirement for publicly traded corporations. The Early Detection of Risk Committee reporting to the Board of Directors was set up through the Board of Directors' resolution dated 25.12.2013, with a view to submitting comments and recommendations to the Board of Directors, with respect to the early detection of the risks that could threaten the existence, development, and continuation of the firm, as well as the application of measures regarding identified risks, and the management of the risks.

The work and observations of the directorates specified in the organizational chart of the firm within the framework of the risk management policy play a major role in this context.

### **Strategic Objectives of the Company**

ODAŞ intends to establish a bidirectional strategy to reinforce its position in the sector. Thanks to this two way strategy, the material values accumulated will lead to an expansion of the areas of operations, generating additional synergies through vertical and horizontal

integration. Accordingly, plans are in place for the rapid integration of precious metal and minor mining production and direct sales within electricity generation and sales, currently our primary field of operations. Within this scope, the antimony and antimony trioxide production and sales started in 2016 and the production has been continued in 2018 in keeping with the demand received.

### Remuneration

In accordance with the Corporate Governance Principles, the "Remuneration Policy" applicable to the members of the Board of Directors and senior executives was developed in written form and approved in the Board of Directors meeting held on 25.12.2013, followed by announcement to shareholders through KAP and publication on the corporate website. According to the Articles of Incorporation, the monthly salaries and per diem fees for members of the Board of Directors are set by the General Assembly. In the Ordinary General Assembly Meeting for year 2017, held on 28.06.2018, the decision was taken to pay the members of the Board of Directors a net wage of TRY 7,500 per month. The financial benefits provided to members of the Board of Directors and senior executives composed of group directors of the firm in the year 2018 are stated below:

	Benefit Total
<b>Board of Directors</b>	<b>TRY 1.465.871,42</b>
<b>Senior Executives</b>	<b>TRY 6.103.037,96</b>

Payments to the members of the Board of Directors cover monthly wages. The wages payable to the members of the Board of Directors are the cash payments set with reference to the firm's profitability, performance, and internal positions, and effected regularly and continuously at certain periods of each month. The payments to senior executives cover monthly wages. The wages payable to senior executives are set with reference to the position and the nature of the work, competence, experience, performance and remuneration policies applied in the same sector for similar positions, the firm's internal positions, inflation, and the ability of the firm to achieve the financial targets set for the year. When setting the remuneration policies, care is taken to exclude incentive systems which would harm the interests of the shareholders, employees and customers. The wages are reviewed and updated once a year. The firm does not extend any credits or loans to any board members or executives, nor extends personal loans through a third party. Furthermore, no guarantees or underwriting is extended for such persons.

## GOVERNMENT SUBSIDIES AND GRANTS

### Çan Kömür ve İnşaat AŞ

The firm holds an Investment Incentive Certificate dated 18.09.2017 and numbered C-117824, issued by the Ministry of Economy's General Directorate of Incentive Implementation and Foreign Investment. The investment covered by the certificate concerns the power plant (Çan-2 Thermal Power Plant) project based on local coal, with an installed capacity of 340 MW. The Investment Incentive Certificate was issued for the completely new investment carried out in Çanakkale province's Çan district, and covers the period 13.08.2014 - 12.02.2019. The certificate extends the subsidy elements of employer support for insurance premium, interest subsidy, VAT exemption, and customs duty exemption, as well as tax discount.

### YS Madencilik San. Ve Tic.Ltd.Şti.

The firm holds an Investment Incentive Certificate dated 24.07.2017 and numbered 131389, issued by the Ministry of Economy's General Directorate of Incentive Implementation and Foreign Investment. Pit coal mining constitutes the subject matter of this document. The Investment Incentive Certificate was issued for the completely new investment carried out in Corum province's Dodurga district, and covers the period 16.06.2017 - 16.06.2020. The certificate extends the subsidy elements of employer support for insurance premium, interest subsidy, VAT exemption, and customs duty exemption, as well as tax discount.

### Suda Maden A.Ş.

The firm holds an Investment Incentive Certificate dated 06.10.2017 and numbered 132950, issued by the Ministry of Economy's General Directorate of Incentive Implementation and Foreign Investment. Sand, clay and stone quarrying is the subject matter of the certificate. The Investment Incentive Certificate was issued for the modernization project carried out in Kutahya province's Gediz district, and covers the period 08.09.2017 - 08.09.2020. The certificate extends the subsidy elements of employer support for insurance premium, interest subsidy, VAT exemption, and tax discount.

## DIVIDEND PAYMENT POLICY

The profits of the firm are measured and distributed in accordance with the Turkish Code of Commerce, the Capital Markets Regulations, and widely recognized accounting principles. The net profits established once the amounts the firm is required to pay or set aside, such as overhead expenses and various elements of depreciation, as well as the taxes the legal person of the firm is required to pay, and any and all financial liabilities, are deducted from the revenues identified

as of the end of the operating period, as shown in the annual balance sheet, shall be allocated as follows in the respective order, once losses for previous years, if any, are deducted.

**Primary Statutory Reserves:**

5% statutory reserves shall be set aside as per the applicable provision of the Turkish Code of Commerce.

**Primary Dividend:**

The primary dividends shall be set aside in line with the Turkish Code of Commerce and the Capital Markets Regulations, from the remaining figure, with reference to the amount to be calculated with the addition of donations, if any, made during the year. Once the above-mentioned figures are deducted, the General Assembly shall be entitled to decide on the payment of the dividends to the members of the Board of Directors, officials, servants, laborers, foundations established for various purposes, and similar persons and entities.

**Secondary Dividend:**

The General Assembly shall be entitled to pay the amount remaining after the deduction of the amounts specified in Sub-Paragraphs (a), (b), and (c) out of the net profits, in full or in part, as secondary dividend, or as extraordinary reserves.

**Secondary Statutory Reserves:**

One tenth of the amount established after the deduction of a dividend figure amounting to 5% of the paid-in capital, from the portion decided to be paid out to shareholders and other persons entitled to profits, shall be set aside as the secondary statutory reserves as per Article 519, Paragraph 2 of the Code of Commerce.

Unless the primary dividend figure established for those entitled to dividend is paid in cash and/or in the form of shares, no decision to set aside other statutory reserves, transfer profits to the next year, or pay dividends to the Board of Directors, persons entitled to shares as per the Articles of Incorporation, officers, servants, laborers, foundations established for various purposes, and similar persons and/or institutions can be taken before the statutory reserves required by law are set aside. The dividends for the shares shall be paid out to all existing shares as of the term of operations, regardless of the issuance and acquisition dates of the shares, and without the application of the per diem principle. The firm can pay out advance dividends within the framework of Article 20 of the Capital Markets Law. If dividend payable arises in accordance with the applicable communiqués, a dividend payment resolution to be taken by the Board of Directors with respect to the payable annual dividends

of the firm shall be submitted to the General Assembly under the regulations of the Capital Markets Board and Turkish Code of Commerce. The dividend payment shall be completed within the statutory time frames, should the General Assembly approve so.

**LAWSUITS**

There are no administrative acts, lawsuits, arbitrations or other legal proceedings that may, alone or together, have a highly negative effect on the Company's activities, activity outcomes or financial status, in the event that there is any related decision which would be to the detriment of the Company during the period from 01.01.2018 - 31.12.2018.

	REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE	COMPLIANCE STATUS					
1.1.	FACILITATION OF THE USE OF SHARE OWNERSHIP RIGHTS	Yes	Partially	No	Exempt	Uninterested	Comment
	1.1.2 - Information and comments which may affect the use of Share Ownership rights are provided to investors on the corporate website of the partnership in an up-to-date fashion.	X					
1.2.	RIGHT TO DEMAND AND REVIEW INFORMATION	Yes	Partially	No	Exempt	Uninterested	Comment
	1.2.1- Company management avoided performance of the transactions that complicate a private audit.	X					
1.3.	GENERAL ASSEMBLY	Yes	Partially	No	Exempt	Uninterested	Comment
	1.3.2- The company ensured that the agenda of the General Assembly was expressed explicitly and every proposal was provided under a separate title.	X					
	1.3.7- Persons who have the opportunity to access the partnership information in a privileged way have informed the Board of Directors to be included in the agenda in order to provide information to the General Assembly on the transactions carried out on behalf of themselves within the scope of the partnership's area of activity.					X	
	1.3.8- Members of the Board of Directors concerned with specific subjects in the agenda, other related people and officials and auditors with responsibility for preparing financial statements were present at the general assembly meeting.	X					
	1.3.10- The amounts and beneficiaries of all donations and grants were provided in a separate item in the agenda of the General Assembly.		X				All donations and grants made during the year were shared as per the agenda of the General Assembly.
	1.3.11- The General Assembly meeting was held open to the public, including stakeholders and media, provided that those should not have a right to speak.	X					
1.4.	VOTING RIGHTS	Yes	Partially	No	Exempt	Uninterested	Comment
	1.4.1- There are no restrictions or practices that make it difficult for shareholders to exercise their voting rights.	X					
	1.4.2- The company does not have any shares with privileged voting rights.			X			The company does not have any privileged shares. However, the shares of Group A are privileged. The privileged shareholders are Abdulkadir Bahattin Özal and Burak Altay with voting ratios of 32.87% and 31.75%, respectively.
	1.4.3- The company did not exercise its voting rights in the General Assembly of any partnership in which they have cross-ownership associated with any controlling relationship.					X	



1.5.	MINORITY RIGHTS	Yes	Partially	No	Exempt	Uninterested	Comment
	1.5.1- The company has paid maximum attention to the exercise of minority rights.	X					
	1.5.2- Minority rights were vested in shareholders who hold less than one twentieth of the capital, based on the articles of association. The scope of minority rights had extended in the articles of association.			X			Minority rights in our company are identified based on the ratio regulated by the Turkish Commercial Code.
1.6.	DIVIDEND RIGHTS	Yes	Partially	No	Exempt	Uninterested	Comment
	1.6.1- The dividend payment policy approved by the General Assembly was disclosed to the public on the corporate website of the partnership.	X					
	1.6.2- The policy of dividend payments comprises the minimum information to ensure that the shareholders can understand the procedure and principles of payment of dividends to be obtained by the partnership in the future.	X					
	1.6.3- The reasons for not distributing dividends and the use of retained earnings were stated in the related agenda item.	X					
	1.6.4- The Board of Directors reviewed these rights with a view to understanding whether or not a balance between the interests of shareholders and the partnership had been established in the dividend payment policy.	X					
1.7.	TRANSFER OF SHARES	Yes	Partially	No	Exempt	Uninterested	Comment
	1.7.1- There is no restriction which complicates the transfer of the shares.	X					
2.1.	CORPORATE WEBSITE	Yes	Partially	No	Exempt	Uninterested	Comment
	2.1.1- The corporate website of the company contains all items relevant to corporate governance principle no. 2.1.1.	X					
	2.1.2- Shareholding structure (names, privileges and number and ratio of shares of the real person shareholders who own more than 5% of issued capital) is updated on the corporate website at least every 6 months.	X					
	2.1.4- Information on the corporate website of the company has been provided in the foreign languages chosen according to need, provided that their content should be the same as the Turkish version.	X					
2.2.	ACTIVITY REPORT	Yes	Partially	No	Exempt	Uninterested	Comment
	2.2.1- The Board of Directors ensures that the annual activity report includes complete and true information with respect to the activities of the company.	X					
	2.2.2- The annual activity report contains all elements under principle no. 2.2.2.	X					
3.1.	COMPANY POLICY ON STAKEHOLDERS	Yes	Partially	No	Exempt	Uninterested	Comment
	3.1.1- The rights of stakeholders are protected within the framework of relevant regulations, contracts and bona fides principles.	X					

	3.1.3- Policies and procedures regarding the rights of stakeholders are published on the corporate website of the company.	X					
	3.1.4- Necessary mechanisms have been established for stakeholders to report transactions that are contrary to the legislation and which are unethical.	X					
	3.1.5- The company approaches conflicts of interest between stakeholders in a balanced manner.	X					
<b>3.2.</b>	<b>SUPPORTING THE PARTICIPATION OF STAKEHOLDERS IN COMPANY MANAGEMENT</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Exempt</b>	<b>Uninterested</b>	<b>Comment</b>
	3.2.1- The participation of employees in management has been regulated by the articles of association or the internal regulations.		X				Temporary committees were formed for investment activities of the company in the related periods and the participation of employees in the management was ensured.
	3.2.2- In the case of significant decisions that may bring results for stakeholders, methods such as questionnaires and consultation have been applied to obtain the opinions of stakeholders.		X				In the case of important decisions that may bring results for some of the stakeholders, requests, suggestions and complaints of the stakeholders are received and considered.
<b>3.3.</b>	<b>HUMAN RESOURCES POLICY OF THE COMPANY</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Exempt</b>	<b>Uninterested</b>	<b>Comment</b>
	3.3.1- The company has adopted an employment policy which provides equal opportunities and a succession plan for all key management positions.	X					
	3.3.2- Recruitment criteria has been determined in writing.	X					
	3.3.3- The company has a Human Resources Development Policy and organizes training sessions for employees as part of this policy.	X					
	3.3.4- Meetings have been held to inform employees on issues such as the financial status of the company, remuneration, career planning, education and health.	X					
	3.3.5- Decisions which may affect employees have been notified to the employees and their representatives. The opinions of relevant unions about such issues have been taken as well.		X				The Human Resources Department is responsible for relations with all employees. However, there is no union in our company.
	3.3.6- Job definitions and performance criteria have been prepared in detail for all employees and have been provided to them. They have been utilized in the determination of remuneration.		X				Job descriptions are made for parent companies and revisions are ongoing in all other group companies.
	3.3.7- Measures, such as procedures, training sessions, awareness raising, objectives, monitoring and complaint mechanisms, have been taken in order to prevent discrimination among employees and to protect the employees against any physical, mental and emotional mistreatment within the company.	X					

	3.3.8- The company supports the recognition of freedom to establish associations and the right to collective bargaining efficiently.		X				Although there are no associations or unions in the company, there is no restrictive practice.
	3.3.9- A safe working environment is ensured for employees.	X					
<b>3.4.</b>	<b>RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Exempt</b>	<b>Uninterested</b>	<b>Comment</b>
	3.4.1- The company measured customer satisfaction and operates on the understanding of unconditional customer satisfaction.	X					
	3.4.2- Any delay in handling customers' requests regarding the goods and services purchased by them is notified to customers.	X					
	3.4.3- The company complies with quality standards related to goods and services.	X					
	3.4.4- The company has control processes for maintaining the confidentiality of the commercial secrets of customers and suppliers.	X					
<b>3.5.</b>	<b>CODE OF CONDUCT AND SOCIAL RESPONSIBILITY</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Exempt</b>	<b>Uninterested</b>	<b>Comment</b>
	3.5.1- A Code of Conduct determined by the Board of Directors has been published on the corporate website of the company.	X					
	3.5.2- The partnership is sensitive regarding its social responsibilities. It has taken measures to prevent corruption and bribery.	X					
<b>4.1.</b>	<b>FUNCTION OF THE BOARD OF DIRECTORS</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Exempt</b>	<b>Uninterested</b>	<b>Comment</b>
	4.1.1- The Board of Directors ensures that strategies and risks do not threaten the long-term interests of the company and effective risk management procedures are in place.	X					
	4.1.2- The meeting agenda and records show that the Board of Directors discusses and approves the strategic objectives of the company and determines the required sources and that the performance of management is assessed.	X					
<b>4.2.</b>	<b>PRINCIPLES OF THE ACTIVITY OF THE BOARD OF DIRECTORS</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Exempt</b>	<b>Uninterested</b>	<b>Comment</b>
	4.2.1- The Board of Directors documented its activities and submitted the information to the stakeholders.	X					
	4.2.2- The duties and powers of the members of the Board of Directors were provided in the annual activity report.	X					
	4.2.3- The Board of Directors has established an internal control system in accordance with the scale of the company and the complexity of its activities.		X				Internal control activities are performed by the Audit Committee. Company directors carry out assessments on a departmental basis.
	4.2.4- Information regarding the functioning and efficiency of the internal control system is given in the annual activity report.	X					

	4.2.5- The authorities of the Chairperson of the Board of Directors and the Chief Executive Officer (General Manager) are separated and defined.	X					
	4.2.7- The Board of Directors has provided effective working of the investor relations department and the corporate governance committee and has been in close cooperation with the investor relations department and the corporate governance committee in resolving disputes between the company and shareholders, and in communications with the shareholders.	X					
	4.2.8- Regarding the losses that the members of the Board of Directors may cause in the company due to any faults in the course of their duties, the company has taken out executive liability insurance for a price exceeding 25% of the capital.			X			No executive liability insurance for a price exceeding 25% of the company capital has been taken out regarding the losses that the members of the Board of Directors may cause in the company due to any faults in the course of their duties.
<b>4.3.</b>	<b>STRUCTURE OF THE BOARD OF DIRECTORS</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Exempt</b>	<b>Uninterested</b>	<b>Comment</b>
	4.3.9- The company determined an objective of a minimum percentage of 25% for female members of the Board of Directors and established a relevant policy to achieve this objective. The structure of the Board of Directors is reviewed annually and determination of candidates is carried out in accordance with this policy.		X				The Board of Directors has one female member. There is no policy relating to the minimum target of 25% for female members.
	4.3.10- At least one of the committee members responsible for auditing has 5-years experience in auditing/accounting and finance.	X					
<b>4.4.</b>	<b>PROCEDURE OF BOARD OF DIRECTORS MEETINGS</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Exempt</b>	<b>Uninterested</b>	<b>Comment</b>
	4.4.1- All members of the Board of Directors physically attended most of the Board of Directors' meetings.	X					
	4.4.2- The Board of Directors has determined a minimum period of time for the sending of information and documents relating to the agenda items to all members before the meeting.	X					
	4.4.3- The opinions of the members who could not attend the meeting, but who notified their opinions in writing to the Board of Directors were submitted for the information of other members.					X	
	4.4.4- Each member of the Board of Directors has one vote.	X					
	4.4.5- The procedure for the meetings of the Board of Directors has been documented in written form in accordance with the internal regulations of the company.	X					
	4.4.6- Minutes of the Board of Directors' meetings reveal that all agenda items were discussed. Minutes for decisions are prepared in such a way that dissenting opinions are also included.	X					

	4.4.7- The external duties of the members of the Board of Directors have been restricted. The external duties conducted by the members of the Board of Directors were submitted for the information of shareholders at the General Assembly meeting.			X			No restrictions regarding the assumption of duties or positions outside the company are imposed on the members of the Board of Directors.
4.5.	<b>COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS</b>	Yes	Partially	No	Exempt	Uninterested	Comment
	4.5.5- Each member of the Board of Directors is assigned to only one committee.			X			Members of the Board of Directors are not assigned to only one committee.
	4.5.6- The Committees invited people who are deemed to be necessary to meetings to obtain their views.	X					
	4.5.7- Information regarding the independence of the person/institution that provides consultancy services to the committee is given in the annual activity report.					X	
	4.5.8- A report about the results of the meetings held by the committees has been issued and submitted to members of the Board of Directors.	X					
4.6.	<b>FINANCIAL RIGHTS PROVIDED TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES WITH ADMINISTRATIVE RESPONSIBILITIES</b>	Yes	Partially	No	Exempt	Uninterested	Comment
	4.6.1- The Board of Directors undertook a performance evaluation to determine whether or not the Board of Directors has fulfilled its responsibilities effectively.			X			Performance evaluation of Board of Directors has not been made.
	4.6.4- The company did not loan money, make credit available, enlarge the term of a loan, improve conditions, make credit available via a third party as a personal credit or grant securities such as a surety to any of its members of the Board of Directors or its executives with administrative responsibilities.	X					
	4.6.5- Remuneration provided to members of the Board of Directors and executives with administrative responsibilities has been disclosed for each person in the annual activity report.		X				Remuneration provided to members of the Board of Directors and executives with administrative responsibilities has been disclosed based on a total figure in the annual activity report.

## CORPORATE GOVERNANCE INFORMATION FORM

<b>1.</b>	<b>SHAREHOLDERS</b>	
<b>1.1.</b>	<b>Facilitation of the Use of Share Ownership Rights</b>	
	Number of investor conferences and meetings held by the company during the year	
<b>1.2.</b>	<b>Right to Demand and Review Information</b>	
	Number of requests for private auditors	-
	Number of requests for private auditors approved at the General Assembly meeting	-
<b>1.3.</b>	<b>General Assembly</b>	
	Link to the KAP (Public Disclosure Platform) announcement for the information requested as part of principle 1.3.1 (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/687776">https://www.kap.org.tr/tr/Bildirim/687776</a>
	Whether or not documents in English related to the General Assembly meeting were presented simultaneously with Turkish versions	The related documents are presented in Turkish and English on the website of the company.
	Links to the PDP announcements for the processes which were not approved by the majority of independent members or do not have unanimous consent, as part of principle 1.3.9	N/A
	Links to the PDP announcements for the processes of related parties performed as part of Article 9 of the Corporate Governance Communique (II-17.1)	Such a process is not available as part of Article 9.
	Links to the PDP announcements for the common and continuous processes performed as part of Article 10 of the Corporate Governance Communique (II-17.1)	N/A
	Name of the section on the corporate website of the company that describes the policy on donations and grants	Investor Relations / Corporate Governance / Our Policies / Donation Policy
	Link to the PDP announcement for the minutes of the general assembly in which the policy on donations and grants was approved	<a href="https://www.kap.org.tr/tr/Bildirim/526892">https://www.kap.org.tr/tr/Bildirim/526892</a>
	Number of the article which regulates participation of stakeholders in the general assembly in the articles of association	N/A
	Information about stakeholders who attended the General Assembly	Company employees
<b>1.4.</b>	<b>Voting Rights</b>	
	Whether or not voting rights have privilege	Yes
	Privileged shareholders and their voting ratios if voting has privilege	Shares in Group A are privileged. The privileged shareholders are Abdulkadir Bahattin Özal and Burak Altay with voting ratios of 32.87% and 31.75%, respectively.
	Percentage of shares of the largest shareholder	15,76%
<b>1.5.</b>	<b>Minority Rights</b>	
	Whether or not minority rights have been extended (with regard to content or ratio) in the articles of association of the company	No

	Specify the number of the relevant articles of association item if minority rights have been extended with regard to content and ratio.	-
<b>1.6.</b>	<b>Dividend Rights</b>	
	Name of the section on the corporate website that describes the dividend payment policy	Investor Relations / Corporate Governance / Our Policies / Dividend Payment Policy
	In the event that the Board of Directors proposed the General Assembly that dividends not be distributed, minutes of the relevant general assembly agenda item regarding the reasons for not distributing dividends and the use of retained earnings	As a result of the discussion on the resolution of the company's Board of Directors dated 25.05.2018 no. 2018/7, the question that dividends shall not be paid was unanimously accepted, as there is no distributable profit in the consolidated financial statements for the accounting period between 01.01.2017 and 31.12.2017 prepared and subject to an independent audit as per the provisions of the Communiqué on the Rules of Financial Reporting in Capital Market no. (II-14.1) issued by the Capital Markets Board, and in the financial statements prepared in accordance with the rules of the Tax Procedure Law as part of the statements about the activities of our Company in 2017 which were formed again in accordance with the rules of the Tax Procedure Law.
	Link to the PDP announcement for the relevant general assembly minutes, in the event that the Board of Directors proposed the General Assembly that dividends not be distributed	<a href="https://www.kap.org.tr/tr/Bildirim/690870">https://www.kap.org.tr/tr/Bildirim/690870</a>
<b>2.</b>	<b>PUBLIC DISCLOSURE AND TRANSPARENCY</b>	
<b>2.1.</b>	<b>Corporate Website</b>	
	Names of the sections on the corporate website that provide the information requested by corporate governance principle 2.1.1.	Investor Relations / Corporate Governance, Activity Reports, Special Circumstances Disclosure, Financial Reports, Capital and Shareholding Structure, Articles of Association, Policies
	The section on the corporate website that gives the list of real person shareholders who directly or indirectly own more than 5% of the shares	Investor Relations / Corporate Governance / Capital and Shareholding Structure
	Languages in which the corporate website has been prepared	Turkish and English
<b>2.2.</b>	<b>Activity Report</b>	
	<b>The page numbers or section names in the activity report that demonstrate the information stated in corporate governance principle 2.2.2.</b>	
	a) The page number or section name that describes the external duties of the members of the Board of Directors and executives and declarations of independence of the members.	Report on Compliance with Corporate Governance Principles / Board of Directors / Composition and Formation of the Board of Directors
	b) The page number or section name that indicates the information on the committees formed under the Board of Directors	Report on Compliance with Corporate Governance Principles / Board of Directors / Number, Structure and Independence of Committees Formed under the Board of Directors
	c) The page number or section name that contains the information on the number of board meetings in a year and the attendance of the members at these meetings	Report on Compliance with Corporate Governance Principles / Board of Directors / Operating Principles of the Board of Directors
	ç) The page number or section name that includes the information on amendments to legislation which may significantly affect the activities of the company	-
	d) The page number or section name that demonstrates the information on significant lawsuits filed against the company and the likely outcomes thereof	Report on Compliance with Corporate Governance Principles / Lawsuits



	e) The page number or section name that contains the information on conflicts of interest between the company and the institutions from which it purchases services such as investment consulting and rating and the measures taken to avoid such conflicts of interest	-
	f) The page number or section name that includes the information on the cross-ownerships in which direct contributions to the capital exceed 5%	-
	g) The page number or section name that demonstrates the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the company activities that give rise to social and environmental outcomes	Report on Compliance with Corporate Governance Principles / Stakeholders / Code of Conduct and Social Responsibility
<b>3.</b>	<b>STAKEHOLDERS</b>	
<b>3.1.</b>	<b>Company's Policy on Stakeholders</b>	
	Name of the section on the corporate website that describes the compensation policy	Investor Relations / Corporate Governance / Our Policies / Compensation Policy
	Number of finalized judicial decisions against the company in relation to breaches of employee rights	-
	Title of the person responsible for the notification mechanism	Human Resources Director
	Contact details of the company's notification mechanism	info@odasenerji.com - ik@odasenerji.com
<b>3.2.</b>	<b>Supporting the Participation of Stakeholders in Company Management</b>	
	Name of the section on the corporate website that provides the internal regulations about the participation of employees in management bodies	-
	Management bodies where employees are represented	-
<b>3.3.</b>	<b>Human Resources Policy of the Company</b>	
	Role of the Board of Directors in the development of a succession plan for the key management positions	-
	Name of the section on the corporate website that demonstrates the human resources policy covering equal opportunities and recruitment criteria, or a summary of the relevant articles of the policy	Human Resources / Human Resources Policy
	Whether or not there is a stock ownership plan	There Is No Stock Ownership Plan
	Name of the section on the corporate website that describes the human resources policy which covers the measures against discrimination and mistreatment, or a summary of the relevant articles of the policy	Human Resources / Human Resources Policy
	Number of finalized judicial decisions against the company due to responsibility for work related accidents	-
<b>3.5.</b>	<b>Code of Conduct and Social Responsibility</b>	
	Name of the section on the corporate website that describes the code of conduct policy	Human Resources / Code of Conduct
	Name of the section on the corporate website that demonstrates the corporate social responsibility report The measures taken on environmental, social and corporate governance issues, if no corporate social responsibility report exists	Social Responsibility



	The measures taken to fight any kind of corruption including extortion and bribery	The sanctions to be applied against any kind of corruption including extortion and bribery are included in the discipline procedure of the company
<b>4.</b>	<b>BOARD OF DIRECTORS-I</b>	
<b>4.2.</b>	<b>Operating Principles of the Board of Directors</b>	
	Date on which the last performance evaluation of the Board of Directors was conducted	-
	Whether or not independent specialists were utilized in the performance evaluation of the Board of Directors	No
	Whether or not all members of the Board of Directors have been released	Yes
	Names of the members of the Board of Directors with delegated powers through distribution of tasks, and descriptions of such powers	Bahattin Özal - Chairperson of the Board of Directors, Burak Altay - Vice Chairman of the Board of Directors, Mustafa Ali Özal - Member of the Board of Directors, Hafize Ayşegül Özal - Member of the Board of Directors, Yavuz Baylan - Independent Member of the Board of Directors, Salih Erez - Independent Member of the Board of Directors
	Number of reports presented by the internal control unit to the audit committee or any relevant committee	-
	Name or page number of the section in the activity report that provides a review of the effectiveness of the internal control system	Report on Compliance with Corporate Governance Principles / Board of Directors / Risk Management and Internal Control Mechanism
	Name of the Chairperson of the Board of Directors	Abdulkadir Bahattin Özal
	Name of the Chief Executive Officer/General Manager	Burak Altay
	Link to the PDP announcement on the rationale behind the fact that the Chairperson of the Board of Directors and Chief Executive Officer/General Manager are the same person	Not the same person.
	Link to the PDP announcement for the fact that an insurance for a price exceeding 25% of the company capital has been taken out regarding the losses that the members of the Board of Directors may cause in the company due to any faults in the course of their duties.	-
	Name of the section on the corporate website that gives information about the diversity policy for increasing the rate of female members of the Board of Directors	-
	Number and ratio of female members	1 - 16.6%
<b>4.</b>	<b>BOARD OF DIRECTORS-II</b>	
<b>4.4.</b>	<b>Meeting Procedures of the Board of Directors</b>	
	Number of the physical board meetings in the reporting period	
	Average attendance rate at board meetings	100%
	Whether or not an electronic portal is used to facilitate the works of the Board of Directors	No
	Number of minimum days ahead of the board meeting to provide information and documents to members as per working principles of the Board of Directors	Changes Based on the Agenda.
	Name of the section on the corporate website that demonstrates information about the internal regulations which cover board meeting procedures	Investor Relations / Corporate Governance / Articles of Association / Article 7

	The upper limit determined in the policy that restricts the members from assuming external duties	There is no restriction for the members to assume external duties.
<b>4.5.</b>	<b>The Committees Formed under the Board of Directors</b>	
	The page number or section name in the activity report that provides information about the board committees	Report on Compliance with Corporate Governance Principles / Board of Directors / Number, Structure and Independence of Committees Formed under the Board of Directors
	Link to the PDP announcement about the working principles of the committee	<a href="https://www.kap.org.tr/tr/Bildirim/445299">https://www.kap.org.tr/tr/Bildirim/445299</a>
<b>4.</b>	<b>BOARD OF DIRECTORS-III</b>	
<b>4.5.</b>	<b>The Committees Formed under the Board of Directors-II</b>	
	Specify the section in the activity report or on the corporate website where the activities of the audit committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Audit Committee / Duties and Working Principles of the Audit Committee
	Specify the section in the activity report or on the corporate website where the activities of the corporate governance committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Corporate Governance Committee / Duties and Working Principles of the Corporate Governance Committee
	Specify the section in the activity report or on the corporate website where the activities of the nomination committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Corporate Governance Committee / Duties and Working Principles of the Corporate Governance Committee
	Specify the section in the activity report or on the corporate website where the activities of the early detection of risk committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Early Detection of Risk Committee / Duties and Working Principles of the Early Detection of Risk Committee
	Specify the section in the activity report or on the corporate website where the activities of the remuneration committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Corporate Governance Committee / Duties and Working Principles of the Corporate Governance Committee
<b>4.6.</b>	<b>Financial Rights Provided to Members of the Board of Directors and Executives with Administrative Responsibilities</b>	
	The page number or section name in the activity report that gives information about the operational and financial performance targets and their achievement status	Activity Report / Operational Status During the Period
	Name of the section on the corporate website that covers the remuneration policy for executive and non-executive directors.	Investor Relations / Corporate Governance / Policies / Remuneration Policy
	The page number or section name in the activity report that describes the individual remuneration and all other benefits for the members of the Board of Directors and executives with administrative responsibilities	Report on Compliance with Corporate Governance Principles / Financial Rights

## GENERAL ASSEMBLY MEETINGS

Date of General Assembly	28.06.2018
Number of requests for annotations sent to the company with regard to the agenda of General Assembly	0
Participation rate of shareholders in General Assembly	59,76%
Ratio of the shares represented directly	41,64%
Ratio of the shares represented by proxy	18,12%
Name of the section on the corporate website of the company that contains the minutes of the general assembly meeting, including the positive and negative votes for every agenda item	Investor Relations / Corporate Governance / General Assembly Meetings / General Assembly Meeting for 2017 / Minutes of Meeting
Name of the section on the corporate website that includes all questions asked at the general assembly meeting and their answers	Investor Relations / Corporate Governance / General Assembly Meetings / General Assembly Meeting for 2017 / Minutes of Meeting
Number of the article or paragraph in the minutes of the general assembly meeting that describe the relevant parties	16
Number of persons who report to the Board of Directors and have the opportunity to access the partnership information in a privileged way (List of Insiders)	32
Link to the general assembly statement published in PDP.	<a href="https://www.kap.org.tr/tr/Bildirim/690870">https://www.kap.org.tr/tr/Bildirim/690870</a>

## COMPOSITION OF THE BOARD OF DIRECTORS

Name/Surname of the Member of the Board Of Directors	Abdulkadir Bahattin Özal	Burak Altay	Mustafa Ali Özal	Hafize Ayşegün Özal	Yavuz Baylan	Salih Erez
Whether or not He/She Is Executive Member	Non Executive	Executive	Non Executive	Non Executive	Non Executive	Non Executive
Whether or not He/She is Independent Member	Not Independent Member	Not Independent Member	Not Independent Member	Not Independent Member	Independent Member	Independent Member
Date of Being Elected to the Board of Directors for the First Time						
Link to the PDP Announcement for Declaration of Independence					<a href="https://www.kap.org.tr/tr/Bildirim/687776">https://www.kap.org.tr/tr/Bildirim/687776</a>	<a href="https://www.kap.org.tr/tr/Bildirim/687776">https://www.kap.org.tr/tr/Bildirim/687776</a>
Whether or Not the Independent Member was Evaluated by the Nomination Committee					Evaluated	Evaluated
Whether or Not There Is Any Member Who Has Lost Independence					No	No
Whether or Not He/She Has at Least 5-Years Experience in Auditing, Accounting and/or Finance					Yes	Yes

## COMMITTEES OF THE BOARD OF DIRECTORS

Names of the Committees of the Board of Directors	Name of the Committee Stated As "Other" in the First Column	Name-Surname of the Committee Members	Whether or not He/She is the President of the Committee	Whether or not He/She is the Member of the Board of Directors
Audit Committee		Yavuz Baylan	Yes	Member of the Board of Directors
Audit Committee		Salih Erez	No	Member of the Board of Directors
Corporate Governance Committee		Yavuz Baylan	Yes	Member of the Board of Directors
Corporate Governance Committee		Salih Erez	No	Member of the Board of Directors
Corporate Governance Committee		Melih Yüceyurt	No	Not Member of the Board of Directors
Early Detection of Risk Committee		Salih Erez	Yes	Member of the Board of Directors
Early Detection of Risk Committee		Yavuz Baylan	No	Member of the Board of Directors

## COMMITTEES OF THE BOARD OF DIRECTORS-II

Names of the Committees of the Board of Directors	Name of the Committee Stated As "Other" in the First Column	Ratio of the Non-Executive	Ratio of the Independent Members in the Committee	Number of Physical Meetings Held by the Committee	Number of Reports about the Activities of the Committee Presented to the Board of Directors
Audit Committee		100%	100%		
Corporate Governance Committee		100%	66%		
Early Detection of Risk Committee		100%	100%		





# KONSOLİDE FİNANSAL TABLOLAR



**Odaş Elektrik Üretim Sanayi Ticaret A.Ş.**  
**Independent Auditor's Report**  
**About 1 January – 31 December 2018 Period**

**Consolidated Financial Statements Concerning**

**A.Audit of the Consolidated Financial Statements**

**1. Opinion**

We have audited the accompanying consolidated financial statements of Odaş Elektrik Üretim Sanayi Ticaret A.Ş. ("Company"), its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of 31 December 2018 and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

**2. Basis for Opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key Audit Matters**

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

**AS Bağımsız Denetim ve YMM AŞ | NEXIA TURKEY**

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## KEY AUDIT MATTERS

### a) Trade receivables - Impairment

Group reconditioned for provisions for doubtful trade receivables which has valued at TRY 13.366.862 about Consolidated Financial Statements as stated on Note 7 as of December 31, 2018. Observed it there is mainly problem about collection on retail electricity sales. The availability and collectability of trade receivables considered as key matter because of their reasoning required in the recyclability evaluations.

### b) Deferred tax assets recognized within investment incentive certificates

ŞiThe Company has received investment incentive certificates amounting to TL 581.550.000 within the scope of the decision of "Council of Ministers on State Aids in Investments" which regulates investment incentives.

As of 31 December 2018, approximately TRY 483.225.232 of investment expenditures were realized within the scope of these incentive documents.

Investment incentive documents (since Suda Mining and YS Mining started to be used already, Çan Kömür will be a thermal power plant complex investment, and the company is expected to be use by year 2018, which is

the opening of the new investment) since the company determined the advantages of investment incentives for the foreseeable future deferred tax assets are accounted for in accordance with projected profitability projections.

As of December 31, 2018, deferred tax asset amounting to TRY 169.880.515 has been accounted for the related investment incentives.

Deferred tax assets accounted for under investment incentive certificates are considered a key audit matter, since the extent to which such assets are accounted for depends on the Group's management's significant estimates and assumptions.

## HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

During our audit, the accuracy of the aging analyzes prepared by the management has been tested. Reasonable reconciliation letters have been sent to customers and suppliers and other receivables and payables, reconciliation answers have been received and balances have been verified. Negotiable documents have been counted for the various collateral received from customers and the count values are compared with the guarantee lists. It has been investigated whether the collaterals cover the risk of the relevant client. The risks of the lawsuits related to the trade receivables from the Company's lawyers have been examined and the lawsuits and executions have been investigated with due regard to the receivables which cannot be collected and filed for litigation and execution. In addition, it has been tested whether the related customer balances are recoverable with respect to their collections after the balance sheet date.

In the audit of the deferred tax assets accounted for in the investment incentive documentation, the support of the tax experts included in the same audit network with our organization was obtained.

Estimates of taxable profit based on management-approved annual business plans are questioned in terms of the recoverability of the related deferred tax asset.

Within the scope of our audit, we have examined and considered the key assumptions the Group management uses in its business plans.

The amount of investment expenditures during the period, which is the basis for the calculation of deferred tax assets, has been confirmed by accounting records.

Tax deductions made are mutually controlled by accounting records and tax declarations.

## KEY AUDIT MATTERS

### c) Capitalization of financing costs

As explained in Note 24, the Company capitalizes significant financing costs in respect of ongoing capital projects, including construction of the thermal power plant in Çanakkale.

The Group has adjusted interest and foreign exchange loss expense of TRY 176.739.891 calculated on the basis of capitalization of interest and exchange rate differences and capitalized leasehold improvements related to investment finance loans amounting to TRY 155.000.000 which is used by Çan Kömür, It has associated.

In accordance with IAS 23, the issue is identified as a key control issue because the costs that do not meet the activation criteria are subject to the risk of being recorded in the balance sheet instead as expense.

### d) Revenue Recognition

The Group is engaged in the domestic and foreign sales activities of coal and antimony mines, which are sold through natural gas conversion plants and HEPPs, natural gas and electric wholesale and retail sales. Revenue is the most important indicator of the company's performance appraisal.

Revenue is a significant issue for our audit as it is the most important financial statement in terms of the income statement for the accounting period ending on December 31, 2018, which has significant priorities in terms of evaluation of the results of the strategies implemented during the year and performance follow-up.

Explanations on the Company's accounting policies and revenue amounts are provided in Note 2.d Summary of Significant Accounting Policies and note 31.

## HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Operational activities of controls on processes and procedures governing the activation of financing costs have been tested. In addition, substantive testing of each element of the capitalized costs has been carried out, including examining supporting evidence of activated financing cost samples, assessing the quality of the activated costs and assessing whether they are in line with the initially approved budget. In this context, also, supporting calculations have been taken with respect to borrowing costs and the inputs of the calculations have been verified, including testing a number of sample cash payments. The accuracy of the calculations made in line with the method used for capitalizing the financing costs was tested and the used rates were verified by confirmation of third parties. The model's mechanical correctness has been tested and the model has been assessed to determine whether borrowing costs for the completed projects are still active. Finance expenses that are capitalized in accordance with Tax Procedure Law but do not comply with the capitalization criteria in accordance with the related TAS are transferred to period profit / loss.

During our audit, the following audit procedures related to the recording of the financial statements of the revenue have been applied:

- Understanding sales processes and evaluating the design and operation of controls related to these processes,
- Assessment of the appropriateness of the accounting policy of the Company for the recognition of revenue,
- Realization of analytical procedures for the expected level of revenue recorded in the financial statements,
- Performing tests by sampling method on the accuracy of customer bills and matching these bills with delivery notes (mine sales) and customer collections,
- Review the sales contracts the company has made with customers and assess the timing of receipt of financial statements for different delivery methods,
- Testing the completeness of the revenues by matching the selections made by sampling from the delivery documents with the accounting records and related bills,
- Receiving information on the basis of special circumstances arising from the functioning of the energy sector and providing the accuracy of the estimations

## KEY AUDIT MATTERS

### e) Recognition of Assets Held For Sale and Discontinued Operations

The share transfer agreement with the acquirer for the sale of all of the shares of Ena Elektrik Üretim Ltd.Şti which is included in the group portfolio and which has an 80% share in the consolidation has been signed on 29 June 2015. The transfer of shares has not yet taken place and will take place after the license transfer transactions with the EMRA. As of 31.12.2018, Ena Elektrik has been classified as assets held for sale on the consolidated financial tables.

The classification of the tax is still going on, and it is an important issue in terms of our control and the reason for the process is still going on more than one year.

### f) Recognition of tangible fixed assets with Revaluation Method

The Group applies accounting policy of revaluation model of TAS 16- "Tangible Fixed Assets" which is related to accounting of electricity generation plants in consolidated financial statements. As a result of the revaluation activities carried out in 2018, the Group has accounted for the revaluation surplus amounting to TRY 812.135.180 after deducting the deferred tax effect in the consolidated financial statements.

Revaluation of tangible assets is an important issue for our audit due to the following reasons:

- A significant amount of revaluation increases on tangible fixed assets that are accounted for in the consolidated financial statements as of 31 December 2018.
- In the valuation studies, the use of significant management estimates and assumptions (prospective electricity price expectations, electricity production volume expectations, capacity utilization rates) in forward-looking cash flow projections,

## HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

from the commercial units with respect to the accruals that are not executed or billed in the following period, Making sale reconciliation with selected customers

According to the relevant TFRS-5 standard, various events or conditions can extend the completion period of the sales transaction over a period of one year.

Where there is sufficient evidence that the delay has occurred due to events or circumstances beyond the control of the operator and that the entity has a continuing sales plan for the sale of the related asset (or the group of assets to be removed); the useful life to complete the sale transaction does not prevent the related asset (or group of assets to be disposed of) from being classified as held for sale.

It has been declared by the management that the sales process is still continuing during our audit and the approval of EMRA for license transfer has still been waiting.

It has been audited whether there is no change in the terms of the contract and whether the sales procedures continue in accordance with the contractual provisions.

The audit procedures applied for the accounting of tangible fixed assets by revaluation method are summarized below:

- The professional qualification and independence of the appraisal company that carried out the appraisal was evaluated.
- The valuation methods and technical data used in the revaluation of tangible fixed assets were evaluated by interviews with the expert management representatives and the Group management.
- The appropriateness of the important estimates used in the modeling and determination of the final values of the real estates (prospective electricity prices, equivalent price approaches, etc.) were evaluated.
- The realization of the amount of electricity generation, which is one of the important estimates in the forward-looking cash flow projections used in the valuation studies, was evaluated in the meetings held with senior management. The following detailed procedures were carried out within the framework of the evaluation:

## KEY AUDIT MATTERS

- Estimates and assumptions used in valuation studies may be affected by future sectoral and economic changes,

Due to the complex nature of some inputs and calculations used in valuation studies, management uses valuation experts in this process.

## HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

-The production amounts used in the projections were compared with the previous period performances of the Group and the significant differences, if any, were evaluated by interviewing with the Group management.

-The prospective projections used in the valuation studies conducted by the Group in previous years are compared with the actual results of the previous periods. Realized differences were questioned in meetings with management.

-The assumptions regarding the methods determined for the real estates and the studies to determine the equivalent values have been checked with the available market data.

As a result of these studies on recognition of tangible fixed assets with revaluation method, we did not find any significant findings.

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

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

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

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

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

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. Our audit also:

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

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

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

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

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

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

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

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

## B. B. Other Responsibilities Arising From Regulatory Requirements

1) No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2018 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting

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

3) In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 08 March 2019.

AS Bağımsız Denetim ve YMM A.Ş.  
(Member of NEXIA INTERNATIONAL)



Mehmet Cem TEZELMAN  
Auditor 11.03.2019  
İstanbul, Turkey

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# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (TRY)

(Currency is TRY unless otherwise is indicated.)

ASSETS	Notes	Current Period Audited Consolidated December 31, 2018	Prior Period Audited Consolidated December 31, 2017
<b>Current Assets</b>		<b>31.12.2018</b>	<b>31.12.2017</b>
Cash and Cash Equivalents	53	7.133.365	123.925.333
Financial Investments	8	-	22.805.174
Trade Receivables	6-7	84.642.356	88.979.261
Trade receivables from related parties	6	-	-
Trade receivables from third parties	7	84.642.356	88.979.261
Other Receivables	6-9	48.372.532	12.367.267
Due from related parties	6	27.563.400	10.380.843
Due from third parties	9	20.809.132	1.986.424
Derivative Financial Instruments	46	-	-
Inventories	10	86.158.285	23.087.640
Biological Assets	11	-	-
Prepaid Expenses	12	12.164.892	29.476.692
Assets Related to Current Term Tax	25-40	-	-
Other Current Assets	29	125.591.830	112.247.598
<b>SUBTOTAL</b>		<b>364.063.260</b>	<b>412.888.965</b>
Fixed Assets Classified for Sale	39	531.359	738.243
<b>TOTAL CURRENT ASSETS</b>		<b>364.594.619</b>	<b>413.627.208</b>
<b>Non-current Assets</b>			
Trade Receivables	6-7	-	-
Trade receivables from related parties	6-7	-	-
Trade receivables from third parties	6-7	-	-
Other Receivables	9	243.643	421.754
Other receivables from related parties	6	-	-
Other receivables from third parties	9	243.643	421.754
Derivative Financial Instruments	46	-	-
Investments Valued by Equity Method	4	200.000	200.000
Biological Assets	11	-	-
Investment Property	13	-	-
Tangible fixed assets	14	2.563.015.928	1.037.941.530
Intangible Fixed Assets	17	46.244.728	35.995.581
Goodwill	18	-	-
Other intangible fixed assets	17-18	46.244.728	35.995.581
Prepaid Expenses	12	303.323	800.595
Deferred Tax Assets	40	39.234.733	192.906.503
Other Non-current Assets	29	62.226.180	98.454.657
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2.711.468.535</b>	<b>1.366.720.620</b>
<b>TOTAL ASSETS</b>		<b>3.076.063.154</b>	<b>1.780.347.828</b>

Regarding consolidated financial statements period ending on 31.12.2018, approved by board decision which was 11.03.2019 dated and 2019/05 numbered. (The accompanying notes are an integral part of financial statements)



# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (TRY)

(Currency is TRY unless otherwise is indicated.)

### LIABILITIES

	Notes	Current Period Audited Consolidated December 31, 2018	Prior Period Audited Consolidated December 31, 2017
<b>Short Term Liabilities</b>		<b>31.12.2018</b>	<b>31.12.2017</b>
Short Term Loans	47	49.542.893	143.400.291
Short Term Finance Lease Liabilities	47	6.210.866	3.679.690
Short-term Parts of Long Term Loans	47	354.706.373	121.153.489
Other Financial Liabilities	47	171.080.031	72.349.563
Trade Payables	6-7	285.547.729	213.081.131
<i>Due to related parties</i>	6	-	-
<i>Trade payables to third parties</i>	7	285.547.729	213.081.131
Employee Benefit Obligations	27	5.126.629	1.896.849
Other Payables	6-9	10.719.123	7.093.036
<i>Other payables to related parties</i>	6	378.956	718.618
<i>Other payables to third parties</i>	9	10.340.167	6.374.418
Deferred Income	12	50.207.961	57.933.143
Period Income Tax Liabilities	40	83.554	8.366
Short-term Provisions	25	845.602	128.000
Short-term provisions for employee benefits	25	-	-
Other short term provisions	29	845.602	128.000
Other Short Term Liabilities	29	25.325.459	38.104.916
<b>SUBTOTAL</b>		<b>959.396.220</b>	<b>658.828.474</b>
Liabilities Related to Assets Classified for Sale	39		
<b>TOTAL SHORT TERM LIABILITIES</b>		<b>959.396.220</b>	<b>658.828.474</b>
Long Term Liabilities	47	1.140.024.004	773.636.432
Long Term Finance Lease Liabilities	47	7.219.682	7.881.717
Other Financial Liabilities	47	-	43.432.316
Payables For Employee Benefits	27	-	-
Other Payables	6-9	15.500	205.500
<i>Due to related parties</i>	6-9	-	-
<i>Other trade payables to third parties</i>	9	15.500	205.500
Long Term Provisions	27	1.608.924	965.485
<i>Long term provisions for employee benefits</i>	27	1.436.896	794.841
Other long term provisions	25	172.028	170.644
Deferred Tax Liabilities	40	123.934.700	13.444.405
Other Long Term Liabilities		-	-
<b>TOTAL LONG TERM LIABILITIES</b>		<b>1.272.802.810</b>	<b>839.565.855</b>
<b>EQUITY</b>			
<b>Equity of Parent Company</b>		<b>828.988.284</b>	<b>255.514.393</b>
Paid-in Share Capital	30	135.750.000	135.750.000
Positive Distinction from Share Capital Adjustment	30	-	-
Reacquired Shares (-)	30	-	-
Capital Adjustments Due to Cross-ownership	30	-	-
Share Premiums/Discounts	30	44.242	44.242
<i>Not to be Reclassification of Profit or Loss Accumulated Other comprehensive income or expenses (-)</i>	30	(26.340.830)	(26.340.830)
Reclassification of Profit or Loss Accumulated Other Comprehensive income or expenses			
<i>Revaluation and Measurement Gains/Losses</i>	30	(54.201)	(52.258)
Other Gains/Losses	30	13.839.252	639.252
Restricted Profit Reserves	30	21.868.966	21.868.966
Other Equities	30	123.285.532	23.859.962
Retained Earnings/Losses	41	(251.539.857)	99.745.059
<b>Net Profit/Loss for the Period</b>	30	14.875.841	26.439.103
Non-Controlling Shares			
<b>TOTAL EQUITY</b>		<b>843.864.125</b>	<b>281.953.496</b>
<b>TOTAL LIABILITIES</b>		<b>3.076.063.154</b>	<b>1.780.347.828</b>

Regarding consolidated financial statements period ending on 31.12.2018, approved by board decision which was 11.03.2019 dated and 2019/05 numbered. (The accompanying notes are an integral part of financial statements)

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (TRY)

(Currency is TRY unless otherwise is indicated.)

### STATEMENT OF PROFIT/LOSS

	Notes	Current Period Audited Consolidated 01.01 – 31.12.2018	Prior Period Audited Consolidated 01.01 – 31.12.2017
Revenue	31	886.644.695	614.529.929
Cost of sales (-)	28-31	(830.719.105)	(551.891.911)
<b>Gross profit/loss from commercial activities</b>		<b>55.925.590</b>	<b>62.638.018</b>
<b>GROSS PROFIT/LOSS</b>		<b>55.925.590</b>	<b>62.638.018</b>
General administrative expenses (-)	33	(17.635.540)	(10.746.180)
Marketing expenses (-)	33	(15.892.048)	(6.649.908)
Other operating income	34	51.735.507	15.338.124
Other operating expenses (-)	34	(49.689.902)	(18.870.084)
<b>OPERATING PROFIT/LOSS</b>		<b>24.443.607</b>	<b>41.709.970</b>
Gain from investing activities	35	340.633	20.270
Expenses from investing activities	35	(620.430)	(2.811)
Shares from gains/losses of investments valued by equity method	35	15.303	17.033
<b>FINANCING EXPENSE BEFORE OPERATING PROFIT/LOSS</b>		<b>24.179.113</b>	<b>41.744.462</b>
Financial income	37	192.808.522	71.507.275
Financial expenses (-)	37	(436.680.718)	(176.576.976)
<b>PROFIT/LOSS BEFORE ONGOING OPERATIONS TAX</b>		<b>(219.693.083)</b>	<b>(63.325.239)</b>
<b>Ongoing Operations Tax Loss/Income</b>		<b>(43.203.153)</b>	<b>187.373.541</b>
Period Tax Income/Loss	40	(1.742.592)	(623.379)
Deferred Tax Income/Loss	40	(41.460.561)	187.996.920
<b>PROFIT/LOSS FROM ONGOING OPERATIONS</b>		<b>(262.896.236)</b>	<b>124.048.302</b>
<b>PROFIT/LOSS FROM DISCONTINUED OPERATIONS</b>	39	<b>(206.884)</b>	<b>73.710</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>(263.103.120)</b>	<b>124.122.013</b>
<b>Profit/loss distribution for the period</b>			
Non-controlling Shares	30	(11.563.263)	24.376.954
Parent Company Shares	30	(251.539.857)	99.745.059
<b>Earnings Per Share</b>			
Earnings per share from continuing operations	41	(1,853)	0,735
Earnings per share from discounted operations	41		-
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Not to be reclassified to profit or loss</b>	38	<b>812.133.237</b>	<b>(9.408)</b>
Tangible assets revaluation losses and earnings		1.034.828.546	-
Intangible assets revaluation losses and earnings			-
Actuarial losses and earnings calculated under employee benefit	38 40	(2.491)	(12.061)
Tax Effect		(222.692.818)	2.653
<b>OTHER COMPREHENSIVE INCOME</b>		<b>812.133.237</b>	<b>(9.408)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>549.030.117</b>	<b>124.112.605</b>
<b>DISTRIBUTION OF TOTAL COMPREHENSIVE INCOME</b>			
Non-controlling shares		24.129.625	24.375.106
Parent company shares		524.900.492	99.737.499

Regarding consolidated financial statements period ending on 31.12.2018, approved by board decision which was 11.03.2019 dated and 2019/05 numbered. (The accompanying notes are an integral part of financial statements)

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (TRY)

(Currency is TRY unless otherwise is indicated.)

	Paid-in Share Capital	Other Equity Shares	The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control	Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss				Retained Earnings				
				Share Premiums / Discounts	Other Gain/ Loss	Restricted Reserves	Revaluation Fund	Retained Earnings/ Losses	Net Income/ Loss for the Period	Equity of the Parent Company	Non-controlling Interest	Equities
Balance at January 1, 2017	47.600.180	21.868.966	(26.340.830)	88.194.062	(42.850)	639.252	-	33.408.057	(9.429.341)	155.897.496	1.960.013	157.857.510
Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income/Expense	-	-	-	-	(9.408)	-	-	-	-	(9.408)	-	(9.408)
Minority Share	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	88.149.820	-	-	(88.149.820)	-	-	-	(9.429.341)	9.429.341	-	-	-
Increase/Decrease Due to Change in Shareholding in the Subsidiaries Not Resulting from Control Loss Increase/Decrease	-	-	-	-	-	-	-	(118.755)	-	(118.755)	-	(118.755)
Net income for the period	-	-	-	-	-	-	-	-	99.745.059	99.745.059	24.479.090	124.224.149
Balance at December 31, 2017	135.750.000	21.868.966	(26.340.830)	44.242	(52.258)	639.252	-	23.859.961	99.745.059	255.514.394	26.439.103	281.953.496
Balance at January 1, 2018	135.750.000	21.868.966	(26.340.830)	44.242	(52.258)	639.252	-	23.859.961	99.745.059	255.514.393	26.439.103	281.953.496
Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments Related to Changes in Accounting Policy	-	-	-	-	-	-	-	(319.489)	-	(319.489)	-	(319.489)
Other Comprehensive Income/Expense	-	-	-	-	(1.943)	-	-	-	-	(1.943)	-	(1.943)
Increase/Decrease Due to Change in Shareholding in the Subsidiaries Not Resulting from Control Loss Increase/Decrease	-	-	-	-	-	-	-	-	-	-	-	-
Minority Share	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	99.745.060	(99.745.060)	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	812.135.180	-	-	812.135.180	-	812.135.180
Capital Increase	-	-	-	-	-	13.200.000	-	-	-	13.200.000	-	13.200.000
The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	(251.539.857)	(251.539.857)	(11.563.263)	(263.103.120)
Balance at December 31, 2018	135.750.000	21.868.966	(26.340.830)	44.242	(54.201)	13.839.252	812.135.180	123.285.531	(251.539.858)	828.988.285	14.875.840	843.864.125

(The accompanying notes are an integral part of financial statements)

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## Consolidated Statement of Cash Flow (TRY)

(Currency is TRY unless otherwise is indicated.)

	Dipnot Referansları	01.01-31.12.2018	01.01-31.12.2017
<b>A. CASH FLOWS FROM OPEARING ACTIVITIES</b>		<b>1,567,816,368</b>	<b>(22,884,376)</b>
<b>Profit/Loss For The Period</b>	<b>30</b>	<b>(251,539,863)</b>	<b>99.745.058</b>
Profit/Loss from Continuing Operations	39	(251,332,979)	99.671.348
Profit/Loss from Discontinued Operations		(206,884)	73,310
<b>Adjustments To Reconcile Net Profit/Loss For The Period</b>		<b>1,756,273,527</b>	<b>(166.236.131)</b>
<b>-Adjustments related to amortization and depreciation expenses</b>	<b>14-17-31-33-36</b>	<b>44,637,891</b>	<b>9.403.997</b>
<b>-Adjustments related to impairment/revocation</b>	<b>7</b>	<b>1,037,834,652</b>	<b>9.165.601</b>
In receivables adjustments related to impairment/revocation	7	3,006,106	9.165.601
Adjustments related to impairment of Tangible Fixed Assets (Cancellation)	14	1,034,828,546	-
<b>-Adjustments related to provisions</b>		<b>(8,097,475)</b>	<b>(6,905,313)</b>
Adjustments Related to Benefits Provided to Employees (Cancellation)	27	691,537	261,355
Provisions Related to Litigation and / or Provisions (Cancellation) Provisions Relating to Provisions (Cancellation)	25	717,602	128,000
Adjustments on Provisions (Cancellation) on the Sectoral Requirements Framework	19	1,384	4,152
Deferred Financial Expense Arising From Purchases on Credit	34	6,800,232	1.078.559
Deferred Financial Income Arising From Sales on Credit	34	(16,306,846)	(8,377,379)
<b>-Adjustments related to interest income and expenses</b>		<b>(28,882,042)</b>	<b>3.559.003</b>
Adjustments related to interest income	29	25,325,459	6,708,434
Adjustments related to interest expense	29	(54,207,502)	(3.149.431)
-Adjustments related to unrealized foreign currency translation differences		412,143,228	(17,883,354)
-Adjustment about Correct Value Loss / Benefit	8	-	66,815
-Adjustments related to tax expense/income	40	41,468,699	(187,999,775)
-Adjustments related to loss/gain from disposal of the fixed assets	35	(279,797)	20,270
Adjustment about related to losses (gains) arising from the disposal of fixed assets held for sale or to be distributed to partners	39	(206,884)	(73,710)
Adjustments Related to Losses (Earnings) Resulting from Change in Subsidiaries, Business Partnerships and Financial Investments Originating from Their Disposal or Their Shares	30	-	(118,755)
Adjustments on other items that result cash flows from investing or financing activities	14-39	269,218,517	-
<b>-Other adjustments related to reconciliations of profit/loss</b>		<b>(11,563,262)</b>	<b>24,479,090</b>
Minority Interest	30	(11,563,262)	24,479,090
<b>Changes In Business Capital</b>		<b>63,069,344</b>	<b>43,599,071</b>
-Changes in Finacial Investments Decrease (Increase)	8	22,805,174	(21,871,989)
-Adjustments related to inventories increase/decrease	10	(63,070,645)	(5.414.996)
-Adjustments related to trade receivables increase/decrease	7	(5,788,920)	(49.026.527)
Increase in Trade Receivables from Related Parties; (Decrease)		-	-
Increase in Unrelated Trade Receivables; (Decrease)		(5,788,920)	(49.026.527)
-Decrease from Financing Sector Activities (Increase)		-	-
<b>-Adjustment related to increase / decrease in other receivables about activities</b>		<b>41,678,361</b>	<b>(53,818,102)</b>
Change in Other Receivables	9	(35,827,154)	(2,795,397)
-Decrease (increase) in other receivables from related Parties		(17,182,557)	(2,063,797)

(The accompanying notes are an integral part of financial statements)

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## Consolidated Statement of Cash Flow (TRY)

(Currency is TRY unless otherwise is indicated.)

	Dipnot Referansları	01.01-31.12.2018	01.01-31.12.2017
-Decrease (increase) in other receivables from unrelated Parties		(18,644,597)	(731,600)
-Decrease (increase) in other assets from operations	29	77,505,515	(51,022,705)
<b>-Adjustments related to trade payables increase/decrease</b>		<b>88,773,444</b>	<b>126,532,028</b>
Changes in trade payables	7	88,773,444	126,532,028
Decrease (Increase) in Trade Receivables from Related Parties		-	-
Decrease (Increase) in unrelated Trade Receivables		88,773,444	126,532,028
-Adjustment on Increase / Decrease in Other Debts Related to Activities		23,783,402	(20,547,629)
<b>Changes in prepaid expenses</b>	12	<b>(24,829,457)</b>	<b>(24,829,457)</b>
Changes in employee benefit provisions	27	17,809,072	1,215,543
Changes in other payables	9	3,436,087	3,066,285
<b>Increase (Decrease) in Other Debts about to Activities to Related Parties</b>		<b>(529,662)</b>	<b>674,987</b>
Increase (Decrease) in Other Debts about to Unrelated Activities		3,965,749	2,391,298
-Adjustments related to other increase/decrease in business capital		(45,111,471)	68,746,285
<b>Changes in deferred income</b>	12	<b>(7,725,182)</b>	<b>41,686,605</b>
Increase (Decrease) in Other Liabilities for Activities	27-29	(37,386,289)	27,059,680
Cash Flows from activities		1,567,803,008	(22,892,002)
<b>Dividend received</b>	39	<b>15,303</b>	<b>17,033</b>
Other gain/loss	30	(1,943)	(9,407)
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(1,848,915,458)</b>	<b>(474,899,320)</b>
<b>Cash inflows from sale of tangible and intangible assets</b>		<b>802,225</b>	<b>106,183</b>
<b>Cash inflows from sale of tangible assets</b>	14	<b>802,225</b>	<b>106,183</b>
Cash inflows from sale of tangible fixed assets	17	-	-
Cash inflows from Purchase of Tangible and Intangible Fixed Assets		(1,849,717,683)	(474,988,470)
<b>Cash Outflows from Purchase of Fixed Assets</b>	14	<b>(1,835,921,416)</b>	<b>(457,077,712)</b>
Cash inflows from Purchase of Intangible Assets	17	(13,796,267)	(17,910,758)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>164,307,122</b>	<b>513,929,325</b>
<b>Cash Entrances from Capital Advances</b>	30	<b>13,200,000</b>	<b>-</b>
Cash Entrances from Borrowing	37	823,401,172	958,558,289
<b>Cash inflows from borrowings</b>	37	<b>393,063,697</b>	<b>770,242,696</b>
Cash Entries from Exported Borrowing Instruments	37	-	50,000,000
Cash inflows from factoring transactions	37	430,337,475	138,315,593
Cash Outflow Related Payments of Borrowings		(674,163,191)	(438,955,833)
<b>Cash outflows from borrowings</b>	37	<b>(299,123,868)</b>	<b>(377,247,652)</b>
Cash outflows from factoring activities	37	(375,039,323)	(61,708,181)
Cash outflows related in debt payments of financial leasing contracts	37	1,869,141	(5,673,131)
BEFORE THE EFFECT OF THE FOREIGN CURRENCY CONVERSION, DIFFERENCES IN CASH AND CASH EQUIVALENTS NET INCREASES/ DECREASES		(116,793,911)	16,145,629
<b>D. THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE</b>		<b>(116,791,968)</b>	<b>16,145,629</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>123,925,333</b>	<b>107,779,705</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>7,133,365</b>	<b>123,925,333</b>

(The accompanying notes are an integral part of financial statements)

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY

Odaş Elektrik Üretim Sanayi Ticaret A.Ş. ("Odaş" or "The Company") operates as producing electricity by natural gas combined cycling. Company has been established in İstanbul in September 28, 2010.

The Company has business via establishing production plant, setting plants into operation, lease, producing electricity energy, selling produced electricity and/or created capacity to clients.

The Company has got the producing license from Energy Market Regulatory Authority (EMRA) at July 14, 2011. According to this license company will produce electricity from the power plant that will be established in Şanlıurfa for 49 years. The production plants' planned installed capacity is 140 Mw. At October 28, 2011 first phase of the plant which has 54 Mw capacities has been settled into operation. On April 30, 2012 the second phase of the plant which is 56 Mw has settled into operation. On August 2012, company has increased 128 Mw its installed capacity in two stages by adding 18 Mw to turbine capacity. Also company has started 12 Mw third phase additional steam turbine investment in year 2012. Steam turbine investment was completed and settled into operation on the year 2013 and total settled power plant reached to 140 Mw.

As of December 31, 2018 and December 31, 2017 group's capital and share percentages are given below;

	31.12.2018		31.12.2017	
Shareholder	Amount	Rate	Amount	Rate
A. Bahattin Özal	Rate	17,67%	24.027.089	17,67%
Burak Altay	Amount	15,3%	20.818.724	15,3%
BB Enerji Yatırım San.ve Tic.A.Ş.	Rate	15,8%	21.389.100	15,8%
Müşgan Özal Inheritance (*)	5.347.275	3,95%	5.347.275	3,95%
Fatimetüz Zehra Özal	3.208.365	2,37%	3.208.365	2,37%
Hafize Ayşegül Özal	3.208.365	2,37%	3.208.365	2,37%
Mustafa Ali Özal	3.208.365	2,37%	3.208.365	2,37%
Mehmet Fatih Özal	1.069.455	0,79%	1.069.455	0,79%
Korkut Enes Özal	1.069.455	0,79%	1.069.455	0,79%
Hafize Büşra Özal	1.069.455	0,79%	1.069.455	0,79%
Public Shares	51.334.352	37,8%	51.334.352	37,8%
<b>Total Capital</b>	<b>135.750.00</b>	<b>100%</b>	<b>135.750.00</b>	<b>100%</b>

(\*) Due to the death of Mrs. Müşgan Özal on 22.05.2018, the shares in the amount of TRY 5,347,275 at the rate of 3,95% have been unanimously transferred to Abdulkadir Bahattin Özal, Mustafa Ali Özal, Fatimetüz Zehra Özal, Hafize Ayşegül Özal, Mehmet Fatih Özal, Korkut Enes Özal and Hafize Büşra Özal legally. The distribution list is as follows;

Shareholder	Share Amount	Share Rate
Fatimetüz Zehra Özal	1.069.455	0,79%
Hafize Ayşegül Özal	1.069.455	0,79%
Mustafa Ali Özal	1.069.455	0,79%
Abdulkadir Bahattin Özal	1.069.455	0,79%
Mehmet Fatih Özal	356.485	0,26%
Korkut Enes Özal	356.485	0,26%
Hafize Büşra Özal	356.485	0,26%
<b>Total</b>	<b>5.347.275</b>	<b>3,95%</b>

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

**AUDITED AS OF DECEMBER 31, 2018**

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

As of December 31, 2018 in company's structure , 794 average personnel employed (December 31, 2017: 471). Odaş Elektrik Üretim Sanayi Ticaret A.Ş. is registered to Trade Registry in Turkey and its registered centre address is below: Fatih Sultan Mehmet Mh.Polygon Cd.Buyaka 2 Sitesi No: 8B 2.Kule Kat : 17 Tepeüstü, Ümraniye/ İstanbul.

#### SUBSIDIARIES

##### Voytron Enerji Elektrik Perakende Satış A.Ş.

Voytron Enerji Elektrik Perakende Satış A.Ş. ("Voytron") was established on 17 September 2009 and registered in the registry. In accordance with the relevant legislation on electricity market, Voytron engages in activities related to the wholesale of electricity and / or capacity and the sale to direct eligible consumers..

Head Office is located at Fatih Sultan Mehmet Mah. Polygon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Floors: 17 Tepeüstü Ümraniye / İstanbul.

Voytron, had the 20 year duration license of wholesale taken from Energy Market Regulatory Authority (EMRA) as at March 11, 2010.

As of December 31, 2018, the capital of the company is TRY 25.000.000 and the shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Odaş Elektrik Üretim Sanayi Ticaret A.Ş.</b>	100%	100%

##### Hidro Enerji Elektrik Üretim Sanayi A.Ş. :

The company bought at the rate of %100 share of Hidro Enerji Elektrik Üretim Sanayi A.Ş. on November 27, 2012, and Hidro Enerji is included in consolidation.

Hidro Enerji Elektrik Üretim Sanayi A.Ş. (Hidro Enerji) is established on the date of April 5, 2005. Hidro Enerji engages in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

Company centre address is Fatih Sultan Mehmet Mah. Polygon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Hidro Enerji, had 49 year duration production license taken from Energy Market Regulatory Authority (EMRA) as at September 20, 2012. The license is given for Volkan Hydro Electric Power Plant which will be build in Trabzon. Total power of the plant is 1.913 MWm / 1.857 MWe. The licence was revoked by taking advantage of provision of regulation called "Omnibus Bill Regulations numbered 7020" temporary article 21.

As of December 31, 2018, the share capital of Hidro Enerji Elektrik Üretim Sanayi A.Ş. is TRY 615.000 and the shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Odaş Elektrik Üretim Sanayi Ticaret A.Ş.</b>	100%	100%

##### Suda Stratejik Metal Dış Ticaret A.Ş. (Prior Title: Ağrı Elektrik Üretim Sanayi A.Ş.) :

The company bought at the rate of %70 share of Suda Stratejik Metal Dış Ticaret A.Ş. on November 27, 2012, and Suda Stratejik Metal is included in consolidation. The company changed its title on April 24, 2017.

Suda Stratejik Metal Dış Ticaret A.Ş. established on 13.04.2011. Field of business of Suda Stratejik Metal Dış A.Ş.; marketing and trading to export and import all kinds of minerals and industrial raw materials, especially Antimuan which it has produced by itself or provided at homeland or abroad.

Company centre address is Fatih Sultan Mehmet Mah. Polygon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

The Company's shareholders transfer their shares at its nominal value to Suda Maden A.Ş. that main partner has 100% of its shares via purchase and sale of share agreement signed on 12.04.2017. And The Company is held in consolidation.

As of December 31, 2018, capital of Suda Stratejik Metal Dış Ticaret A.Ş. is TRY 12.600.000 and the shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Suda Maden A.Ş.</b>	100%	100%

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

#### Küçük Enerji Üretim ve Ticaret Ltd. Şti. :

The company bought at the rate of %90 shares of Küçük Enerji Üretim ve Ticaret Ltd. Şti. on December 27, 2012, and Küçük Enerji is included in consolidation.

Küçük Enerji Üretim ve Ticaret Ltd. Şti. (Küçük Enerji) is established on the date of May 1, 2007. Küçük Enerji operates in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Küçük Enerji had the 49 year production license taken from Energy Market Regulatory Authority (EMRA) as at April 12, 2012. The license is given for Köprübaşı Regulatory and Hidroelectric Power Plant which will be built in Trabzon. Total power of the plant is (2 x 4,097) MWm / (2 x 3,975) MWe.

As of December 31, 2017, the share capital of Küçük Enerji Üretim ve Ticaret Ltd. Şti. is TYR 2.650.000 and the shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Odaş Elektrik Üretim Sanayi Ticaret A.Ş.</b>	90%	90%
<b>Abdulkadir Bahattin Özal</b>	5%	5%
<b>Burak Altay</b>	5%	5%

Köprübaşı Regulator and Hydroelectric Power Plant has started to produce and sale electricity in 2015.

#### Ena Elektrik Üretim Ltd. Şti. :

The company bought at the rate of %80 share of Ena Elektrik Üretim Ltd. Şti. as of December 27, 2012.

Ena Elektrik Üretim Ltd. Şti. (Ena Elektrik) is established as the date of January 17, 2007. Ena Elektrik operates in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

As of December 31, 2017, the shareholding structure of Ena Elektrik Üretim Ltd. Şti. is as follows:

	December 31, 2018	December 31, 2017
<b>Odaş Elektrik Üretim Sanayi Ticaret A.Ş.</b>	80%	80%
<b>Hidayet Büküm</b>	20%	20%

The share transfer agreement has been signed regarding the sale of all shares which the company owned by 80% of Ena Elektrik on June 29, 2015. The share transfer has not been actualised yet. It is going to be actualized after the licensing process in the presence of EMRA.

Ena Elektrik has been classified as Non-current Assets Held for Sale and Discontinued Operations at consolidated financial table as of December 31, 2018.(Note:39)



# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

**AUDITED AS OF DECEMBER 31, 2018**

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

#### Yel Enerji Elektrik Üretim Sanayi A.Ş. :

The company bought at the rate of %75 share of Yel Enerji Elektrik Üretim Sanayi A.Ş. as of January 10, 2013, and Yel Elektrik is included in consolidation.

Yel Enerji Elektrik Üretim Sanayi A.Ş. ( Yel Elektrik) is established as the date of October 22, 2007. Yel Elektrik Üretim Sanayi A.Ş. engages in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

İR:17517 numbered mining license is purchased by Yel Enerji Elektrik Üretim Sanayi Ticaret A.Ş. in Çanakkale, Bayramiç Town and its transfer process is completed.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

The Company's shareholders transfer their shares at its nominal value to Çan Kömür ve İnşaat A.Ş. that main partner has 92% of its shares via purchase and sale of share agreement signed on 20.10.2016. And The Company held in consolidation.

As of December 31, 2018, scope of Yel Enerji Elektrik Üretim Sanayi Ticaret A.Ş. has a capital of TRY 100.000 and its shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Çan Kömür ve İnşaat A.Ş.</b>	100%	%100

#### Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. :

The company is a co-founder at the rate of %80 share of Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. and Odaş Doğalgaz is included in consolidation as of January 11, 2013.

According to Law No: 4646, Energy Market Regulatory Authority (EMRA) issued the notification, the decision and commitments specified in the regulations, and with the adoption of the issues, Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. operates in Natural Gas Liquefied Natural Gas (LNG), Compressed Natural Gas (CNG) purchasing from the production, import, wholesale companies and other sources of law will be allowed and to wholesale to customers which are exporter distribution, LNG, CNG, wholesale companies, eligible consumers and permitted by law to customers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş., had the 30 year duration license of natural gas wholesale from Energy Market Regulatory Authority (EMRA) as at March 20, 2013.

As of December 31, 2018, the capital of Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. is TRY 4.312.000 and the shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Odaş Elektrik Üretim Sanayi Ticaret A.Ş.</b>	90,02%	90,02%
<b>Tahsin Yazan</b>	9,98%	9,98%

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

#### Çan Kömür ve İnşaat A.Ş. :

The company purchased at the rate of %92 share of Çan Kömür ve İnşaat Anonim Şirketi as of September 9, 2013, and Çan Kömür is included in consolidation.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Çan Kömür engaged in, domestic coal based power generation plant establishment, commissioning, hiring, producing electric power generation and sale of generated electricity power and/or the capacity to customers.

Çan Kömür ve İnşaat A.Ş.'s licensing certificate for the Çan-2 Thermal Power Plant Production Facility, which is continued to be constructed in Çanakkale province-Çan district and which is under construction and which is in the capacity of 340 MWm / 330 MWe installed, is certified by the Energy Market Regulatory Authority dated January 28, 2016 and with the decision numbered 6083- 2 and was delivered to Çan Kömür ve İnşaat A.Ş. on January 28, 2016.

The acceptance of the Ministry of the Çan-2 Thermal Power Plant was made on 01.08.2018. In addition, the current capacity report has been obtained with the Industrial Registration Document no. 720480 dated 26.06.2018 and report no 76 dated 08.06.2018 which is valid until 21.06.2020.

As of 31 December 2018, Çan Kömür ve İnşaat A.Ş. has a capital of TRY 102.000.000 and its shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Odaş Elektrik Üretim Sanayi Ticaret A.Ş.</b>	92%	92%
<b>Mustafa Koncagül</b>	8%	8%

#### YS Madencilik San. ve Tic. Ltd. Şti.

Yel Enerji Elektrik Üretim Sanayi A.Ş. is co-founder at the rate of %70 share of YS Madencilik Sanayi ve Ticaret Ltd. Şti. and as a co-founder and YS Madencilik Sanayi ve Ticaret Ltd. Şti. is included in consolidation as of December 12, 2014.

YS Madencilik operates purchasing, selling, manufacturing, installation, importing and exporting every kind of natural stone and manufactured and semi-manufactured of mineral ores.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

The Company's shareholders transfer their shares at its nominal value to Odaş Elektrik Üretim Sanayi A.Ş. that main partner has 52% of its shares via purchase and sale of share agreement signed on 15.06.2017. And The Company hold in scope of consolidation.

As of December 31, 2018, the capital of Yel Enerji Elektrik Üretim Sanayi A.Ş. is TRY 10.000 and its shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Süleyman Sarı</b>	48%	48%
<b>Odaş Elektrik Üretim Sanayi A.Ş.</b>	52%	52%

- Signed royalty agreement between KİAŞ and YS Madencilik San. ve Tic. Ltd. Şti. on 14.04.2015. Regarding based Balıkesir Province's Balya district coal mine licence which has İR1521-07.09.2006 licence and date number.

- Signed royalty agreement between KİAŞ and YS Madencilik San. ve Tic. Ltd. Şti. on 15.03.2017. Regarding based Çorum Province's Dodurga district coal mine licence which has İR2600-25.01.1959 licence and date number.

With the registration made on 25.08.2017 Alpagut Village Cumhuriyet Mevkii Maden Sk. No: 9A / A Dodurga / Çorum Address "YS Madencilik San. and Tic. Ltd. Şti. Dodurga Branch "was established.

With the registration made on 31.10.2017, Değirmendere Mahallesi Değirmendere Sokak No: 17 / - Balya / Balıkesir Address yapılan YS Madencilik San. and Tic. Ltd. Şti. Balya Branch "was established.

With the registration made on 02.01.2018, Kızılırmak Mahallesi Ufuk Üniversitesi Cad. No: 11 B / 3 Address at Çankaya / Ankara Ç YS Madencilik San. and Tic. Ltd. Şti. Ankara Branch "was established.

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

**AUDITED AS OF DECEMBER 31, 2018**

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

#### Anadolu Export Maden Sanayi ve Ticaret A.Ş.

The company is a partner at the rate of %96 share of Anadolu Export Maden Sanayi ve Ticaret A.Ş. which is established on the date of December 30, 2014 and Anadolu Export is included in consolidation as of January 22, 2015.

Anadolu Export operates purchasing, selling, manufacturing, installation, importing and exporting every kind of natural stone and manufactured and semi-manufactured of mineral ores.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

As of December 31, 2018, the capital of Anadolu Export Maden Sanayi ve Ticaret A.S. is TRY 50.000 and its shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Odaş Elektrik Üretim Sanayi Ticaret A.Ş.</b>	96%	96%
<b>Burak Altay</b>	4%	4%

License transfer purchase agreement was signed between Stratex International PLC (Stratex) and Anadolu Export to complete the search in the gold field called Karaağaç and decide on business investment based on research results. Reregarding this transfer, application had been made to General Directorate of Mining Affairs. The transfer transaction was completed as of August 19, 2016.

The company has two operating licenses, namely gold and gold + nickel, operating under license 85899.

#### Suda Maden A.Ş.

The company purchased all shares of Suda Maden A.Ş. as of October 28, 2015, and Suda Maden is included in consolidation.

Suda Maden operates extraction, manufacturing and selling, every kind of natural stone mineral ores.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

As of December 31, 2018, the capital of Suda Maden A.Ş. is TRY 44.900.000 and its shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Odaş Elektrik Üretim Sanayi Ticaret A.Ş.</b>	100%	100%

The company has 4 licences including 2 operating license and 2 exploration in Murat mountain located Kütahya-Uşak area. The company, which was bought on October 28, 2015. By the year of 2016, the company has started antimony mining and antimony trioxide production and sales.

With the registration made on 21.02.2018, Yaya Köyü Çan Kömür ve İnşaat A.Ş. Sit. No: 90 / Çan / Çanakkale address Suda Maden A.Ş. Çanakkale Branch was established.

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

#### CR Proje Geliştirme Yatırım San. ve Tic. A.Ş.

Odaş Elektrik Üretim Sanayi Ticaret A.Ş. is co-founder at the rate of %100 share of CR Proje Geliştirme Yatırım San. ve Tic. A.Ş. and CR Proje Geliştirme Yatırım San. ve Tic. A.Ş. is included in consolidation as of January 26, 2017.

CR Proje Geliştirme Yatırım San. ve Tic. A.Ş. operates in establishing, running, renting, generating electricity, producing and selling electricity and / or capacity to customers. It is also developing domestic, renewable and green projects, biomass energy projects.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

As of December 31, 2018, the capital of CR Proje Geliştirme Yatırım San. ve Tic. A.Ş. is TRY 50.000 and the shareholding structure is as follows:

	December 31, 2018	December 31, 2017
<b>Odaş Elektrik Üretim Sanayi Ticaret A.Ş.</b>	100%	100%

Parent Company and consolidated subsidiaries EMRA license information as of December 31, 2018 is as follows :

License Owner	License Type	Lisans No	Effective Date	License Duration
VOYTRON ENERJİ	Supply	ETS/2461-2/1599	11.03.2010	20 Years
ODAŞ ELEKTRİK	Production	EÜ/3323-2/2005	14.07.2011	49 Years
KÜÇÜK ENERJİ	Production	EÜ/3769-4/2314	12.04.2012	49 Years
ODAŞ DOĞALGAZ	Natural Gas Whole sale	DTS/4318-4/291	20.03.2013	30 Years
ÇAN KÖMÜR	Production	EÜ/6083-2/03428	28.01.2016	17 Years

Ana ortaklık ve bağlı ortaklıkların 31.12.2018 tarihi itibari ile sahip olduğu Ruhsatlara ilişkin bilgiler aşağıdaki gibidir:

License Owner	License Group	License Type	License No	Effective Date	Due Date
SUDA MADEN	IV. Group	Operating	34412	04.04.2014	04.04.2034
SUDA MADEN	IV. Group	Operating	43169	13.04.2015	13.04.2025
SUDA MADEN	IV. Group	Exploration	201200931	22.06.2012	22.06.2019
SUDA MADEN	IV. Group	Exploration	201200932	22.06.2012	22.06.2019
YS MADENCİLİK	IV. Group	Exploration	201600088	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600084	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600085	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600087	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600086	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600089	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201700714	11.10.2017	11.10.2024
YS MADENCİLİK	IV. Group	Exploration	201700715	11.10.2017	11.10.2024
YEL ENERJİ	IV. Group	Operating	17517	05.01.2015	05.01.2025
ANADOLU EXPORT	IV. Group	Operating	85899	24.12.2010	24.12.2020

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

**AUDITED AS OF DECEMBER 31, 2018**

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### Accounting Policies Applied

The company maintains its books of account and prepares its statutory financial statements in accordance with Turkish Commercial Practice and Turkish Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. In contrast, the attached financial statements are prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") published Public Oversight Accounting and Auditing Standards Authority.

Financial reports and procedures and principles of preparation and presentation of those financial reports are described in Turkish Commercial Code numbered 6102 dated February 13, 2011.

With regards to above mentioned code, companies required to prepare financial reports according to Turkish Accounting and Financial reporting standards (TMS/TFRS).

However, even if there are differences with the European Union adopted by the IAS / IFRS provisions of the International Accounting Standards Board ("IASB"), the IAS / IFRS will be applied until it is announced by and IAS Board ("IASB"). In this context, and are not contrary to the standards published by IASB Turkey Accounting / Financial Reporting Standards will prevail.

### Functional and presentation currency

Functional currency of the report is TRY and decimal parts of the amounts were rounded up.

As of December 31, 2018 released by the Central Bank of the Republic of Turkey U.S. dollar exchange rate of 1 U.S. dollar = TRY 5,2609 (December 31, 2017: TRY 3,7719), 1 EURO = 6,0280 TRY (December 31, 2017: TRY 4,5155), 1 GBP = TRY 6,6528 (December 31, 2017: 5,0803), 1 PLN = TRY 1,4034 (December 31, 2017: TRY 1,0838).

### Adjusting financial tables in hyperinflation periods

The companies, who are preparing their financial tables according to CMB Accounting Standards, are not using inflation accounting according to a decision given in March 17, 2005 that will be in effect since January 01, 2005. The preparing and presenting financial tables are not done in accordance with TAS/ TAS 29" Financial Reporting in Economies with High Inflation" according to the decision given by CMB.

### Base of Consolidation

Consolidation is prepared in structure of Odaş Elektrik Üretim Sanayi Ticaret A.Ş. which is parent company.

Consolidated financial reports are prepared in accordance with TAS 27 - Consolidated and Separated Financial statements of Turkish accounting standard.

Consolidated financial reports contain all subsidiaries of the parent company.

1. It eliminates participation amount at each subsidiary and percentage amount of main partnership which are equivalent to amount in equities of each subsidiary.
2. It determines amount of minority percentage in consolidated profit and loss of period and amount of minority percentage determines separately from amount of main subsidiary from amount of net actives of consolidated main subsidiary. The amount of minority percentage from net actives contains; calculated minority percentages in merge date in accordance with TFRS 3; minority percentage from all transactions made after merge date.
3. All expenses, income, transactions and balances incurred of group are eliminated.
4. Subsidiary income, expenses and dividends including all balances and transactions are eliminated. Profits and loss which are added to inventory or cost of current and non-current assets due to transactions in subsidiaries are eliminated. Loss in group can show an impairment which should be in account in assets section of consolidated financial reports. The differences which rise during elimination of loss and profits which resulted by transactions in group apply in accordance with TAS 12 "Income Taxes" standard.
5. Necessary adjustments are made during preparation of consolidated financial statements when one of subsidiaries needs to use different accounting principles for similar transactions or events.
6. The consolidated financial reports of the partnership and subsidiaries are prepared at the same time with financial statements. Accounting policies are accepted for consolidated financial reports, same transactions and transactions in same condition.
7. All income and expenses of a subsidiary take in account consolidated financial reports after acquisition date according to TFRS 3 and this situation continues till the date of partnership lose its control power on subsidiary. When subsidiary sold; the difference between the income resulted by this transaction and the book value of subsidiary will be shown as loss or profit in consolidated comprehensive income statement. About this transaction if there is a currency translation loss or profits which are related directly to equity take into account in accordance with "TAS 21 Currency Change Effects".

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

**AUDITED AS OF DECEMBER 31, 2018**

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

8. Minority interest can be shown at equities section in consolidated statement of financial position separately from equities amount of partnership. The Group's loss or profit amount for minority interest should be shown also separately on financial statements.

#### Comparative Information and Restatement of Prior Period Financial Statements

Group has presented the consolidated statement of financial position as of December 31, 2018 comparatively with the date of 31 December 2017. Consolidated profit or loss and other comprehensive income statement and the consolidated cash flow statement for 1 January-31 December 2018 period presented comparatively with consolidated profit or loss and other comprehensive income, consolidated statement of cash flow for 1 January-31 December 2017 period. Consolidated changes in equity statement for the 1 January - 31 December 2018 period presented comparatively with 1 January - 31 December 2017 period.

#### **a. Changes in Accounting Policies**

If adjustments on accounting policies are applied retroactive, the group should adjust the previous opening balance in the report. The group should provide comparative data which is presented in accordance with the new accounting policies in terms of current years.

Changes in accounting policy need to application for previous periods and also for current period or if group cannot determine the change effect of the financial statements as in cumulative, it wouldn't make any application for previous periods.

#### *IFRS 15 "Revenue from customer contracts" Standard*

The group transfers a committed asset or service to the customer and transfers revenue to the consolidated financial statements when it fulfils or brings the performance obligation. When control of an asset is transferred (or passed) to the customer, the asset is transferred.

The Group records the proceeds in its financial statements in accordance with the following basic principles:

- Determining contracts with customers
- Determining the performance criteria in the contract
- Determination of transaction price in contract
- Distribution of transaction price to performance obligations in contract
- The recognition of revenue when each performance obligation is satisfied

For each performance obligation, the performance obligation shall be determined at the beginning of the contract in time or at a given time. If the group transfers control of a good or service over time, and therefore fulfils its performance obligations for the related sales, it will measure the progress towards the complete fulfillment of such performance obligations and take the proceeds over time to the consolidated financial statements.

As the group performs or fulfils its performance obligation by transferring a promised good or service to its customer, the group will recognise the transaction cost corresponding to this performance obligation as revenue in the consolidated financial statements. When control of goods or services is transferred (or passed) to the customer's hands, the goods or services are handed over.

The group assesses the transfer of control of the goods or services sold to the customer,

- the right to collect for goods or services
- the customer's legal right to the goods or services
- the transfer of physical possession of the goods
- ownership of the important risks and benefits of ownership of the goods
- considers the terms of the customer's acceptance of the goods or services.

The group evaluated the cumulative effect of the TFRS 15 "revenue arising from contracts with customers", which was first applied on January 1, 2018, and accordingly, it did not recognise the cumulative effect of the initial transition to TFRS 15, taking into account the materiality of the financial position of the group. Therefore, there is no need to restate the consolidated financial statements for the previous years, and these consolidated financial statements are presented in accordance with IAS 18.

#### *IFRS 9 "Financial Instruments" Standard Classification and Measurement*

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The group recognizes the financial assets at amortized cost, carrying at fair value through profit or loss at fair value through profit or loss. The classification is based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The group classifies its financial assets at the date of acquisition.

"Financial assets measured at amortized cost" are non-derivative financial assets, which are held under a business model for the purpose of collecting contractual cash flows, and which include cash flows only from the principal and principal balances at certain dates under contract conditions. Financial assets at amortized cost of the group include "cash and cash equivalents" and "trade receivables". Related assets are measured at fair value at initial recognition in the financial statements.; in subsequent accounts, the effective interest rate is measured at amortized cost using the effective interest rate method. Gains and losses arising from the valuation of non-derivative financial assets measured at amortized cost are recognized in the Consolidated Statement of income.

"Financial assets at fair value through profit or loss" are non-derivative financial assets held under a business model for the purpose of collecting contractual cash flows and selling of the financial asset and include interest payments arising solely from the principal and principal balances at certain dates in the contract. Gains or losses from related financial assets are recognized in other comprehensive income, excluding gains or losses from impairment and foreign exchange losses. If these assets are sold, the valuation differences classified in other comprehensive income are classified in retained earnings.

"Financial assets at fair value through profit or loss", are measured at amortized cost and fair value reflected in other comprehensive income, except for the difference in financial assets consists of financial assets that are remaining. Gains and losses arising from the valuation of such assets are recognized in the Consolidated Statement of income.

Changes in the classification of financial assets and liabilities within the scope of TFRS 9 are summarised below. These classification differences have no effect on the measurement of financial assets:

Financial Assets	According to TAS 39 Previous Classification	According to TFRS 9 New Classification
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Derivative instruments	Fair value	Fair value
	change reflected to profit	change reflected to profit
Financial Investments	Ready to sell	Fair value

Financial Liabilities	According to TAS 39 Previous Classification	According to TFRS 9 New Classification
Derivative instruments	Fair value	Fair value
	change reflected to profit	change reflected to profit
Borrowings	Amortized cost	Amortized cost
Trade Payables	Amortized cost	Amortized cost
Impairment		

IAS 39 "Financial Instruments: Recognition and measurement" in effect before 1 January 2018, "expected credit losses" is defined in TFRS 9 "financial instruments" instead of "actual credit losses" in IAS 39 "Financial Instruments: Recognition and measurement". Expected credit losses are estimated to be weighted by the probability of credit losses during the expected life of a financial instrument. In the calculation of expected credit losses, with past credit loss experience, the group's future projections are taken into consideration.

#### Trade Receivables

In the consolidated financial statements, the group preferred to apply the "facilitated approach" as defined in IFRS 9 in the context of impairment of trade receivables, which are recognized at amortized cost and which do not contain a significant financial component (less than 1 year). With the said approach, in cases where trade receivables are not impaired for certain reasons (except for impairment losses realized), provision for impairment losses related to trade receivables is "lifetime". It measures expected credit losses from an equal amount. The group uses a provision matrix to measure expected credit losses on trade receivables. In the relevant Matrix, specific provision ratios are calculated depending on the number of days in which the maturities of trade receivables exceed, and these ratios are reviewed and revised in each reporting period and, where appropriate, revised. The change in the provision for loan losses is accounted for under "other income / expenses" in the Consolidated Statement of income. The group has not

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

accounted for the "TFRS 9 Financial Instruments", which supersedes IAS 39 Financial Instruments: Recognition and measurement, on the basis of the significant accounting principle set out in paragraph 7.2.5 of the related standard as of 1 January 2018, effective from the date of first application in the consolidated financial statements. In accordance with the calculation of trade receivables in the current period, try 152.930 has been booked with deferred tax effect and try 119.285 has been made provision deferred tax effect.

#### b. Changes and Errors in Accounting Estimates

If the effect of a change in accounting estimate creates a difference in an asset, a foreign source or equity, then the asset must be corrected during the same period as when the book value of the foreign source or equity is adjusted.

The effect of a change in accounting estimate being reflected on financial statements for future reference means that the transactions, events and conditions will be applied to the means happening after the date of the changes.

Except for the errors that cannot be recalculated due to the periodic changes or the cumulative effects, prior period errors are corrected retrospectively.

While preparing the consolidated financial statements, the Group's management must make assumptions and estimations – as of the reporting period from the date of the balance sheet and the contingent liabilities and commitments- on income and expenses, that will effect the asset and liability amounts. Actual results may defer form estimates and assumptions. These estimates and assumptions are reviewed regularly; any necessary corrections are made, and then reflected in the operating results for that period. Significant estimates are related to the tangible and intangible existences' economic lives and provisions.

#### c. Continuity of Business

The group prepared the consolidated financial statements in the interim period based on the continuity of the business.

In assessing the continuity of the Enterprise, Group management considers the existing and additional financial resources, refinancing opportunities and the risks and uncertainties on liquidity in the business plan prepared for the foreseeable period. The group prepares its consolidated financial statements with the assumption that the entity will continue its operations in a predictable future and does not foresee a risk to the continuity of the entity.

As of 31 December 2018, the group's loss for the period (251.539.857) of the parent company amounts to TRY 67.875.750 and EBITDA amounts to TRY 67.875.750 as of 31 December 2018. As of 31 December 2018, the group's retained earnings amounted to TRY 123.285.532 and their current liabilities exceed TRY 594.801.601.

While the group is expected to have a positive effect on the current ratio of its past projects and the increase in the capital of the group in value in 2019, profitability is expected to increase with the contribution of these projects.

The fact that most of the group's electricity sales are made at Guaranteed prices on a dollar basis affects gross profit positively. In addition, foreign exchange loss losses arising from foreign currency loans of companies selling USD indexed will be eliminated in a natural way.

#### d. Netting/Deduction

Financial assets and liabilities are presented net if the required legal right is already present, the presence of intention is to pay the related assets and liabilities in accordance with the net fair value, or if the acquisition of assets and the fulfillment of obligations are intentional simultaneously.

#### e. Comparative Information and Adjustment of Prior Period Financial Statements

The financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to comply with the presentation of the financial statements in the current period, comparative information is reclassified when necessary and significant differences are disclosed.

##### *Amendments and interpretations in the standards*

##### *TAS – IFRS Amendments*

##### *New and amended standards and interpretations*

The accounting policies adopted in preparation of the yearend financial statements as at December 31, 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRYK interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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



# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

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## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### TAS Amendments

##### IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The IASB issued amendments to IAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. 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.

#### IFRS Amendments

Changes in TFRS 2, "share-based payments" are effective for annual periods beginning on or after 1 January 2018. The amendment explains the measurement principles of share-based payments in cash and how to recognise changes that convert a reward from cash to equity.

This change also requires that an employer be treated as if the employee had to cut off a share-based payment and pay it to the tax office, bringing an exception to the principles of TFRS 2, as if it had been entirely attributable to equity. The amendment has no effect on the financial position and performance of the company.

IFRS 9, "Financial Instruments", is effective for annual periods beginning on or after 1 January 2018. This replaces the standard TMS 39. It includes the requirements for classification and measurement of financial assets and liabilities, as well as the expected credit risk model, which will replace the current model of impairment loss. Effects of the amendment the effect of the transition to the standard has been assessed according to the method. The company's current guarantees cover receivables and no provision has been provided in this context.

##### TFRS 15 Revenue Arising From Contracts with Customers

In September 2016, the POI issued the TFRS 15 Revenue Standard arising from agreements with customers. This standard also includes amendments made by IAS to clarify IFRS 15 in April 2016. The new five-stage model in the standard describes the requirements for accounting and measurement of revenue. The standard provides a model for the recognition and measurement of the sale of certain non-financial assets (such as property, plant and equipment, etc.) that are not related to the ordinary activities of an entity. The application date of TFRS 15 is the annual accounting periods beginning on or after 1 January 2018. Early application is allowed. Two alternative applications have been introduced to transition to TFRS 15; full retrospective application or revised retrospective application. When the revised retrospective application is preferred, previous periods will not be revised, but comparative figures will be given in the footnotes of the financial statements. There are no issues affecting the company's financial statements for the TFRS 15 amendments.

#### Published but not effective TFRS's

Standards and amendments published as of 31 December 2018, but not yet effective:

IAS 28 "changes in investments in associates and subsidiaries" is effective for annual periods beginning on or after 1 January 2019. It clarifies that long-term investments in associates or joint ventures, which groups do not exercise equity method, will be accounted for using TFRS 9. The effects of this change on the financial position and performance of the company are evaluated.

TFRS 9 "changes in financial instruments" is effective for annual periods beginning on or after 1 January 2019. This amendment confirms that when a financial liability measured at amortized cost is changed without derecognition, the resulting gain or loss is recognized directly in profit or loss. Gain or loss is calculated as the difference between the original contractual cash flows and the original effective interest rate discounted cash flows. This means that unlike IAS 39, It is not possible to recognise the difference by spreading it over the rest of its life. The effects of this change on the financial position and performance of the company are evaluated.

TFRS 16, "leasing transactions" is effective for annual periods beginning on or after 1 January 2019. TFRS 15 permits early implementation with the 'revenue from customer contracts' standard. This new standard replaces the current TAS 17 guidance and makes a comprehensive change in the accounting for property, plant and equipment. If the lessor is a party to a lease, the lessor must distinguish between the finance lease (balance sheet) and the operating lease (off-balance sheet). However, in accordance with TFRS 16, the lessor shall recognise the lease obligations and, in return, the right to use an asset in the future for almost all leases. IASB predicts an exception to short-term lease transactions and low-value assets, but this exception can only be applied to the lessor. Accounting for the lessor remains almost the same. However, the lessors will be affected by this new standard because of the change in the definition of the leasing transactions of IASB (as amended by the guidance in the merging or parsing of the contents of the contracts). At least the new accounting model is expected to lead to negotiations between the lessor and the lessee. If a contract in accordance with TFRS 16 involves the right to use an asset in return for a certain amount of time and the right to control that asset, that contract is a lease contract or a lease transaction. As of the reporting date, the company continues to work on the effects of TFRS 16 on its financial statements. The company's activities as a lessor are of no importance.

TFRS comment 23, "uncertainty in tax practices" is effective for annual periods beginning on or after 1 January 2019. This interpretation clarifies some uncertainty in the application of TFRS 12 income taxes. The IASB clarifies that this uncertainty should be applied to IAS 37 'provisions, contingent liabilities and contingent assets', not to IAS 12, when there was an uncertainty in tax practices earlier. TFRS 23 provides an explanation of how to

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

measure and recognise deferred tax assets in cases where there is uncertainty in income taxes.

Tax application uncertainty arises when a company does not know whether or not a tax application is accepted by the tax authority. For example, an expense may be treated as a deduction, or it may be uncertain whether or not a certain item is included in the taxable income tax calculation. TFRS 23 interpretation of the tax implications of an item are uncertain; taxable income, expenses, assets or liabilities are based on tax amounts, tax expense, receivables and tax rates. The company evaluates the impact of the standard on its financial position and performance.

#### 2014-2016 period annual improvements

Annual improvements for the period 2014 - 2016 are effective for annual periods beginning on or after 1 January 2018.

- IAS 28, "investments in associates and joint ventures" clarifies that an associate or joint venture is measured at fair value.
- TFRs 1, "first application of Turkish financial reporting standards", TFRs 7, TAS 19 and TFRs 10 have been removed from short-term exceptions in the first application phase.

The company evaluates the impact of the standard on its financial position and performance.

#### Annual improvements in the period 2015-2017

Annual improvements to 2015-2017 are effective for annual periods beginning on or after 1 January 2019. These improvements include the following changes::

- IAS 12, "income taxes", the entity recognises the effects of income tax on dividends in the same manner.

IAS 19, "employee benefits", changes in the plan, or improvements in the performance of the plan, are effective for annual periods beginning on or after 1 January 2019. These improvements require the following changes:

IAS 19, "employee benefits", changes in the plan, or improvements in the performance of the plan, are effective for annual periods beginning on or after 1 January 2019. These improvements require the following changes:

The change in the plan, for the period after the contraction and fulfillment, and the use of current assumptions to determine current service costs and net interest. Recognition of profit or loss as part of the cost of service in the prior period, or recognition of any excess, gain or loss on the replacement of any excess, even if it has not been previously included in the financial statements with the effect of the ceiling of the asset.

TFRS 23, "Borrowing Costs" that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

- TFRS 3, "Business Combinations", the entity that provides control, measures the share acquired previously in joint operations.
- TFRS 11, "Joint Agreements", the entity providing joint control, does not restate its previously acquired share of joint activity.

The company assesses the impact of the standard on its financial position and performance.

#### f. Summary of Important Accounting Policies

##### Cash and Cash Equivalents

Cash can be implied as cash in the group and cash equivalent can be implied as short term investments which have unimportant risk to lose value, higher liquidity and can be converted easily to cash. Cash equivalents are assets which are used for investment purpose, kept for short term cash liabilities and they cannot be used for other purposes.(Note:53)

##### Related Parties

The group will consider as a related party if one the conditions below are met.

- If the party directly or indirectly with one or more agent:
  - Controls the enterprise, controlled by enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries and subsidiaries at the same line of business);
  - Has share which allows it to have big impact on the group; or
  - Has associated control on the group;

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- b) If the party is an affiliate of the group;
- c) If the party is an business partnership where the group is a party;
- d) If the party is a member of the key personnel in the group or Company's main partnership;
- e) If the party is a close family member of any person mentioned in the a or d parts;
- f) If the party is an enterprise which is controlled, partnered or under important effect or any person mentioned in d) or e) parts has right to vote in important decisions of the party;
- g) If the party has profit plans about a possible leaving job of related parties' employees

#### Financial Instrument

##### Financial assets

Financial assets are recorded with their appropriate value and expenses directly related to purchase except financial assets reflected to profit or loss of the appropriate value difference and recorded on their appropriate value. In the case of purchase or selling of financial assets which are bound to a contract that has a condition on deliverance date of financial instruments set by the market are recorded at the date of transaction or deducted from records.

Financial assets are classified as "financial assets reflected to profit or loss of the realizable value difference", "financial assets kept in hand till its maturity", "marketable financial assets" and credits and receivables.

##### Effective Interest Method

It is the method in which interest income of financial asset distribute to related period and amortized cost of financial asset gain value. Effective interest rate; Estimated future cash value which will be charged in a shorter time period during the expected lifetime of financial instrument or in case in which life time of financial instrument is appropriate, is the reduced rate of net present value of related financial assets.

Financial assets which will keep in hand till maturity, marketable debt instruments, credits and receivables, which are classified as financial assets, and related interest income of these assets are calculated by using effective interest method.

- a) Net realizable value difference of financial assets which recorded as profit/(loss)

Financial assets measured at fair value through profit and loss are the assets which are the owned one to sell or buy. If a financial asset is bought to sell in short term, it will classify in this category and in current assets. Financial assets which constitute derivative products that have not an effective protection tool against financial risk are also considered as financial assets reflected to profit or loss of the appropriate value difference. Assets in this category are classified as current assets.

- b) Financial assets held to maturity

Debt instruments with constant terms which has constant and determinable payment plan, for which group has an intention to keep in hand till its maturity can be classified as financial assets kept in hand till its maturity. Financial assets kept in hand till its maturity can be shown in financial statement by the amortized cost according to effective interest method deducted from amount of decrease in value.

- c) Assets available for sale

The group has equity instruments which are not open to capital market but ready to be sold. Since their appropriate value could not be defined in an accredited way, they are shown with their cost values.

- d) Loans and receivables

Loans and receivables which are not in the capital market and have steady and computable payments are classified in this category. Credits and receivables are shown by deducting loss in value decrease from the cost which was calculated by using effective interest method. (Note:7)

##### Financial Liabilities

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Agreement which represents right of group on assets after deducting all liabilities can be count as financial instrument on equity. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Financial liabilities are classified as either financial liabilities at fair value difference recorded as profit and loss or other financial liabilities.

a) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value difference recorded as profit and loss are stated at their fair value, and they revalue at financial statement date and every reporting period. Change in fair value record in comprehensive income statement. The net gain or loss recognized in comprehensive income statement incorporates any interest paid on the financial liability.

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially recorded at fair value after deduction of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### Inventories

Inventories are valued on the basis of the weighted average cost method by considering the cost or the net realizable value, whichever is the lowest. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The cost of inventories cover all purchasing costs, conversion costs and other expenses made to bring the inventories into their current state and condition. When net realizable value of inventories is less than their cost, inventories will be valued according to their realizable value and the difference will be record as an item in comprehensive income statement.

In cases where impairment of inventories are no longer valid or net realizable value is increased, impairment of inventories which was recorded as loss in previous comprehensive income statement will be a provision no longer required. The amount of provision no longer required is limited with the amount of provision which was allocated in previous periods. (Note: 10)

#### Tangible Assets

In accordance with IAS 16 "Property, Plant and Equipment" Standard, the group adopted "revaluation model" beginning on 30 September 2018, based on the fair values of land and land improvements, underground and above ground-layouts, buildings, machinery, facilities and devices as determined by the CMB accredited independent valuation appraisal company called "Lal Gayrimenkul Değerleme ve Müşavirlik A.Ş.".s report.

The valuation company Lal Gayrimenkul Değerleme ve Müşavirlik A.Ş. is the real estate appraisal company authorized by the CMB. However, since the valuation of machinery and equipment has not yet been licensed by CMB, valuation has been done by the same company and valuation works have been performed according to International Valuation Standards (IVS).

The "Precedent Comparison Method" and "Cost Approach" have been used in determining the fair value of the real estate belonging to the Suda Maden, Çan Kömür and Küçük Enerji from the subsidiaries. Odaş Elektrik, Suda Maden, Çan Kömür, Küçük Enerji and Ys Maden "Analysis of Income Capitalization" and "Cost Method" are used in determining the fair values of the facilities

In Tangible assets, the increases incurred as a result of such revaluation are recorded after the deferred tax effect is clared on the revaluation fund account in the equity group in the balance sheet. The difference between depreciation and amortization (the depreciation reflected in the profit or loss table) and the depreciation and redemption shares calculated on the costs of obtaining these assets is calculated from the values of the revalued assets. After the year deferred tax effect is clear, the revaluation funds are transferred to the accumulated profit/loss. The same application applies to tangible asset outputs.

There is no applicable amortization method for land in the report because of their nature and useful life is unlimited. Tangible fixed assets are amortized with rates below according to their economic useful life.

	Yıllar
Natural Gas Power Plant	40
Thermal Power Plant	30
Land Improvements	8-50
Buildings	50
Plant, Machinery and Equipment	4-15
Motor Vehicles	5
Furniture and Fixtures	3-15
Special Costs lease term (in days) or the less than useful life	

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The loss or profit from sales of tangible asset determine with comparison of arranged amounts and collected amounts and it is reflected to income and expense accounts in related period.

Maintenance or repair cost of tangible asset can be recorded as expense under normal conditions. However, in exceptional cases if maintenance and repair are resulted with improvement in tangible assets, the cost in question can be recorded as asset and it will be counted in amortization of related asset with remaining useful life.(Note: 14)

#### Intangible Assets

Intangible assets are consists of acquisition rights, information systems, computer software and special costs. These elements record on acquisition cost and after the date of acquisition they will amortize by using normal amortization method according to their expected useful life. Expected useful life of intangible assets is like below;

	Years
Rights	3-49
Computer programs	3
Preparation and Development Activities	License or Royalty Contract Duration

In case of decrease in value, the book value of intangible assets can be discounted to its recovered value. Recovered value is the value that whichever is higher between useful value and net selling price. (Note:17)

#### Leasing Transactions

##### **Financial Leasing Transactions**

The group reflect fixed assets acquired through financial leasing with their current value from the rental start date in statement of financial position or if it's lower than present value they will reflect from their current value of minimum lease payments on statement of financial position date (they added to related fixed assets section in financial statements). Acquisition expenses of fixed assets which are subjected to financial leasing transaction added to its cost. Liability from financial leasing transaction can be split as payable interest and principal debt. Interest expenses calculate from its constant interest rate and it will be added to its related period's account.

As of reporting date, unpaid but accrued financial leasing interest costs recorded as expense and calculated interest provisions have been set off and stated Deferred Financial Leasing Borrowing Costs. (Note:20 Leasing Operations, Note:47 Financial Instruments)

##### **Operational Leasing Transactions**

Lease contracts where all the risks and benefits of renting property in the hands of the leaser are known as operational leasing. For an operational lease payments, during the rental period will be recorded as expenses according to the direct method.

##### **Investment Properties**

Rather than sell goods and services for use in the production and administrative purposes at normal course of business, lands and buildings which are held in hand to obtain lease or capital gains or to obtain both, can be classified as Investment Properties and they can be recorded as values which comes after deduction of accumulated depreciation from cost according to its cost method except lands. The cost of construction, which construct by the company, of property for investment purposes determine on cost at the date of completion of rehabilitation and construction works. Asset at this date becomes a property for investment purposes and cause of that it transfer to properties account section.

##### **Borrowing Costs**

Group reflects borrowing costs as financing cost during credit period in its comprehensive income statement. Financing cost which is sourced from credits is recorded to comprehensive income statement when they occur.

Energy producing plants can be evaluated as a specialty asset depending on conditions. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset can be capitalized as a part of specialty asset's cost by firms. Firms can book the other borrowing costs as an expense in their occurred period

Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset is added to cost of the asset. This kind of borrowing costs is capitalized as a part of specialty asset's cost for a dependable measure and for a possible situation that it can make an economic contribution to company. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset are borrowing costs that will not appear in case that there will be no expense done related to specialty asset.

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

If a company is get into debt in order to acquire a specialty asset, the borrowing cost amount that will be capitalized will be determined by deducting income that is gained via temporary exploiting aforesaid funds from borrowing cost of the aforesaid borrowing in the related period.

In the case of a company uses a part of the funds that it is get in to debt for general purposes in order to finance a qualifying asset; the borrowing cost amount that can be capitalized; is determined via using capitalizing rate that will be applied to expenses that related asset. This capitalizing rate is the weighted average of the all existing borrowing of the related period to borrowing costs, except the borrowings that is done for acquiring the qualifying asset. The borrowing cost amount that is capitalized for a period, cannot exceed consisted the borrowing cost in related period.

When the all necessary proceedings virtually is completed for asset's intended usage and getting ready for sale, the capitalizing of borrowing costs will end. In the situation of a qualifying asset is completed in parts and every part can be used while other parts Continue to constructing; When the all necessary proceedings virtually is completed for certain part's intended usage and getting ready for sale, the capitalizing of borrowing costs of the related part will end.

In accordance with IAS 23 "borrowing costs", the group has added the principal exchange rate differences of the loans used to finance the construction of the qualifying asset to the capitalisation rate of the assets that are considered to be qualifying assets by taking into consideration the base interest rates prevailing on the date of the borrowings being used as TL. In the calculation made, the base interest rate was based on the representative interest rate at the date of the renewal of the contracts signed in the current period for all investment credits used if the same loans are used in TL under the same conditions.

#### Provisions, Contingent Liabilities and Assets

##### **Provisions**

Provisions which are present in group as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfil this liability, there is a reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, group allocates provision. Group does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfil liability.

##### **Contingent Liabilities and Assets**

Assets and liabilities which are related to the cases whether it will or will not realize one or more than one cases, which are not entirely in group's control to realize in future, and which are sourced from past, can be accepted as contingent liabilities and assets.

Group does not reflect assets and liabilities related to condition to its records. Contingent liabilities are explained in explanatory notes of financial statements during the possibility of exit for an economic profit is not far and contingent assets are explained in explanatory notes of financial statements if the possibility of enter for economic profit is high.

#### Employee Benefits:

##### **a) Defined Benefit Plan**

Provisions for severance benefit reflect upon to actuarial work according to TAS 19 "employee benefit".

Liability of severance benefit means value of estimated total provisions for possible liabilities which will occur in future cause of ending the agreement between group and its personnel for defined reasons according to Turkish Labour Law or retirement of personnel according to related law as of statement of financial position date.

Group calculates severance benefit by predicting discounted net value of deserved benefits or based on the information from group's experience about fire a personnel or quit of the personnel and reflects to its financial statements.

##### **b) Defined Contribution Proportions**

Group has to pay social insurance premium to Social Insurance Intuition. There will be no other liability if the group Continues to pay the premiums. These premiums reflect to personnel expenses in its accrual periods.

#### Revenue

Revenue is recognized on accrual basis at the fair value of the amount received or to be received. Net sales are calculated after the sales returns and sales discounts.

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### Sales Income

Revenue from sale of goods is recognized when all the following conditions are satisfied:

1. The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
2. The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
3. The amount of revenue can be measured reliably,
4. It is probable that the economic benefits associated with the transaction will flow to the entity; and
5. The costs incurred or to be incurred in respect of transactions can be measured reliably.

Income is fair value that is the amount which is taken or will be taken when electricity delivery is realized. According to accrual basis, income is recorded in the period that the amounts to be invoiced. Net sales are shown in the amount on invoiced electricity delivery after deduction from sales commission and taxes. Obtained from transmission fee revenue is shown by net off related costs in the financial statements.

TEİAŞ Electricity Sales Revenue; contains all sales transactions are made by market participant on the free market reconciled by PMUM (Market Financial Settlement Center) and sales arising from settlement center due to presence of the free market.

Free Consumer Electricity Sales; according to consumer limit is published by EMRA, sales made to all consumers within the definition of free consumer.

Bilateral Agreements Electricity Sales; Physical or service sales to both wholesale companies or private manufacturing companies. Primary Frequency Control (PFC) contains service sales related with power plants liability in relevant legislations to transfer this liability to someone else.

Energy Imbalance; According to legislation, all imbalance receivables and payables are reconciled within responsible party when group companies are merged to create balance group. The responsible party for the balance distributes this amount of compensation to group members. Group imbalance items contains the amount of positive imbalance receivables, negative imbalance payables and zero balance payable/receivable.

### Interest Revenue

Interest revenues are recorded as income on accrual basis.

### Rent Revenues

Rent revenues are recorded as income on periodical accrual basis.

### Effects of Change in Exchange Rate

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates occurred Turkish Republic Central Bank at the dates of the transactions. Monetary assets and liabilities based on foreign currency were valued with exchange rates at the end of the period. Exchange gains or losses arising from settlement and translation of monetary foreign currency items have been included in the financial income, net in the accompanying comprehensive income statements.

### Calculated Taxed on Corporation Revenue

Deferred taxes are calculated by taking into account statement of financial position liability. They are reflected considering the tax effects of temporary differences between legal tax base and reflected values of assets and liabilities in financial statements. Deferred tax liability is calculating for all taxable temporary differences however discounted temporary differences which occurs from deferred tax assets is calculated in condition to be highly possible to have benefit from these differences by obtaining taxable profit in future.

Receivable and liability for deferred tax occurs where there are differences (which are reducible in future and taxable temporary differences) between book value and tax value of asset and liability sections. Deferred tax asset and liability is recording without considering time where group can use timing differences.

Corporate tax rate in Turkey is 20%. This rate can be applied to tax base which if found out after adding expenses, which are not accepted to reduce from tax according to tax law, to its commercial income and deducting exceptions in law (exception like affiliate income), discounts (like investment discount). In case of not distributing dividends, it will not be necessary to pay another tax.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before the date of 22.07.2006).



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## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Financial loss which is showed in declaration form according to Turkish Tax Regulation in condition not to pass for 5 years can be deducted on corporate income for period. However, fiscal loss cannot be deducted from previous year's profits.

#### Earnings per Share

Earnings per share presented at the bottom of the consolidated Comprehensive Income Statement are calculated by dividing the net profit for the period to the number of shares. In case of increasing capital from sources in group in period, when calculating weighted average of number of shares, the value found after that is accepted also to use as valid at the beginning of period. TMS 33 also refers to this matter as follows;

Ordinary shares can be issued without any changing at sources or current ordinary shares can be reduced. For Example:

- (a) Activation or give ordinary shares (sometimes, ordinary share can be give as dividend too)
- (b) Include bonus issued in another issued transaction; for example, include new rights about bonus issued in issued transaction for current share-holders)
- (c) Share split and
- (d) Reverse share split (consolidation of shares)

Ordinary shares issued to current shareholders without any additional payment in the event of activation or bonus issue or share split. Because of this current ordinary shares increase without any increase in resource. Before mentioned transaction number of current ordinary shares adjust according to proportional change in case of mentioned transaction realised at the beginning of the earliest period presented.

#### Subsequent Events

Subsequent events cover all events between authorization dates for publishing statement of financial position and statement of financial position date even if they are related to an announcement related to profits or if they occur after publishing financial information to public.

In case of occurring events which are necessary to make adjustments after statement of financial position date, group adjusts the amounts in financial statements in an appropriate way to this situation. Subjects which are not necessary to make adjustment occurred after statement of financial position date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

#### Statement of Cash Flow

In cash flow statement group reports cash flows in period based on classification as operating, investing and financing activities. Cash flows sourced from operating activities shows cash flows sourced from Group's activities. Cash flow related to investing activities shows cash flows that group use at present time or they gain from investing activities such as intangible asset investing and financial investing. Cash flow related to financing activities shows the resources used by group and back payment of these resources for financing activities. Cash and cash equivalents are consist of cash and bank deposit, investment with certain amount at 3 months term or less than 3 months, short term with high liquidity.

#### **e. Important Accounting Estimates, Assumptions and Evaluation**

Preparing of financial statements make need of using estimates and assumptions which will effect income and expense amount which are reported at account period, explanation of contingent assets and liability and amount of assets and liabilities which are reported as of statement of financial position date. These estimates and assumptions give the most reliable information about group managements' present events and transactions. Although realized results can show differences from assumptions. The estimates and assumptions may cause significant adjustments on book value of assets and liabilities in financial reporting is stated below.

Borrowing cost of credits which are used for financing of natural gas station and hydro electric power is added to cost of natural gas station and by group in scope of TAS-23 "Borrowing Cost".

The Group has issued bonds on February 27, 2017 Valued at cost, measured at amortized cost, is measured at fair value on initial recognition.

#### Deferred Tax Assets

Group accounted deferred tax and liabilities in order to temporary timing differences arising from diversity between financial tables that determine tax and prepared financial tables in accordance with CMC reporting standards. Assets of deferred tax estimated the amount of recoverable partially or completely. During the assesment, future profit projections and other tax assets expiration dates and potential tax planning strategies were considered.



# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### Determination of Fair Value

Several accounting policies and disclosures of the group require determination of fair value of both financial and non-financial assets. Assumptions are used to determine fair value and relevant additional information is presented in the notes specific to asset or liability.

According to levels, the valuation methods are listed as follows;

Level 1: Recorded prices (unadjusted) in active market for identical assets and liability

Level 2: Directly (through prices) observable data and indirectly (derived from prices) observable data for assets or liabilities and except recorded prices in Level 1

Level 3: Data is not based on observable market data relevant with assets and liabilities (unobservable data)

### 3. BUSINESS COMBINATIONS

None. (None, December 31, 2017).

### 4. JOINT VENTURES

The company has purchased 200.000 entity shares of EMOC (Energy Market Operating Corporation) with the cost of TRY 200.000 in order to be founding partners as shareholders. The total capital of the company to become a partner organization TRY 61.572.570 shares, equivalent to TRY 61.572.570. The total shares acquired is equivalent to 0,0032% of the total capital. Partnership is only meant to have say in the energy market, is shown with historical cost amounting to TRY 200.000 in the financial statement. (31.12.2017: TRY 200.000)

### 5. SEGMENT REPORTING

The classification in Segment reporting is as follows;

Mining Companies	Energy Product Companies
Suda Maden A.Ş.	Odaş Elektrik Üretim Sanayi A.Ş.
YS Madencilik San. Ve Tic. Ltd. Şti.	Küçük Enerji Üretim ve Ticaret Ltd. Şti.
Anadolu Export Maden Sanayi ve Ticaret A.Ş.	Çan Kömür ve İnşaat A.Ş.
Yel Enerji Elektrik Üretim Sanayi A.Ş.	
Suda Stratejik Metal Dış Ticaret A.Ş.	
Energy Trade Companies	Other Companies
Voytron Enerji Elektrik Perakende Satış A.Ş.	Hidro Enerji Elektrik Üretim Sanayi A.Ş.
Odaş Doğalgaz Toptan Satış San. Ve Tic. A.Ş.	CR Proje Geliştirme Yatırım San. Ve Tic. A.Ş.

Segment reporting as of December 31, 2018 and December 31, 2017:

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 5.SEGMENT REPORTING (Continued)

01.01.2018 - 31.12.2018

PROFIT OR LOSS	Mine	Energy Production	Energy Trade	Other	Total	Elimination Effect	Consolidated Total
Revenue	118.149.540	561.836.843	319.355.769	-	999.342.152	(112.697.455)	886.644.695
Cost of Sales (-)	(76.681.149)	(536.899.451)	(328.665.791)	-	(942.246.391)	111.527.285	(830.719.105)
GROSS PROFIT/LOSS	41.468.391	24.937.392	(9.310.022)	-	57.095.761	(1.170.170)	55.925.590
General Administrative Expenses (-)	(4.077.601)	(10.400.290)	(3.523.503)	(15.171)	(18.016.565)	381.023	(17.635.540)
Marketing Expenses (-)	(14.094.894)	(148.249)	(1.676.897)	-	(15.920.040)	27.992	(15.892.048)
Research and Development Expenses (-)					-		-
Other Real Operating Income	24.160.151	25.140.632	3.392.559	92	52.693.434	(957.928)	51.735.507
Other Real Operating Expenses (-)	(33.086.974)	(18.104.557)	(9.646.300)	(91.182)	(60.929.013)	11.239.110	(49.689.902)
OPERATING PROFIT / LOSS	14.369.073	21.424.928	(20.764.163)	(106.261)	14.923.577	9.520.027	24.443.607
Revenues from Investment Activities	338.402	525	1.707		340.634	-	340.634
Expenses from Investment Activities (-)	(529.534)	(89.126)	(1.771)		(620.431)	-	(620.431)
Shares From Profit / Loss Of Investments Valued By Equity Method		15.303			15.303	-	15.303
PROFIT / LOSS BEFORE FINANCE EXPENSES	14.177.941	21.351.630	(20.764.227)	(106.261)	14.659.083	9.520.027	24.179.113
Financing Income	47.340.404	249.293.391	62.095.435	71.817	358.801.047	(165.992.525)	192.808.522
Financing Expenses (-)	(74.193.444)	(412.698.464)	(104.881.465)	(37.495)	(591.810.868)	155.130.151	(436.680.718)
PROFIT / LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(12.675.099)	(142.053.443)	(63.550.257)	(71.939)	(218.350.738)	(1.342.347)	(219.693.083)
Continuing Activity Tax Pay / Revenue	(957.584)	(38.045.620)	(4.192.362)	(7.588)	(43.203.154)	-	(43.203.153)
Term Tax Expense / Revenue	(740.278)	(947.553)	(54.762)	-	(1.742.593)	-	(1.742.593)
Deferred Tax Credit / Revenue	(217.306)	(37.098.067)	(4.137.600)	(7.588)	(41.460.561)	-	(41.460.561)
CONTINUING ACTIVITY PROFIT / LOSS	(13.632.683)	(180.099.063)	(67.742.619)	(79.527)	(261.553.892)	(1.342.347)	(262.896.236)
DISCONTINUING ACTIVITY PROFIT / LOSS	-	(206.884)		-	(206.884)	-	(206.884)
CURRENT YEAR PROFIT / LOSS	(13.632.683)	(180.305.947)	(67.742.619)	(79.527)	(261.760.776)	(1.342.347)	(263.103.120)

	Mine	Energy Production	Energy Trade	Other	Total	Elimination Effect	Consolidated Total
Current Assets	162,642,379	661,849,639	200,438,839	74,549	1,025,005,406	(660,410,788)	364,594,619
Fixed Assets	159,359,321	2,701,147,609	6,104,829	(1)	2,866,611,758	(155,143,222)	2,711,468,535
<b>Total Assests</b>	<b>322,001,700</b>	<b>3,362,997,248</b>	<b>206,543,668</b>	<b>74,548</b>	<b>3,891,617,165</b>	<b>(815,554,010)</b>	<b>3,076,063,154</b>
Short Term Liabilities	209,124,930	1,127,620,668	263,973,459	417,030	1,601,136,087	(641,739,866)	959,396,220
Long Term Liabilities	30,601,108	1,238,141,434	4,044,510	15,758	1,272,802,811	-	1,272,802,810
<b>Total Liabilities</b>	<b>239,726,038</b>	<b>2,365,762,102</b>	<b>268,017,969</b>	<b>432,788</b>	<b>2,873,938,897</b>	<b>(641,739,866)</b>	<b>2,232,199,029</b>
<b>Equity</b>	<b>82,275,661</b>	<b>997,235,146</b>	<b>(61,474,301)</b>	<b>(358,239)</b>	<b>1,017,678,266</b>	<b>(173,814,144)</b>	<b>843,864,125</b>

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

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## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 5.SEGMENT REPORTING (Continued)

01.01.2017 - 31.12.2017

PROFIT OR LOSS	Mine	Energy Production	Energy Trade	Other	Total	Elimination Effect	Consolidated Total
Revenue	66.059.718	206.231.485	442.712.615	-	715.003.818	(100.473.889)	614.529.929
Cost of Sales (-)	(40.497.181)	(176.629.417)	(435.910.244)	-	(653.036.842)	101.144.932	(551.891.910)
GROSS PROFIT/LOSS	25.562.537	29.602.068	6.802.371	-	61.966.976	671.043	62.638.018
General Administrative Expenses (-)	(1.244.397)	(6.608.390)	(3.063.103)	(11.031)	(10.926.921)	180.741	(10.746.180)
Marketing Expenses (-)	(4.594.626)	-	(2.167.143)	-	(6.761.769)	111.861	(6.649.908)
Research and Development Expenses (-)	-	-	-	-	-	-	-
Other Real Operating Income	6.486.012	8.645.289	1.411.328	6.782	16.549.411	(1.211.286)	15.338.125
Other Real Operating Expenses (-)	(4.454.030)	(12.389.418)	(7.428.646)	(207.497)	(24.479.591)	5.609.506	(18.870.085)
OPERATING PROFIT / LOSS	21.755.496	19.249.549	(4.445.193)	(211.746)	36.348.106	5.361.865	41.709.970
Revenues from Investment Activities	-	20.270	-	-	20.270	-	20.270
Expenses from Investment Activities (-)	-	(2.810)	-	-	(2.810)	-	(2.810)
Shares From Profit / Loss Of Investments Valued By Equity Method	-	17.033	-	-	17.033	-	17.033
PROFIT / LOSS BEFORE FINANCE EXPENSES	21.755.496	19.284.042	(4.445.193)	(211.746)	36.382.599	5.361.865	41.744.462
Financing Income	8.064.508	96.201.936	13.703.564	37.176	118.007.184	(46.499.909)	71.507.275
Financing Expenses (-)	(20.071.019)	(164.101.073)	(33.275.158)	(20.131)	(217.467.381)	40.890.403	(176.576.978)
PROFIT / LOSS BEFORE TAX FROM CONTINUING OPERATIONS	9.748.985	(48.615.095)	(24.016.787)	(194.701)	(63.077.598)	(247.641)	(63.325.239)
Continuing Activity Tax Pay / Revenue	36.586.886	141.960.590	8.830.252	(4.188)	187.373.540	-	187.373.541
Term Tax Expense / Revenue	(623.379)	-	-	-	(623.379)	-	(623.379)
Deferred Tax Credit / Revenue	37.210.265	141.960.590	8.830.252	(4.188)	187.996.919	-	187.996.919
CONTINUING ACTIVITY PROFIT / LOSS	46.335.871	93.345.495	(15.186.535)	(198.889)	124.295.942	(247.641)	124.048.302
DISCONTINUING ACTIVITY PROFIT / LOSS	-	-	-	-	-	-	-
CURRENT YEAR PROFIT / LOSS	46.335.871	93.345.495	(15.186.535)	(198.889)	124.295.942	(247.641)	124.048.302

	Mine	Energy Production	Energy Trade	Other	Total	Elimination Effect	Consolidated Total
Current Assets	156.743.935	368.195.527	238.984.650	58.430	763.982.543	(350.355.334)	413.627.208
Fixed Assets	128.511.876	1.382.323.592	9.819.005	(1)	1.520.654.472	(153.933.853)	1.366.720.620
Total Assests	285.255.810	1.750.519.119	248.803.655	58.430	2.284.637.015	(504.289.187)	1.780.347.828
Short Term Liabilities	168.664.127	590.184.465	231.675.185	328.973	990.852.750	(332.024.275)	658.828.474
Long Term Liabilities	36.008.942	793.038.879	10.509.866	8.170	839.565.856	-	839.565.855
Total Liabilities	204.673.069	1.383.223.343	242.185.051	337.143	1.830.418.606	(332.024.275)	1.498.394.331
Equity	80.582.740	367.295.776	6.618.604	(278.713)	454.218.407	(172.264.913)	281.953.497

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

## 6.RELATED PARTIES

### a) Other receivables from related parties:

Korkut Enes Özal	261.156	208.217
Mehmet Fatih Özal	261.156	208.217
Hafize Büşra Özal	261.156	208.217
Fatimetüz Zehra Özal	787.660	624.651
Tahsin Yazan	376.850	-
Arsin Enerji Elektrik Üretim Sanayi Ticaret A.Ş.	5.482.855	39.252
Süleyman Sarı	1.373.199	240.750
Mustafa Koncagül	3.490.000	3.490.000
<b>TOTAL</b>	<b>31.603.920</b>	<b>10.610.706</b>
Deduction: Unaccrued financial expenses	(4.040.520)	(229.863)
<b>TOTAL</b>	<b>27.563.400</b>	<b>10.380.843</b>

### b) Other payables to related parties:

	31.12.2018	31.12.2017
Hidro Kontrol Elektrik Üretim A.Ş	2.192	34
Öztay Enerji Elektrik Üretim San. A.Ş.	215.824	87.433
Rey Bilişim Hizmetleri ve Ticaret Ltd.Şti.	-	14.160
Ena Elektrik Üretim Sanayi A.Ş.	-	526.165
Abdulkadir Bahattin Özal	108.177	27.500
Burak Altay	45.506	30.000
Hafize Ayşegül Özal	20.000	20.000
Esin Ersan	20.000	20.000
Hidayet Büküm	3.673	3.673
HK Yatırım Elektrik Üretim San.Tic.Ltd.Şti	3.898	-
<b>TOTAL</b>	<b>419.270</b>	<b>728.964</b>
Deduction: Unaccrued financial income	(40.314)	(10.346)
<b>TOTAL</b>	<b>378.956</b>	<b>718.618</b>

ii) Significant sales to related parties and major purchases from related parties:

### a) Product sales to related parties

	January 01 - December 31 2018	January 01 - December 31 2017
Hidro Kontrol Elektrik Üretim A.Ş	4.344.494	1.356.262
Öztay Enerji Elektrik Üretim Sanayi A.Ş	1.203.788	450.888
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	3.023.404	535.860
Burak Altay	-	6.127
Korkut Özal Inheritance	-	506
<b>TOTAL</b>	<b>8.571.686</b>	<b>2.349.643</b>

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

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(Currency is TRY unless otherwise is indicated.)

## 6.RELATED PARTIES (Continued)

### b) Sales of services to related parties

	January 01 - December 31 2018	January 01 - December 31 2017
Öztay Enerji Elektrik Üretim Sanayi A.Ş	301.526	307.801
Akra Madencilik San. Ve Tic. A.Ş	1.612	1.792
HK Yatırım Elektrik Üretim San.Tic.Ltd.Şti	1.612	1.792
Tron Enerji Yatırım San. Ve Tic.A.Ş.	1.612	-
<b>TOTAL</b>	<b>306.362</b>	<b>311.386</b>

### c) Service purchases from related parties

	January 01 - December 31 2018	January 01 - December 31 2017
Hidro Kontrol Elektrik Üretim A.Ş	186.016	101.796
Öztay Enerji Elektrik Üretim Sanayi A.Ş	342.617	383.922
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	90.557	102.392
Rey Bilişim Hizmetleri Ve Ticaret Ltd Şti.	-	168.758
<b>TOTAL</b>	<b>619.189</b>	<b>756.868</b>

### d) Financing expenses from related parties

	January 01 - December 31 2018	January 01 - December 31 2017
Hidro Kontrol Elektrik Üretim A.Ş	-	22.895
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	61.336	-
Bb Enerji Yatırım San. Ve Tic.A.Ş.	-	44.476
Öztay Enerji Elektrik Üretim Sanayi A.Ş	25.428	5.180
<b>TOTAL</b>	<b>86.764</b>	<b>72.551</b>

### e) Financing income from related parties

	January 01 - December 31 2018	January 01 - December 31 2017
Bahattin Özal	232.347	115.307
Burak Altay	178.631	53.631
Hidro Kontrol Elektrik Üretim A.Ş	1.840.584	1.824.379
Mustafa Ali Özal	190.026	107.733
Hafize Ayşegül Özal	165.604	107.733
Müjgan Özal	237.443	134.667
Korkut Enes Özal	62.058	35.911

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 6.RELATED PARTIES (Continued)

Mehmet Fatih Özal	62.058	35.911
Hafize Büşra Özal	62.058	35.911
Fatimetüz Zehra Özal	212.068	107.733
Akra Petrol San.Tic.A.Ş.	1.783	-
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	206.872	8.057
Mustafa Koncagül	252.443	280.751
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	1.612.074	70.245
Eylül Elektromekanik Enerji San ve Ltd Şti	5.617	3.755
HK Yatırım Elektrik Üretim San.Tic.Ltd.Şti	-	607
Nousen Enerji A.Ş.	-	2
Dinçsan İnşaat Ltd.Şti.	1.753	-
Bb Enerji Yatırım San.Tic.A.Ş.	214.548	2
<b>TOTAL</b>	<b>5.537.966</b>	<b>2.922.336</b>

#### f) Fixed assets purchases from related parties

	January 01 - December 31 2018	January 01 - December 31 2017
Akra Petrol San.Tic.A.Ş.	-	1.813.449
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	379	-
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	379	-
<b>TOTAL</b>	<b>758</b>	<b>1.813.449</b>

Total amount of salary and alike benefits in 12-month fiscal period provided to top management in 2018 is as follows:

- a) **Short Term Benefits to Employees:** Total amount of salary and alike benefits in 12-month fiscal period provided to top management in 2018 is TRY 7.568.909 (31.12.2017: TRY 4.108.979 )
- b) **Post-separation benefits:** Severance payment is made to personnel in case of earning it according to applicable law. There is no extra payment other than Labor Law.
- c) **Other Long term Benefits:** None.
- d) **Benefits due to Dismissal:** None.
- e) **Share-based Payments:** None.

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(Currency is TRY unless otherwise is indicated.)

## 7. TRADE RECIVABLES AND PAYABLES

Trade receivables	December 31, 2018	December 31, 2017
Customer Current Accounts	86.684.764	88.421.279
- Receivables from related parties	-	-
-Other receivables	86.684.764	88.421.279
Notes Receivables	52.389	1.631.072
Doubtful Receivables	13.366.862	10.041.266
Provision of Doubtful Receivables(-)	(13.366.862)	(10.041.266)
	86.737.153	90.052.352
Deduction: Unaccrued financial expenses	(2.094.797)	(1.073.090)
<b>TOTAL</b>	<b>84.642.356</b>	<b>88.979.261</b>

Provision for doubtful receivables as of December 31, 2018 and as of December 31, 2017. The movement is as follows:

	December 31, 2018	December 31, 2017
Opening Balance	10.041.266	845.665
Additional provisions	6.330.821	9.195.601
Payments (-)	(3.005.225)	-
<b>TOTAL</b>	<b>13.366.862</b>	<b>10.041.266</b>

Trade Payables	December 31, 2018	December 31, 2017
Supplier Current Accounts	237.278.052	138.778.081
-Due to related parties	-	-
-Other supplier payables	237.278.052	138.778.081
Notes Payables	67.317.389	82.664.942
	304.595.441	221.443.023
Deduction: Unaccrued financial incomes	(19.047.711)	(8.361.891)
<b>TOTAL</b>	<b>285.547.729</b>	<b>213.081.131</b>

### Short Term Financial Investments

	December 31, 2018	December 31, 2017
Fair Value Differences of Profit / Loss Reflecting Financial Assets	-	22.805.174
<b>TOTAL</b>	<b>-</b>	<b>22.805.174</b>

The details of financial assets at fair value through profit or loss as of 31 December 2018 and 31 December 2017 are as follows, there is no financial asset as of December 31, 2018.

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

## 8.FINANCIAL INVESTMENTS

December 31, 2017	Cost	Nominal Price	Fair Value
Investment Fund	22.638.163	22.686.781	22.701.112
Treasury bond	100.059	104.921	103.926
YKB Liquid Fund	99	143	136
<b>TOTAL</b>	<b>22.738.321</b>	<b>22.791.845</b>	<b>22.805.174</b>

The details of financial assets at fair value through profit or loss as of 31 December 2018 and 31 December 2017 are as follows, there is no financial asset as of December 31, 2018.

	December 31, 2018	December 31, 2017
0-1 Monhts	-	22.805.174
	-	22.805.174

## 9.OTHER RECEIVABLES AND PAYABLES

Short-term Other Receivables	December 31, 2018	December 31, 2017
Other receivables from related parties	31.603.920	10.610.706
Other receivables	19.712.824	1.815.977
Deposits and guarantees given	1.109.267	174.264
Receivables from personnel	19.240	1.652
<b>TOTAL</b>	<b>52.445.251</b>	<b>12.602.599</b>
Deduction: Unaccrued finance expenses	(4.072.720)	(235.332)
-Other receivables from related parties	(4.040.520)	(229.863)
-Other receivables	(32.200)	(5.469)
<b>TOTAL</b>	<b>48.372.532</b>	<b>12.367.267</b>

Long-term Other Receivables	December 31, 2018	December 31, 2017
Deposits and guarantees given	243.643	421.754
<b>TOTAL</b>	<b>243.643</b>	<b>421.754</b>

Short-term Other Payables	December 31, 2018	December 31, 2017
Due to Related Parties	419.270	728.964
Other Payables	1.202.196	347.550
Taxes and Funds Payables	8.551.284	4.812.493
Deposits and Guarantees Taken	103.742	103.742
Received Advances	580.337	1.126.121
	10.856.829	7.118.870
Deduction: Unaccrued Financial Incomes	(137.704)	(25.834)
- Due to related parties	(40.314)	(10.346)
- Other payables	(97.390)	(15.488)
<b>TOTAL</b>	<b>10.719.123</b>	<b>7.093.036</b>



# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

## 9.OTHER RECEIVABLES AND PAYABLES (Continued)

Details of taxes and funds payables are as follows:	31.12.2018	31.12.2017
TRT Share	1.165.620	638.719
Municipality Consumption Tax	2.544.310	1.020.493
Energy Fund	2.591.838	562.629
Wage Earners Income Tax Deduction	704.239	570.027
Value Added Tax	151.369	1.386.249
Other Tax Liabilities	1.393.908	634.376
<b>TOTAL</b>	<b>8.551.284</b>	<b>4.812.493</b>

Long-term Other Payables	December 31, 2018	December 31, 2017
Deposits and guarantees received	15.500	205.500
<b>TOTAL</b>	<b>15.500</b>	<b>205.500</b>

## 10.INVENTORIES

	December 31, 2018	December 31, 2017
Raw materials and supplies (*)	387.789	-
Semi-manufactured (**)	31.558.386	9.532.470
Finished goods (***)	27.358.431	5.887.790
Other inventories (****)	26.853.678	7.667.380
<b>TOTAL</b>	<b>86.158.285</b>	<b>23.087.640</b>

(\*)The amount of TRY 387.789 consists of raw materials and supplies stocks used for manufacture by Çan Kömür.

(\*\*) The amount of TRY 7.642.257 consists of antimony removal costs coming from the purchase of the Suda Maden and evaluated with cost. The amount of TRY 514.434 consists of antimony inventories valued at cost price in the semi-finished product of Suda Maden. The amount of TRY 10.691.597 consists of coal inventories valued at cost price in the semi-finished product of YS Maden. The amount of TRY 12.602.902 consists of raw materials and supplies stocks used for manufacturing by Çan Kömür.

(\*\*\*) The amount of TRY 9.841.002 is consists of YS Mineral Coal removal costs and is valued with cost. The amount of TRY 17.027.616 consists of raw materials and supplies stocks used for manufacture by Çan Kömür. The remaining TRY 489.813 consists of Suda Maden in antimony product and is valued with cost.

(\*\*\*\*) TRY 9.645.306 of the other stocks are consumable items will be used in the next period used in Sanliurfa power plant, TRY 16.002.642 of Çan coal are consumable items will be used in the next period used in Çanakkale Thermal Power Plant and TRY 887.459 consists of YS Maden's other stocks as mine site. The remaining amount of TRY 210.407 is related to other stocks of Suda Maden. The depreciation expenses amounting to TRY 816.558 at Suda Maden and TRY 445.959 at YS Maden which were transferred to the cost of antimony are also included in the goods.

## 11.BIOLOGICAL ASSETS

None. ( None, December 31, 2017).

## 12.PRE-PAID EXPENSES AND DEFERRED INCOME

Short-term Pre-paid Expenses	December 31, 2018	December 31, 2017
Advances associated with cost (*)	2.957.590	21.887.860
Expenses related to the upcoming months	9.207.303	7.588.832
<b>TOTAL</b>	<b>12.164.892</b>	<b>29.476.692</b>

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

## 12. PRE-PAID EXPENSES AND DEFERRED INCOME (Continued)

Long-term Pre-paid Expenses	December 31, 2018	December 31, 2017
Gelecek Aylara Ait Giderler	303.323	800.595
<b>TOTAL</b>	<b>303.323</b>	<b>800.595</b>

As of 31.12.2018, 105.000 TL amount of the Expenses for the Future Years related to rental fee of Çan Kömür and 165.000 TL part of the payment of Çan Kömür for the Royalty contract of Çan Kömür. Since the process of extracting coal has not yet taken place at the time of the period of royalty cost, it is accounted at "Idle Capacity Expense and Losses". When the coal extraction process starts, it will be related to the cost of raw materials.

Deferred Income	December 31, 2018	December 31, 2017
Advances Received	50.207.961	57.933.143
<b>TOTAL</b>	<b>50.207.961</b>	<b>57.933.143</b>

## 13. INVESTMENT PROPERTY

None. ( None, December 31, 2017).

## 14. TANGIBLE FIXED ASSETS

	01.01.2018	Yeniden Değerleme		Revaluation Increases	Transfer	31.12.2018
		Addition	Disposal			
<b>Cost</b>						
<b>Lands</b>	9.453.151	366.220	-	44.583.458	-	54.402.829
<b>Land improvements</b>	150.000	-	-	-	-	150.000
<b>Buildings</b>	569.832	70.000	-	503.493	-	1.143.325
<b>Plant, machinery and equipment</b>	238.036.030	14.618.271	(145.858)	989.251.587	1.303.017.478	2.544.777.508
<b>Vehicles</b>	5.048.994	1.593.695	(1.180.125)	-	-	5.462.563
<b>Furniture and fixtures</b>	6.356.198	1.434.012	(63.956)	-	-	7.726.254
<b>Construction in progress</b>	811.517.325	514.967.599	-	-	(1.303.017.478)	23.467.446
<b>Research expenses</b>	259.203	-	-	-	-	259.203
<b>Total</b>	<b>1.071.390.732</b>	<b>533.049.797</b>	<b>(1.389.939)</b>	<b>1.034.338.537</b>	<b>-</b>	<b>2.637.389.128</b>
<b>Accumulated Depreciation</b>						
<b>Lands</b>						-
<b>Land improvements</b>	(95.313)	(18.750)	-	-	-	(114.063)
<b>Buildings</b>	(144.416)	(37.184)	-	-	-	(181.600)
<b>Plant, machinery and equipment</b>	(29.746.050)	(39.133.090)	44.374	-	-	(68.834.766)
<b>Vehicles</b>	(979.804)	(948.812)	64.919	-	-	(1.863.697)
<b>Furniture and fixtures</b>	(2.483.621)	(964.081)	57.485	-	11.144	(3.379.072)
<b>Total</b>	<b>(33.449.203)</b>	<b>(41.101.916)</b>	<b>166.778</b>	<b>-</b>	<b>11.144</b>	<b>(74.373.198)</b>
<b>Net Book Value</b>	<b>1.037.941.530</b>	<b>491.947.881</b>	<b>(1.223.161)</b>	<b>1.034.338.537</b>	<b>11.144</b>	<b>2.563.015.928</b>

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

AUDITED AS OF DECEMBER 31, 2018

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency is TRY unless otherwise is indicated.)

### 14. TANGIBLE FIXED ASSETS (Continued)

In accordance with the standard TAS 16 "Tangible Fixed Assets", group adopted "revaluation model" starting September 30, 2018 by basing on reasonable values detected in revaluation studies by CMB licensed independent valuation company, Lal Gayrimenkul Değerleme ve Müşavirlik A.Ş., for land, underground and aboveground layouts, buildings, machinery, plants and equipment.

"Precedent Comparison Method" and "Cost Approach" have been used in determining the fair value of the real estate belonging to the Suda Maden, Çan Kömür and Küçük Enerji from subsidiaries. "Analysis of Income Capitalization" and "Cost Method" are used in determining the fair values of the facilities belonging to the Odaş Elektrik, Suda Maden, Çan Kömür, Küçük Enerji and Ys Maden.

Valuation Lal Gayrimenkul Değerleme ve Müşavirlik A.Ş., is the real estate appraisal company authorized by CMB. However, since the valuation of machinery and equipment has not yet been licensed by CMB, valuation has been done by the same company and valuation works have been performed according to International Valuation Standards (IVS).

	01.01.2017	Addition	Disposal	Transfer	31.12.2017
<b>Cost</b>					
<b>Lands</b>	7.833.933	1.619.218	-	-	(9.453.151)
<b>Land improvements</b>	150.000	-	-	-	(150.000)
<b>Buildings</b>	568.137	1.695	-	-	(569.832)
<b>Plant, machinery and equipment</b>	227.176.441	10.859.589	-	-	(238.036.030)
<b>Lands</b>	1.509.622	3.796.425	(257.053)	-	(5.048.994)
<b>Furniture and fixtures</b>	3.887.796	2.481.538	(13.136)	-	(6.356.198)
<b>Construction in progress</b>	360.156.946	451.360.379	-	-	(811.517.325)
<b>Research expenses</b>	251.203	8.000	-	-	(259.203)
<b>Total</b>	601.534.078	470.126.844	(270.189)	-	(1.071.390.733)
<b>Accumulated Depreciation</b>					
<b>Land improvements</b>	(76.563)	(18.750)	-	-	(95.313)
<b>Buildings</b>	(120.354)	(24.062)	-	-	(144.416)
<b>Plant, machinery and equipment</b>	(23.123.064)	(6.622.986)	-	-	(29.746.050)
<b>Lands</b>	(514.108)	(622.806)	157.110	-	(979.804)
<b>Furniture and fixtures</b>	(1.751.649)	(736.017)	4.045	-	(2.483.621)
<b>Total</b>	(25.585.738)	(8.024.622)	161.155	-	(33.449.204)
<b>Net Book Value</b>	575.948.340	462.102.222	(109.034)	-	(1.037.941.530)

The total investment expenditure amounts as of 31.12.2018 and the investment project on the subsidiary related to the ongoing investments of the Group are given below.

Company /Subsidiary	Investment Details	Amount
<b>YS Madencilik</b>	Coal Mine Preliminary Exploration and License Costs	4.239.309
<b>Suda Maden</b>	Concentration Plant	19.228.137
<b>Total</b>		23.467.446

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

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## 14. TANGIBLE FIXED ASSETS (Continued)

Revaluation fund movements are as follows :

	Plant	Building	Land	Total
Net book value before valuation	1.286.619.800	417.319	8.913.218	1.295.950.337
Revaluation Value Increase (Gross)	989.656.596	503.493	44.668.459	1.034.828.546
Revaluation Impairment	(405.008)	-	-	(405.008)
Deferred Tax (*)	(217.723.356)	(55.384)	(4.913.530)	(222.692.270)
Revaluation Amount	2.275.871.387	920.811	53.581.676	2.330.373.875

(\*) Deferred Tax rates calculated as 11% for land and buildings and 22% for plants.

## 15. RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS FROM INTEREST ON RIGHTS

None. ( None, December 31, 2017).

## 16. SHARES OF MEMBERS ON BUSINESS COOPERATIVE AND SIMILAR FINANCIAL INSTRUMENTS

None. ( None, December 31, 2017).

## 17. INTANGIBLE FIXED ASSETS

	01.01.2018	Additions	Disposals	Transfer	31.12.2018
<b>Cost</b>					
Rights	8.112.028	1.507.959	-	-	9.619.988
Other intangible assets	6.497.274	56.050	-	-	6.553.324
Preparation and Development Expenses	26.503.074	12.232.258	-	-	38.735.332
-					
<b>Total</b>	<b>41.112.378</b>	<b>13.796.267</b>	<b>-</b>	<b>-</b>	<b>54.908.644</b>
<b>Accumulated Amortization</b>					
Rights	(2.690.574)	(887.596)	-	(28)	(3.578.198)
Other intangible assets	(455.276)	(92.415)	-	29	(547.662)
Preparation and Development Expenses	(1.970.946)	(2.555.964)	-	(11.145)	(4.538.054)
-					
<b>Total</b>	<b>(5.116.796)</b>	<b>(3.535.975)</b>	<b>-</b>	<b>(11.144)</b>	<b>(8.663.914)</b>
<b>Book Amount</b>	<b>35.995.581</b>	<b>10.260.292</b>	<b>-</b>	<b>(11.144)</b>	<b>46.244.728</b>

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(Currency is TRY unless otherwise is indicated.)

### 17.INTANGIBLE FIXED ASSETS (Continued)

	01.01.2017	Additions	Disposals	Transfer	31.12.2018
<b>Cost</b>					
<b>Rights</b>	7.642.021	490.807	(20.800)	-	8.112.028
<b>Other intangible assets</b>	6.452.375	44.901	-	-	6.497.276
<b>Preparation and Development Expenses</b>	9.128.024	17.375.050	-	-	26.503.074
<b>Total</b>	23.222.420	17.910.758	(20.800)	-	41.112.378
<b>Accumulated Amortization</b>					
<b>Rights</b>	(2.043.087)	(648.637)	1.150	-	(2.690.574)
<b>Other intangible assets</b>	(326.793)	(128.483)	-	-	(455.276)
<b>Preparation and Development Expenses</b>	(1.368.691)	(602.255)	-	-	(1.970.946)
<b>Total</b>	(3.738.571)	(1.379.375)	1.150	-	(5.116.796)
<b>Book Amount</b>	19.483.851	16.531.383	(19.650)		35.995.581

As the date of December 31, 2018 the details of intangible assests are as follows :

Company/Subsidiary	Intangible Assets/ Preparation and Development Expenses	Amount
Çan Kömür	Çan 2 Thermal Power Plant License Cost	45.710
Odaş Enerji	Electric Wholesale License	324.567
Odaş Doğalgaz	Natural Gas Wholesale Sales License and Modification Cost	64.450
Küçük Enerji	Production License and Modification Costs	22.000
Odaş Elektrik	Production License and Modification Costs	122.708
Yel Enerji	Mine License Cost	3.179.709
Suda Maden	Field License and Mine License Costs	4.553.286
Odaş Enerji	Computer Software	156.404
Odaş Enerji	Web site	4.600
Odaş Enerji	Portfolio Usage Costs	454.310
Odaş Elektrik	Computer Software	384.985
Odaş Elektrik	WEB Software	35.935
Odaş Elektrik	Çan Kömür Asset Purchase Value	5.920.251
Çan Kömür	Preparation and Development Expenses (*)	2.341.472
Çan Kömür	Computer Software	541.731
Yel Enerji	Preparation and Development Expenses (*)	1.477.553
Yel Enerji	Computer Software	4.001
Suda Maden	Computer Software	35.403
Suda Maden	Preparation and Development Expenses (*)	6.024.328
Anadolu Export	Field License and Mine License Costs	206.814

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(Currency is TRY unless otherwise is indicated.)

### 17. INTANGIBLE FIXED ASSETS (Continued)

Anadolu Export	Preparation and Development Expenses (*)	6.437.779
Ys Madencilik	Preparation and Development Expenses (*)	22.454.200
Ys Madencilik	Mine License Cost	113.290
Ys Madencilik	Computer Software	3.156
<b>Total</b>		<b>54.908.644</b>

(\*) The Group's capital expenditures for the preparation and development of existing mineral resources (drilling operations, valuation and topographical, geological studies) were capitalized as intangible fixed assets.

IR:4327 (17517) license of the coal mine has been realized on 15.07.2015 and the amortization has started when the intangible asset is ready for use (as of the date of transfer of the license), ie the position required for the management to operate as intended and when it comes to the situation.

Amounts incurred as development expenses in Çan Kömür are as follows: The amount that is paid as development expenses is related to the operation rights agreement of the mining coal area in Yayaköy Village in Canakkale province with permit number 17448 and Çan Kömür has been capitalized as expense development expenses such as pre-operated mine field measurement, testing and drilling, architectural engineering, land damages, work machine leasing service, and it has begun to amortized according to royalty agreement duration.

Preparation and Development Expenses which have been capitalized at Suda Maden consist of expenditures related to drilling, sampling and mining development studies on antimony sites regarding operating licenses numbered 34412 and 43169.

Preparatory and Development Expenses that have been capitalized at Anadolu Export are the amounts related to gold-silver mine drilling in Kütahya Karaağaç, analysis and geophysical values. Sounding studies are ongoing and will commence when the amortization process reaches the position and condition necessary for the intangible asset to operate as intended by the management.

Preparation and development work amounting to TRY 22.454.200 was carried out regarding YS Maden Corum Dodurga mine plant closed operation. Since the beginning of April 2018, the closed-pit operation has started and the depreciation process has started due to the commencement of the coal extraction process.

### 18. GOODWILL

None. (None, December 31, 2017)

### 19. EVALUATING AND RESEARCHING OF MINE RESOURCES

Expenditures made for the preparation and development of the Group's already existing mineral resources are capitalized as Intangible Assets.

As of December 31, 2018 the total development expenditure capitalized amount on the basis of the subsidiaries are as follows:

Subsidiaries	The Amount of Preparation and Development Expenditures
Yel Enerji	1.477.553
Çan Kömür	2.341.472
Anadolu Export	6.437.779
Suda Maden	6.024.328
Ys Madencilik	22.454.200
<b>Total</b>	<b>38.735.332</b>

Amounts related to amortization of capitalized amounts and net book value amounts as preparation and development expense are included in Note:17.

At Yel Enerji, the capitalized amount of TRY 1.394.775 as development expenditures is regarding the amount of drilling activities for coal mine license which is IR:17517 number and 1.205,11 hectares located in Bayramiç district in Çanakkale.

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### 19.EVALUATING AND RESEARCHING OF MINE RESOURCES (Continued)

Transferring of mine license has realized at July 15, 2015 and preparation and development expenditures have been activated in accordance with the TMS-38 Intangible Assets standard and the accounting policy applied by the Group. Amortization process will be began when intangible assets is ready to use (taken over the license) means required conditions available for management's aim. Therefore development expenses is capitalized and mortization begun to be calculated.

The amount of preperation and development expenses recorded to assets of Çan Kömür consist of land measure, test and drilling, engineering and architectural works, property damage fees, construction equipment rental fees in July 09, 2013. Development costs belong to coal mining area located in Çanakkale, Çan District, Yaylaköy Village with license number IR 17448. The operating rights of coal mining (existed before) obtained by operating agreement called 'royalty agreement'. Total expenditures for coal mining activities are amount of TRY 2.341.472 as of December 31, 2018.

Suda Maden has 2 exploration license and 2 operating license. Regarding 34412 and 43169 numbered operating license, the total expenditures such as drilling, mapping, shaft drilling is TRY 6.024.328 as of December 31, 2018. Calculated amortisation expenses are associated with production costs of animony mine.

Moreover, regarding the received exploration license 201200931 and 201200932 taken on June 22, 2012, exploration expenses such as preliminary study projections, sampling, section and map preparation is capitalized, the amount of TRY 251.203 is classified as research expenses since no mining license. (Note:14)

Preparation and Development Expenses of TRY 6.437.779 costing capital activated in Anadolu Export are the amounts related to gold-silver mine drilling in Kütahya Karaağaç, analysis and geophysical values. Drilling works are ongoing and will commence when the amortization process reaches the necessary position and condition for the intangible asset to operate as intended by the management.

Preparation and development works at YS Maden with amount of TRY 22.454.200 consist of Preparation and Development Expenses related to underground coal mine at Çorum Dodurga. As of April 2018, Company started to calculate amortization expense for these expenses due to the start of mining operation.

### 20.LEASING OPEATIONS

#### Operating Leases

##### Group as Lessee

Lease Agreements:

There are two leases subject to the Group's operating leases.

The first of the lease is related to office and stores buildings within 5 years at starting date of August 01, 2013.

Second is related to business office rental of one year at starting date of November 01, 2013.

All operating leases has carried a clause related to review of the circumstances based on market conditions in case of group uses renewal rights. There is no right to purchase the asset at the end of the lease term rented by the Group.

The payments are recognized as an expense	31.12.2018	31.12.2017
Minimum lease payments	1.356.861	1.732.700

Group has 20 rental agreements regarding investment processing.

The payments are recognized as active	31.12.2018	31.12.2017
Minimum lease payments	589.600	439.612

### 21.SERVICE CONCESSION ARRANGEMENTS

None. ( None, December 31, 2017).

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### 22. IMPAIRMENT OF ASSETS

None (None, December 31, 2017).

### 23. GOVERNMENT INCENTIVES

Çan Kömür ve İnşaat A.Ş. has Investment Incentive Certificate is 06.02.2015 dated and 117824 numbered, prepared by Ministry of Economy of the Republic of Turkey and General Directorate of Foreign Capital and Incentives Implementation. Mentioned certificate was revised by new numbered 18.09.2017 and C117824 dated. Aforesaid investment is power plant based on domestic coal (Çan 2 Thermic Plant) with 340 MW installed capacity and incentive certificate is arranged according to EPDK's ÖN/5117-5/03070 associate license number and dated 10.07.2014.

Investment Incentive Certificate is given for the full new investment carried out in Çanakkale (Çan 2nd region) and covers the period between 13.08.2014-12.02.2019. With the certificate, employer's share of insurance premiums support, interest support, tax discount rate support, VAT exception and exemption from customs duty incentives are benefited. Total amount of the investment is TRY 340.000.000 based on incentive certificate.

Suda Maden A.Ş. Republic of Turkey Ministry of Economy and Foreign Capital General Directorate of Incentives and Implementation, organized by date 06/10/2017, No. 132950 investment incentive certificates are available. Investments on the subject "Antimony ore Enrichment Facility" regulated with regard to licence numbered IR:34412.

The investment incentive certificate was issued for the modernization investment carried out in the 4th district of Kütahya Gediz and covers the periods of 08.09.2017-08.09.2020. The certificate utilizes Employer's Share Support, Interest Support, Tax Discount Rate Support and VAT exemption incentives. Total amount of investment is TRY 14.500.000.

YS Madencilik San. ve Tic.Ltd.Şti. Republic of Turkey Ministry of Economy and Foreign Capital General Directorate of Incentives and Implementation, organized by dated 07/24/2017, No. 131389 investment incentive certificates are available. The documentary investment "Pit Coal Mining" : was regulated with regard to licence numbered IR:80272.

The investment incentive certificate Çorum Dodurga is given for the new investment in Section 4 and covers the period of 16.06.2017-16.06.2020. VAT exemption, Customs Tax Exemption, Insurance Premium Employer Income Support, Interest Support and Tax Discount incentives are benefited from the document.

### 24. BORROWING COSTS

In relation to the investment loans amounting to EUR 155.000.000 of Çan Kömür ve İnşaat A.Ş which is one of the Company's subsidiaries, used for Çan II Thermal Power Plant Project between 2016 - 2018 between the dates 01.01.2018-24.09.2018, to the net financing expense amount of 31.317.991 TRY was added investment cost.

In addition, group has included in the exchange rate loss amount of loan used by Çan Kömür the total cost of Qualifying Asset (Çan-2 Thermal Power Plant) since the capitalization date. Total exchange loss amount is 176.739.891 TL for the current period which is included in the capitalization amount of Qualifying Asset related to investment loan principal amount of 155.000.000 Euro.

In the calculation made, if the same loans are used in TRY with the same conditions, In the current period, TRY base interest rate is based on the representative interest rate at the date of the contracts signed and renewed in the current period. In accordance with the periodical approach method, the capitalized amounts of TRY based interest calculated from 01.01.2018 to 31.12.2018 are as follows;

Total exchange loss amount of principal amount	367.569.853
Total EUR credit interest accrual included in qualifying assets cost	31.317.991
Interest accrual if credit used as TRY (Local Currency)	208.057.882
Exchange difference expense included in qualifying assets cost	176.739.891

### 25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other long-term provisions	December 31, 2018	December 31, 2017
Other payable and expense provisions	172.028	170.644
<b>TOTAL</b>	<b>172.028</b>	<b>170.644</b>



# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

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### 25.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(\*) At 11th paragraph of TFRS 6 stated: When a company assume the investigation and evaluation of mine resources, it reflects removal and restoration liabilities resulting in given period at financial statement according to TAS 37 - Provisions , Contingent Liabilities and Contingent Assets standard.

Within the scope of the Çan 2 thermal power plant, the area to be picked up in the open operation will be used as an ash storage area as stated in the EIA report. After completing the economic life of the site, it will be organized with the following location study and afforestation will be done. After open operation, closed operation will be started. There will be no pickling work on the ground during closed operating periods.

Within the scope of the Çan 2 thermal power plant, the area to be picked up in the open operation will be used as an ash storage area as stated in the EIA report. After completing the economic life of the site, it will be arranged with a subsequent location study and afforestation will be abandoned. The estimated cost for terraces and trees will be around TRY 300.000.

About 150.000 acres will be stripped. Because of the extension project, 100 tree is needed per acres. Due to regional soil structure, the cost of plantation is expected around 2.000 TRY per acres. The total cost for 150 acres is calculated as  $150 \times \text{TRY } 2.000 = \text{TRY } 300.000$ .

Mine Restoration Provision	December 31, 2018	December 31, 2017
Balance at beginning of period	170.644	166.492
Additional Provision / Payment (-)	1.384	4.152
Balance at the end of the period	172.028	170.644

This work will be done after completion of the open operating economic life and will be estimated at the end of 20 years.

Reduced amount of TRY 300.000 total cost to present value is TRY 172.028

Yel Enerji and Suda Mine, it is foreseen that no pickling work will be done on the evaluation made by the technical team. For this reason no provisions have been made.

#### Pledges

As the guarantee of the loan on the General Loan Agreements signed between Yapı Kredi Bank and Kucuk Enerji Uretim ve Tic Ltd Sti, Kucuk Enerji Uretim's partners' signed a Pledge Agreement in Yapı Kredi Bank's benefit. The total value of the pledged amount is 2.650.000 shares with a nominal value of TRY 1. Share pledge agreement stays valid until the obligations under guarantee by the pledge agreements are paid in full.

In accordance with the Commercial Enterprise Agreement signed between Küçük Enerji Üretim ve Ticaret Limited Şirketi and Yapı Kredi Bankası A.Ş., a Commercial Operation Pledge was established in the first place and in the first degree in favor of Yapı Kredi Bankası A.Ş. for the Köprübaşı Hydroelectric Power Plant.

In addition, within the scope of the credit agreement on the property of Çan Kömür ve İnşaat A.Ş., a pledge has been established in favor of Yapı Kredi Bankası A.Ş. and Türkiye Halkbankası A.Ş. as loan collateral.

Under the loan agreements signed between Suda Maden A.Ş. and Pasha Yatırım Bankası A.Ş., mortgages have been established in favor of Pasha Yatırım Bankası A.Ş. on the operating licenses of Cebirail and Oğurluca Mining Fields.

In accordance with the Commercial Enterprise Agreement signed between Odaş Elektrik Üretim Sanayi Ticaret A.Ş. and Alternatifbank A.Ş. In the favor of the Urfa Natural Gas Power Plant, first and foremost, the Commercial Operating Permit was established.

The subject of the Commercial Business Directory is the commercial enterprise and its elements that have been pledged on the machine breakdown, snow loss, fire and so on. risks are taken under protection with insurance policies.

- Shares Pledge Agreement Signed With The Consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch.:

In accordance with General Loan Contracts signed between the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch and Çan Kömür ve İnşaat A.Ş., as an assurance of borrowings given, pledge of share agreements are made over all shares of Çan Kömür ve İnşaat A.Ş.'s shareholders on behalf of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch. The total value of the amount pledged 1.020.000 shares with a nominal value of TRY 100. Agreements are valid until liabilities are wholly paid in accordance with pledge of share agreements.

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### 25.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### Warranty

According to General Loan Contracts signed between the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch Consortium and Çan Kömür ve İnşaat A.Ş., as an assurance of borrowings given, Yapı Kredi Bankası A.Ş. as the guarantee of the loan given in accordance with the General Loan Agreement signed between Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch has become a voucher in favor.

The Credit Agreement signed between Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Küçük Enerji Üretim ve Ticaret Ltd. Şti and As a guarantee of the loan given in accordance with the Tadili Contract dated in 26.01.2016, Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch Voytron Enerji Elektrik Perakende Satış A.Ş. has been a guarantor of legal personality.

The loan contract signed between Pasha Yatırım Bankası A.Ş. and Suda Maden A.Ş. given according to dated amendment Odash Elektrik Üretim Sanayi ve Ticaret A.Ş. has been a guarantor of Pasha Investment Bank as a legal entity.

Odış Elektrik Üretim Ticaret AŞ can also be a guarantor for all non-cash loans with the cash loans required for short-term operating capital needs of group companies which are in the status of subsidiary.

#### Conveyances

Transfer of claim between Alternatifbank A.Ş. and PMUM;

According to General Loan Agreement made between Alternatifbank A.Ş. and ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., as an assurance of given borrowings, conveyances are signed about transferring of income from energy sales to TEİAŞ by ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. on behalf of Alternatifbank A.Ş.

Transfer of claim between Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and EPIAŞ ;

Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası AŞ Kozyatağı Commercial Branch to Çan Kömür ve İnşaat AS will receive all the rights and revenues for the benefit of Yapı Kredi Bankası AŞ and Halk Bankası AS as a guarantee of the loan given in accordance with the General Loan Agreements signed between Yapı Kredi Bank and Halk Bank The contract is signed.

#### Guarantees

Given guarantees by the group are as follow:

	GUARANTEES, PLEDGES, HYPOTHECS	31.12.2018	31.12.2017
A)	Total amount of TRI was given for its own legal entity	5.812.596	11.118.627
B)	Partnerships includes scope of full consolidation	194.722.796	98.938.686
C)	Total amount of TRI was given in order to conduct ordinary business and to guarantee third parties debt	-	-
D)	Total Amount of TRI was Other Given	-	-
i)	Total amount of TRI was given on behalf of main partner	-	-
ii)	Total amount of TRI was given to companies except B and C article	-	-
iii)	Total amount of TRI was given to third parties except C article	-	-
	TOTAL	200.535.392	110.057.313

The ratio of guarantees, pledges and hypothecs to equity is 0,24. (31.12.2017 : 0,39)

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### 25.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Received guarantees by the group are as follow:

	31.12.2018	31.12.2017
Received Guarantee Letters	8.894.240	13.190.563
Received Guarantee Cheques	-	-
Received Guarantee Bills	8.617.269	-
	17.511.509	13.190.563

Given and received guarantees by the group are as follow:

	December 31, 2018	December 31, 2017
Received Guarantee Letters	8.894.240	13.190.563
Odaş	-	67.000
Voytron	2.646.000	6.084.670
Çan Kömür	6.248.240	7.038.893
Received Guarantee Notes	8.617.269	9.783.002
Odaş	-	-
Çan Kömür	8.267.269	6.979.721
Voytron	-	2.603.281
Ys Maden	350.000	200.000
	17.511.509	22.973.565

#### Unfavourable Cases

As of December 31, 2018, there are lawsuits against group's subsidiaries of Küçük Enerji Üretim ve Ticaret Ltd. Şti regarding damages caused by using of explosives in tunnelling operations. Scout has been doing regarding lawsuits, most of the cases in the expert stage and it not clear yet how the cases will be resulted.

There are various lawsuits against Voytron Enerji Elektrik Perakende Satış A.Ş. ,regarding trade activities (leakage losses, transmission costs, distribution costs, costs of meter reading from customers who previously carried out electricity sales). In accordance with the provisions of the amended legislation, some of these lawsuits resulted in favorable as of 31 December 2018 and others are expected to be favorable. In addition, the total amount of opened cases relating to leakage losses cost is specified by the customer will be reflected in the distribution companies.

The group management does not expect negative results in these cases and these cases are not capable of significantly affecting the group's operating results, financial position or liquidity. As of 30 September 2018, there is no accounting for lawsuits in the financial statements since the possibility of counter-claims against the group by the group is less than the probability that the group will result in adverse events, there is no accounting for lawsuits in the financial statements.

In 2018, TRY 845.602 has been recorded as provision expense due to the reemployment lawsuit filed by the personnel in the Group's subsidiaries.

### 26.COMMITMENTS

None. (31 December 2017: None.)

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### 27.EMPLOYEES BENEFIT OBLIGATIONS

#### Provision for Severance Payment and Provision for Vacation

The Company and its subsidiaries has to make a certain severance payment to its personnel who fires from company for several reasons like retirement after working at least one year at company except reassignment and bad behavior. Compensation which company has to pay is at amount of one month salary for each servicing year and this amount is limited to TRY 5.434,42 as of December 31, 2018. (December 31, 2017: TRY 4.732,48)

As of December 31,2018 and December 31,2017, calculated provision for severance payment and provision for vacation as follows.

	December 31, 2018	December 31, 2017
<b>Provision for severance payment</b>	281.307	161.778
<b>Provision for vacation</b>	1.155.589	633.063
<b>TOTAL</b>	1.436.896	794.841

It needs a calculation which can be doing with some assumptions for calculation of company's liabilities in accordance with TAS 19 (Benefits Provided to Personnel). Company is calculated severance payment based on completion of personnel service time in past years at company and experience about having rights to have severance pay, by using projection method in accordance with TAS 19 and Company is reflected this amount to its financial statements.

Provisions for severance payment allocates after calculating present value of potential liability which Company will pay to its personnel in case of retirement. As related to this, assumptions, which are used to calculate the liability amount between of December 31, 2018 and December 31, 2017 are depicted below:

	December 31, 2018	December 31, 2017
<b>Discount rate</b>	%17,20	%10,57
<b>Estimated increase rate</b>	%11,64	%6,20

Employees benefit obligations movements as of December 31, 2018 - December 31, 2017 are as follows

<b>Provision for severance payments</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Opening balance	161.778	118.620
Additional provisions/payment (-)	119.529	43.158
Period-end balance	281.307	161.778

Actuarial gain/(loss) movements as of December 31, 2018 - December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Transfer	161.778	118.620
Payment	1.056.705	187.755
Interest cost	27.825	13.149
Current service cost	(967.492)	(169.807)
Actuarial gain/(loss)	2.491	12.061
Balance	281.307	161.778

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## 27.EMPLOYEES BENEFIT OBLIGATIONS (Continued)

Provision for vacation as of December 31, 2018 - December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Opening balance	633.063	414.866
Additional provisions	522.526	218.197
Period-end balance	1.155.589	633.063

### Short time payables within employee benefit

	December 31, 2018	December 31, 2017
Due to personnel	3.361.043	1.002.629
Social security premium payables	1.718.278	882.565
Other payables	47.308	11.655
<b>TOTAL</b>	<b>5.126.629</b>	<b>1.896.849</b>

The balance of the payable account to the personnel consists of wage and similar debts to the personnel that has been accrued. Social Security Deductions that will be paid consist of social security of the worker and employer that will be accrued by the date of payroll in the twenty-third of the following month and will be paid by the end of the month .

## 28.EXPENSES ACCORDING TO THEIR QUALIFICATIONS

Cost of sales according to their nature between January 1, 2018 –December 31, 2018 and January 1, 2017 – December 31, 2017 periods are as follows:

	January 01 - December 31 2018	January 01 - December 31 2017
GOP purchase price of the system	December 31 2018	January 01 -
TEİAŞ Yek receivable amount	December 31 2017	66.331.222
Imbalance energy amount of TEİAŞ	131.723.095	19.683.266
Usage of natural gas	80.628.253	89.390.627
Distribution companies system usage cost	69.515.751	92.934.494
Coal Sales Cost	63.200.315	29.017.500
TEİAŞ other expenses	54.740.639	9.582.377
Cost of energy trade from bilateral agreements	42.468.756	43.465.884
Depreciation and amortisation	35.626.597	5.735.084
Cost of Coal Use	18.195.267	-
Cost expense of antimony (-)	15.722.855	11.248.671
TEİAŞ system usage fee	9.599.160	-
Personnel expense	6.345.181	3.713.638

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### 28.EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

Fuel Oil Usage Cost	5.546.092	-
TEİAŞ accepted load amount	3.175.222	29.587.938
Insurance expense	2.959.198	1.152.621
Cost of Reactive Capacitive Property (-)	2.584.889	4.022.462
TEİAŞ system usage fee	1.781.305	9.046.578
Other expenses	1.614.356	2.213.864
Maintenance expenses	1.591.996	669.399
Cost of Other Sales	1.433.341	15.000
Distribution Companies Other Expenses	865.572	732.258
The amount of debt of TEİAŞ GIB	844.794	1.717.746
Limestone Usage Cost	704.498	-
Imbalance of group companies	673.517	541.123
The amount of debt of TEİAŞ DGP	405.537	840.872
TEİAŞ market operating fee	401.917	277.310
TEİAŞ adjustments for previous period	114.257	60.787
Foreign electricity purchases	-	2.685
<b>TOTAL</b>	<b>830.719.105</b>	<b>551.891.911</b>

Cost of sales resulting from electricity production activities from natural gas power plant as follows:

	January 01 - December 31 2018	January 01 - December 31 2017
Usage of natural gas	79.356.120	89.390.627
TEİAŞ Yek receivable amount	62.123.959	-
TEİAŞ Other Expenses	44.362.425	9.091.075
Bilateral Agreements Energy Trade Goods Cost	37.591.098	-
Imbalance energy amount of TEİAŞ	13.457.193	19.683.266
TEİAŞ system usage fee	6.862.396	-
Depreciation and amortisation	5.758.189	4.485.078
TEİAŞ accepted load amount	3.175.222	29.587.938
Personnel expense	1.555.417	3.713.638
Maintenance expenses	1.470.371	669.399
Cost of Other Sales	1.360.242	15.000
Other expense	1.305.621	2.161.484
Insurance expense	1.050.676	1.114.590
The amount of debt of TEİAŞ GIB	703.842	1.679.586
TEİAŞ system operating fee	675.100	8.425.237
TEİAŞ market operating fee	140.206	256.177

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### 28.EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

Teiaş retroactive adjustment amount	114.244	-
The amount of debt of TEİAŞ DGP	60.795	840.872
Imbalance of group companies	15.154	514.123
<b>TOTAL</b>	<b>261.138.270</b>	<b>171.628.089</b>

Cost of sales resulting from Hydro Power Plant electricity production is as follows:

	January 01 - December 31 2018	January 01 - December 31 2017
Depreciation and amortisation	1.389.059	1.250.006
Imbalance of group companies	658.363	-
TEİAŞ system usage fee	499.871	621.341
Imbalance energy amount of TEİAŞ	422.415	-
TEİAŞ system usage fee	322.513	-
Other expenses	308.735	52.380
The amount of debt of TEİAŞ GIB	140.952	30.260
Bilateral Agreements Energy Trade Goods Cost	94.078	-
Insurance expense	80.196	38.031
TEİAŞ Other expenses	79.504	-
TEİAŞ market operating fee	30.682	21.133
TEİAŞ adjustments for previous period	13	39
<b>TOTAL</b>	<b>4.026.380</b>	<b>2.013.193</b>

The details of cost of electricity sales from wholesale are as follow;

	January 01 - December 31 2018	January 01 - December 31 2017
<b>GOP purchase amount</b>	<b>140.101.185</b>	<b>129.908.503</b>
<b>Yek receivable amount</b>	<b>73.900.369</b>	<b>66.331.222</b>
<b>Distribution companies system usage cost</b>	<b>69.515.751</b>	<b>92.934.494</b>
<b>Cost of energy trade from bilateral agreements</b>	<b>2.918.633</b>	<b>31.590.171</b>
<b>Reactive capacitive goods cost (-)</b>	<b>2.584.889</b>	<b>4.022.462</b>
<b>TEİAŞ Other Expenses</b>	<b>1.257.914</b>	<b>491.303</b>
<b>Distribution Companies Other Expenses</b>	<b>865.572</b>	<b>732.258</b>
<b>Imbalance energy amount of TEİAŞ</b>	<b>10.532</b>	<b>-</b>
<b>Foreign electricity purchases</b>	<b>-</b>	<b>2.685</b>
<b>Teiaş retroactive adjustment amount</b>	<b>-</b>	<b>60.748</b>
<b>The amount of debt of TEİAŞ GIB</b>	<b>-</b>	<b>7.900</b>
<b>Group Companies Imbalance Amount</b>	<b>-</b>	<b>27.000</b>
<b>TOTAL</b>	<b>291.154.845</b>	<b>326.108.746</b>

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## 28.EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

The details of cost of natural gas sales are as follow;

	January 01 - December 31 2018	January 01 - December 31 2017
<b>Natural Gas Sales Cost</b>	1.272.134	11.875.713
<b>TOTAL</b>	1.272.134	11.875.713

Cost of sales resulting from sales of Antimony is as follows:

	January 01 - December 31 2018	January 01 - December 31 2017
<b>Cost expense of antimony (-)</b>	15.722.855	11.248.670
<b>TOTAL</b>	15.722.855	11.248.670

The cost of sales resulting from coal sales activity is as follows:

	January 01 - December 31 2018	January 01 - December 31 2017
<b>Coal Sales Cost (-)</b>	60.885.195	29.017.500
<b>Cost of other sales</b>	73.099	-
<b>TOTAL</b>	60.958.294	29.017.500

The cost of sales resulting from native coal sales activity is as follows:

	January 01 - December 31 2018	January 01 - December 31 2017
Imbalance energy amount of TEİAŞ	117.832.955	-
Depreciation and amortization	28.479.349	-
Cost of Coal Use	18.195.267	-
TEİAŞ other expenses	9.040.797	-
Fuel Oil cost of use	5.546.092	-
Personnel Expenses	4.789.765	-
TEİAŞ system usage fee	2.414.251	-
Coal Sales Cost	2.315.120	-
GOP purchase price of the system	2.131.230	-
Bilateral Agreements Energy Trade Goods Cost	1.864.947	-
Insurance Expenses	1.828.326	-
Limestone Usage Cost	704.498	-
TEİAŞ system usage fee	606.334	-
The amount of debt of TEİAŞ DGP	344.742	-
TEİAŞ market operating fee	231.030	-
Maintenance expenses	121.625	-
<b>TOTAL</b>	196.446.327	-



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### 28.EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

Bilateral Agreements Energy Cost of Trade Goods; Cost of Voytron Elektrik's electricity purchase from producing companies out of system.

Distribution Companies Cost of System Usage Goods; Voytron Elektrik use distribution companies' distribution piping systems on their direct sales to consumers and these distribution companies do meter readings. Voytron pays this price to distribution companies and charges it from consumers.

TeİAŞ Energy Imbalance Amount; Due to Odaş's being responsible party from balance in day-ahead market

GOP System Purchase Amount; Electricity rates taken from PMUM day-ahead market (TEİAŞ)

Energy Imbalance; Negative incidence of difference with Voytron's consumption estimates in day-ahead market.

TEİAŞ Retroactive Adjustment Item; Miscalculation on PMUM conciliation shown on this item on the following term.

TEİAŞ Accepted Load Cycling Amount; The amount acquired with multiplication of bid price and quantity given by System Operator's offer valid for conciliation term related with balancing units in the scope of balancing power market and system losses deducted from Embarkation Direction Amount.

Keyat Amount According to TEİAŞ EPYHY Article 25; The amount acquired with multiplication of Accepted and Implemented Embarkation bid price calculated by Electricity Market Balancing and Settlement Regulation, 2 tag value of balancing power market's balancing unit's offer valid for conciliation term.

TEİAŞ Zero Balance Adjustment Item; The amount is reflected to market participants in proportion of zero balance adjustment item. It is based on the basis of market operator's profit or loss from operations done for wholesale electricity market. In a billing period, will be accrued receivables to market participant and payables should be balanced with conciliation of compensating mechanism and conciliation of imbalance of related parts to balancing and without energy sales and purchases in the scope of day-ahead market, market operating fee, transmission fee and overdue receivables.

TEİAŞ System Usage Fee; The amount confirmed by EPDK and calculated by TEİAŞ based on thrust-transmit power reflected income ceilings reflected to system usage fee signed market participant, using TEİAŞ transmission system.

YEK Credit Balance; The amount reflected to participants by considering energy imbalance amount reconciliated from Renewable Energy Sources Backstopping Mechanism and payment liability rate(ÖYO) calculated in the scope of YEKDEM.

PFK Liability Transfer Service Fee; In case of productive facilities in the scope of electricity market ancillary services regulations obligated to participate primer frequency control service (PFK), want to transfer PFK liabilities to another company in related conciliation term, fee is assigned by companies.

TEİAŞ Electricity Quality Service Fee; It is declared in Transmission System System Usage and Calculation of System Operating Tariff's Procedure Declaration's 5th section approved in 3575 numbered assembly resolution Energy Market Regulatory Authority. Electricity Quality Service Fee on transmission system invoices are related to other related system users and producers within the scope of 4628 numbered Electricity Market Law and secondary legislation Electricity Market Network Regulations, Electricity Market Ancillary Services Regulations.

TEİAŞ Market Operating Fee; It is accrued to cover operating cost and amortisation of investment expenses without electricity energy sale and purchase. Market operating income ceiling is shared to market participants by considering organized wholesale electricity market facilities by market operators.

TEİAŞ Non-controllable Fee; It is related to get peripheral service from other system users and producers within the scope of 4628 numbered Electricity Market Law and secondary legislation Electricity Market Network Regulations, Electricity Market Ancillary Services Regulations. Cost of peripheral services concludes to prevent constraint of energy flow on transmission system. Non-controllable costs reflected to all users equally and take part as non-controllable fee item on transmission system usage and system operating invoices.

Interconnection Capacity Allocation Fee; Capacity and time limit of publicly interconnection are considered for electricity import and export. Interconnection lines within scope of the licences are presented to market participants by tendering procedure after line base determined and declared by system operator. Price capacity allocation after tender comprise price capacity allocation fee for that term.

### 29.OTHER ASSETS AND LIABILITIES

Other Current Assets	December 31, 2018	December 31, 2017
Income accruals(*)	54.207.502	55.938.269
Deferred VAT	63.241.820	51.471.131
Work advances	2.602.950	2.793.116
Advances given to personnel	688.347	1.010.522

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### 29.OTHER ASSETS AND LIABILITIES (Continued)

Advances given to suppliers	2.579.236	1.034.559
Other Various Current Assets	2.271.975	-
TOTAL	125.591.830	112.247.598

#### (\*) Information about Process of Income-Expense Accruals and Advances Given-Received

Wholesale company (Voytron); purchases from the system are announced on the Market Financial Reconciliation Center ("MFRC") between 15 and 20 days of the following month. Following the explanation, the invoice is issued on the same day. Teiaş's customers are added sales invoices and the counter account is recorded as 'Income Accrual'. At the same time, the invoices issued by Teiaş are added to the cost figure and the counter account is recorded as 'Expense Accruals'.

According to the estimated daily consumption amount, the payments in Teiaş are made on a daily basis and followed in the Order Advances account. The bill is deducted from this account.

Production company (Odaş); sales from the system are followed by the period of 15-20. day is explained in the PMUM system. Following the explanation, the invoice is issued on the same day. In the period end of the accounting period, the invoices related to Teiaş are added to the sales in accordance with the periodicity of the accounting, while the counter account will be "Income Accruals". At the same time, the invoice prepared by Teiaş was added to the cost account and the Expense Accruals will be used as counter accounts.

Production figures are entered on a daily basis as an estimate of the PMUM and the price is deposited to the bank accounts the next day. These amounts are followed in 340 Advances Received account and deduction is made when the invoice is issued.

The details of income accrual are as follows :

	December 31, 2018	December 31, 2017
Accrued electricity sales income	47.079.581	49.974.815
Accrued interest income of time deposit	-	2.628.434
Other accrued interest income	3.862.290	3.149.431
Sack sales income accruals	-	180.000
Other accrued income	3.265.631	5.590
TOTAL	54.207.502	55.938.269

Other Tangible Fixed Assets	December 31, 2018	December 31, 2017
Given advances (*)	62.226.180	98.454.657
TOTAL	62.226.180	98.454.657

(\*) Advance payments made in respect of order advances given as of 31.12.2018, TRY 43.430.640 to Çan-2 Thermal Power Plant Production Facility, TRY 179.681 to Köprübaşı Hydro Power Plant and TRY 164.687 to Yel Enerji Mining Area TRY 866.649 of the advance payment for the YS Maden's mining area, TRY 15.103.994 for the Suda's Mining area and TRY 2.486.566 of the advance payment for the gold area of Anadolu Export.

#### Other short term liabilities

	December 31, 2018	December 31, 2017
Accrued expenses	25.325.459	38.104.916
TOTAL	25.325.459	38.104.916

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### 29.OTHER ASSETS AND LIABILITIES (Continued)

Expense accrual details are as follows:

	31.12.2018	31.12.2017
Accrued electricity purchase cost	20.655.117	33.330.230
Accrued distribution company cost	-	3.666.767
Accrued interest	4.382.753	1.096.465
Other accrued expenses	287.590	11.454
Total	25.325.459	38.104.916

### 30.EQUITY, RESERVES AND OTHER EQUITIES

#### Paid-in Capital

Paid-in Capital structure of the Company between December 31, 2018 and December 31, 2017 given on the following table:

The nominal capital of the company is TL 135.750.000 and the registered capital ceiling is TL 600.000.000. Details of the group's capital structure are presented below.

Shareholder	31.12.2018		31.12.2017	
	Share Amount	Rate	Share Amount	Rate
A. Bahattin Özal	24.027.089	17,67%	24.027.089	17,67%
Burak Altay	20.818.724	15,30%	20.818.724	15,30%
BB Enerji Yatırım San.ve Tic.A.Ş.	21.389.100	15,80%	21.389.100	15,80%
Müjgan Özal Mirası (*)	5.347.275	3,95%	5.347.275	3,95%
Fatimetüz Zehra Özal	3.208.365	2,37%	3.208.365	2,37%
Hafize Ayşegül Özal	3.208.365	2,37%	3.208.365	2,37%
Mustafa Ali Özal	3.208.365	2,37%	3.208.365	2,37%
Mehmet Fatih Özal	1.069.455	0,79%	1.069.455	0,79%
Korkut Enes Özal	1.069.455	0,79%	1.069.455	0,79%
Hafize Büşra Özal	1.069.455	0,79%	1.069.455	0,79%
Public Share	51.334.352	37,80%	51.334.352	37,80%
Paid-in Capital	135.750.000	100%	135.750.000	100%

(\*) Due to the death of Mrs. Müjgan Özal on 22.05.2018, the share amounts of TRY 5.347.275 of shares amounting to 3.95% have been transferred to Abdulkadir Bahattin Özal, Mustafa Ali Özal, Fatimetruz Zehra Özal, hafize Ayşegül Özal, Mehmet Fatih Özal, Korkut Enes Özal and hafize Büşra Özal with the property of the company. The distribution list is as follows;

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### 30.EQUITY, RESERVES AND OTHER EQUITIES (Continued)

Shareholder	Share Amount	Rate
Fatimetüz Zehra Özal	1.069.455	0,79%
Hafize Ayşegül Özal	1.069.455	0,79%
Mustafa Ali Özal	1.069.455	0,79%
Abdulkadir Bahattin Özal	1.069.455	0,79%
Mehmet Fatih Özal	356.485	0,26%
Korkut Enes Özal	356.485	0,26%
Hafize Büşra Özal	356.485	0,26%
Total	5.347.275	3,95%

The company's issued capital is TRY 135.750.000 and in question issued capital is paid in cash and fully by means free collusion.

This capital is divided into 135.750.000 shares, each with a nominal value of 1 (one) TRY, of which 8.555.639.7 is registered (A) Group and 127.194.360.3 is a registered group (B).

In the framework of this agreement's 7,8, and 10 articles (The Board of Directors, nominate to the Board, president and vice president elected, representing the company and right to vote in the General Assembly), (A) group shares has the right of determination of board member and use of the right to vote in the General Assembly. (B) group shares has no special rights and privileges.

In capital increases, to represent the increased capital (A) Group shares ratio to (A) Group share and (B) Group shares ratio (B) Group share will be issued. In capital increases, when board of directors decided to issue only (B) group, right to receive shares is given to (A) group the ratio of its capital.

The Board of Directors is authorized to take decisions to increase the issued share capital , limiting the right to buy new shares to be issued ,preference shares to be issued and The issue of share issue premium by issuing new shares of (A) and / or ( B) group up to the registered capital in accordance with Capital Market Law and Capital Market Board's regulations between the years 2018-2022. The shares representing the capital are monitored in records within the framework of dematerialization principles.

Authority to restrict the right to buy new shares is not used in a manner to cause inequality among shareholders. New shares cannot be issued unless issued shares are fully sold.

When shares representing five per cent or more of the Company's capital with direct or indirect acquisition by a natural or legal person or as a result of the acquisition of shares that does not exceed five percent of the share capital of the entities belonging to a common or transfer of shares results of falling below ratio compared to above belonging to one common share EMRA approval will be received each time adn required disclosures will be stated in accordance with the Capital Market Legislation. This provision also valids if the voting rights is acquisitioned.

Board of Directors is authorized to take decisions for not given approval to transfer and refusing from registration in the share register while transferring (A) group share within the framework of TTK 493 showing reason for carrying out company's goal and protection of independency of company. To transfer (B) group share will be traded in stock market can not be restricted.

#### Share Premium

The amount of TRY 48.000.000 difference occurred as a result of selling of newly issued 12.000.000 shares offered to public higher price than nominal cost has been recognized as share Premium as of May 13 and 14 , 2013. The amount of TRY 2.865.131 expenses for new issue shares and its public offer, in accordance with, have been deducted from share Premium

Besides, The amount of TRY 44.241.422 difference occurred as a result of selling of newly issued 5.600.180 shares offered to public higher price than nominal cost has been recognized as share Premium as of April 27, 2015. The amount of TRY 1.182.229 expenses for new issue shares and its process of issuance and selling, in accordance with, have been deducted from share premium and shown at equity.

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### 30.EQUITY, RESERVES AND OTHER EQUITIES (Continued)

The Company has also used TRY 88.149.820 of the share premium in 2017 for bonus issue.

	December 31, 2018	December 31,2017
Share Premium	44.242	44.242
<b>TOTAL</b>	<b>44.242</b>	<b>44.242</b>

#### Actuarial gain / loss of funds

Actuarial gain / loss of movement of funds are as follows.

	December 31, 2018	December 31,2017
Beginning period balance	(52.258)	(42.850)
Current year actuarial gains / (losses)	(1.943)	(9.408)
<b>TOTAL</b>	<b>(54.201)</b>	<b>(52.258)</b>

#### Previous Years' Profit/Loss

Accumulated profit/loss except net profit for the period is shown like below.;

Previous Years' Profit/Loss	December 31, 2018	December 31,2017
Previous Years' Profit/Loss	23.859.962	33.408.057
Change in Accounting Policies	(319.488)	-
Change in minority interest (-)	-	(118.755)
Period profit/(loss)	99.745.059	(9.429.340)
<b>TOTAL</b>	<b>123.285.532</b>	<b>23.859.962</b>

#### Dividend Distribution

Publicly trading companies distribute its dividends according to the regulations that came into force by the CMB on February 1st, 2014, dividend notification code II-19.1

The partners distribute their profits according to the profit distribution policy and legislative provisions determined by the general assembly. A minimum distribution rate under the declared notification has not been determined. Companies pay dividends based on their contacts or based on dividend distribution policies. Dividend can be paid in fixed or varying installments, if agreed during the general meeting.

As for payments in installments; dividend notification No. II-19.1 of the provisions contained in Article 5 shall be complied with. In addition to that, partnerships whose shares are traded in the stock exchange can distribute cash dividends in advance, according to their earnings obtained on their interim financial statements.

According to the TCC, as long as the reserves to be set aside and the dividend rate stated in the real agreement or dividend distribution policy are not separated; another reserve cannot be set aside, any profit cannot be transferred to the following year, and the usufruct of their prospective owners, board members, partners and everyone else other than shareholders will not be given any dividends from the obtained profit, just as well as if the shareholders are not paid their determined dividend fully in cash.

#### Legal Reserves

According to Turkish Commercial Code, legal reserves divided into two; I. and II. Legal Reserves. According to Turkish Commercial Code, primary reserve is 5% of statutory profit until reached 20% of paid capital. Secondary reserve is 10% of distributed profit which exceeds 5% of paid capital. According to Turkish Commercial Code, until legal reserves doesn't exceed 50% of paid capital, can be used just to clarify losses. There is no possibility to use in another way.

As of December 31, 2018, the amout of restricted reserves is TRY 13.839.252. (31.12.2017: TRY 639.252). This all amount consist of legal reserves.

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### 30.EQUITY, RESERVES AND OTHER EQUITIES (Continued)

#### Minority Interest

Details of minority interest are shown below;

Minority Interest	December 31, 2018	December 31,2017
Capital	3.852.203	3.852.203
Retained earnings/(loss)	22.586.901	(1.790.054)
Period profit/(loss)	(11.563.263)	52.120.649
TOTAL	14.875.841	54.182.798

#### The Effect of Consolidations Involving Companies Subject to Joint Control

A business combination involving undertaking or businesses subject to Joint Control, is a business combination in which all merging entities or businesses are controlled by the same person or persons before and after the business combination and this control is not temporary.

Goodwill amounting to TRY 26.340.830 arising from the acquisition of entities subject to common control has been shown under the account of "Effect of Associations Including Enterprises or Enterprises Subject to Joint Control" as a balancing account, since the financial statements cannot be used for the recognition of entities under common control subject to jointly controlled entities.

Below are the amounts due to the merger of entities subject to joint control, which are included in the "Effect of Joint Ventures or Associations under Joint Control" account;

Corporate Name	Actual Cost	Acquired Equity Share Value	The Impact of Associations Including Enterprises or Enterprises Subject to Joint Control
Voytron	23.342.950	(729.287)	24.072.237
Hidro Enerji	150.490	51.398	99.092
Suda Stratejik Metal	70.000	20.616	49.384
Küçük Enerji	2.065.876	44.768	2.021.108
Yel Enerji	-	(96.256)	96.256
Anadolu Export	-	(2.753)	2.753
Total	25.629.316	(711.514)	26.340.830

#### Other Equity

Other Equity details are as follows;

	December 31, 2018	December 31,2017
Other Equity	21.868.966	21.868.966
TOTAL	21.868.966	21.868.966

The Suda Maden purchase is evaluated within the scope of IFRS 3 Business Combinations-standard. This process has been determined an acquisition rather than a business combination transaction. The total amount paid for the asset and the difference amount consists of the between assets and liabilities are calculated by taking the book values of the company's into account, the difference amount of TRY 21.868.966 is recognised at equities.

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## 31.REVENUE AND COST OF GOODS SOLD

Details of sales are given below:

Revenue:	January 01 - December 31 2018	January 01 - December 31 2017
Domestic sales	878.206.669	620.469.103
Free Consumer Electricity Sales	400.096.062	294.530.578
Electricity Sales income from TEİAŞ	279.059.545	198.981.361
Bilateral Agreements Electricity Sales	83.197.846	43.265.165
Sales to Group Companies	6.017.735	1.954.200
Solar Energy Sales	229.042	187.933
Distribution Companies Income from Natural Gas Sales	799.199	12.482.118
Income from Mining Sales	108.807.239	64.580.967
Other Incomes	9.072.086	4.486.781
Overseas Sales	9.105.809	15.525.465
Electricity Sales Abroad	-	3.107.905
Antimony Sales Income	9.105.809	12.417.560
Sales returns (-)	(9.739.867)	(21.464.641)
Total	886.644.695	614.529.929

The details of electricity sales from natural gas power plant are shown below:

	January 01 - December 31 2018	January 01 - December 31 2017
Domestic sales	301.685.579	191.019.825
Electricity Sales income from TEİAŞ	95.186.317	156.613.631
Free Consumer Electricity Sales	163.872.070	-
Bilateral Agreements Electricity Sales	35.398.462	32.857.138
Sales to Group Companies	3.491.571	212.892
Solar Energy Sales	229.042	187.933
Other Income	3.508.116	1.148.232
Sales returns	(1.810.935)	-
Total	299.874.643	191.019.826

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## 31.REVENUE AND COST OF GOODS SOLD (Continued)

The details of electricity sales from wholesale activity are shown below:

	January 01 - December 31 2018	January 01 - December 31 2017
<b>Domestic sales</b>	288.081.556	340.633.959
<b>Free Consumer Electricity Sales</b>	236.223.992	294.530.578
<b>Electricity Sales income from TEİAŞ</b>	50.356.471	33.954.045
<b>Bilateral Agreements Electricity Sales</b>	1.014.444	10.408.028
<b>Group Company Sales Revenues</b>	-	1.741.308
<b>Other Income</b>	486.650	-
<b>Export Electricity Sales</b>	-	3.107.905
<b>Sales returns (-)</b>	(7.123.006)	(6.757.642)
<b>Total</b>	280.958.550	336.984.222

The details of natural gas sales from wholesale activity are shown below:

	January 01 - December 31 2018	January 01 - December 31 2017
<b>Domestic sales</b>	799.198	12.482.118
<b>Income from Natural Gas Sales</b>	799.198	12.482.118
<b>Sales Returns</b>	-	(207.572)
<b>Total</b>	799.198	12.274.546

The details of electricity sales from Hydroelectric Power Plant activity are shown below:

	January 01 - December 31 2018	January 01 - December 31 2017
<b>Domestic sales</b>	10.624.108	8.413.685
<b>Teiaş/Epiaş Electricity Sales Income</b>	9.770.055	8.413.685
<b>Bilateral Agreements Electricity Sales</b>	854.053	-
<b>Total</b>	10.624.107	8.413.685



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### 31.REVENUE AND COST OF GOODS SOLD (Continued)

The details of sales from antimony sales activity are shown below:

	January 01 - December 31 2018	January 01 - December 31 2017
Domestic Sales	15.576.501	25.007.883
Antimony Sales Income	15.576.501	25.007.883
Overseas Sales	9.105.809	12.417.560
Overseas Antimony Sales Income	9.105.809	12.417.560
Other Income	1.997.569	2.966.011
Sales Returns	(330.750)	(14.406.496)
Total	26.349.129	25.984.959

The details of sales from coal sales activity are shown below:

	January 01 - December 31 2018	January 01 - December 31 2017
Export Sales	90.672.038	39.573.084
Coal Sales Revenues	90.672.038	39.573.084
Other Income	416.442	372.538
Repayment from Sales	(456.468)	(92.931)
Total	90.632.013	39.852.691

Yerli Kömüre Dayalı Elektrik Üretim faaliyetinden kaynaklanan satışların detayı aşağıdaki gibidir:

	January 01 - December 31 2018	January 01 - December 31 2017
Domestic Sales	177.425.763	-
Teiaş/Epiaş Electricity Sales Income	123.746.703	-
Coal Sales Revenues	2.558.700	-
Bilateral Agreements Electricity Sales	45.930.887	-
Group Company Sales Revenues	2.526.164	-
Other Income	2.663.309	-
Sales returns (-)	(18.708)	-
Total	177.407.055	-

Teiaş Electricity Sales; Market participant's sales made in market reconciled by PMUM (Market Financial Settlement Center) and sales arising from settlement center due to presence of the free market.

Free Consumer Electricity Sales; according to consumer limit is published by EMRA, sales made to all consumers within the definition of free consumer. (For example; While this limit is 4,500 kwh per year in 2014, it was taken 2,000 kwh per year in 2018)

Bilateral Agreements Electricity Sales; Physical or service sales to both wholesale companies or private manufacturing companies. Primary Frequency Control (PFC) contains service sales related with power plants liability in relevant legislations to transfer this liability to someone else.

Energy Imbalance; according to legislation, all imbalance receivables and payables are reconciled within responsible party when group companies are merged to create balance group. The responsible party for the balance distributes this amount of compensation to group members. Group imbalance items contains the amount of positive imbalance receivables, negative imbalance payables and zero balance payable/receivable.

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## 31.REVENUE AND COST OF GOODS SOLD (Continued)

List of the companies according to natural gas sales activity between January 1, - December 31, 2018 period are as follows:

Title	Oran
İstanbul İkitelli Organize Sanayi Bölgesi	53%
Enerji Piyasaları İşletme Anonim Şirketi	26%
Aksa Aksen Enerji Ticareti Aş.	8%
Türkiye Elektrik İletim A.Ş.-Yükve Tevzi Daire Baş	8%

According to the top ten companies, electricity sales made from wholesale activities during the period from 01 January to 31 December 2018 are as follows:

Title	Oran
Vodafone Telekomünikasyon A.Ş.	29%
Enerji Piyasaları İşletme A.Ş.	16%
İmbat Madencilik Enerji Turizm San. Ve Tic. A.Ş.	6%

Natural gas sales made from wholesale activities in the period of 01 January-31 December 2018 according to the companies are as follows:

Title	Oran
Cengiz Enerji San. Tic. A.Ş.	47%
Botaş-Boru Hatları İle Petrol Taşıma A.Ş.	36%
Enerco Enerji Sanayi Ve Ticaret A.Ş.	7%
Global Maden Doğalgaz Petrol Ve Kimya San. Ve Tic. A.Ş.	6%
Aygaz Doğal Gaz Toptan Satış A.Ş.	4%

Sales of hydroelectric power plant sales from 01 January to 31 December 2018 according to the companies are as follows:

Title	Oran
Enerji Piyasaları İşletme Anonim Şirketi	92%

The sales of the antimony sales activities in the period of 01 January-31 December 2018 according to the companies are as follows:

Title	Oran
Mutlu Akü Ve Malzemeleri Sanayi Aş.	23%
İnci Gs Yuasa Akü San. Ve Tic. Aş.	22%
Rjh Trading Limited	8%
Trakya Cam Sanayi Aş. Mersin Fabrikası/36	7%
Ced Polimer Plastik San.Ve Tic.A.Ş.	6%
Tisan Mühendislik Plastikleri San. Ve Tic. Ltd. Şti.	6%
Gizem Seramik Frit Ve Glazür San. Ve Tic A.Ş.	5%

The sales of the antimony export sales activities from January 01 to December 31, 2018 according to the companies are as follows:

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### 31.REVENUE AND COST OF GOODS SOLD (Continued)

Title	Oran
Rjh Trading Limited	83%
Mtalx Limited	10%
Atlantic Trading And Communications Corp	7%

The sales of the coal sales activities in the period of 01 January-31 December 2018 according to the companies are as follows:

Title	Oran
Kömür İşletmeleri A.Ş.	91%
Turbo Madencilik San. Tic. A.Ş.	3%

01 January-31 December 2018 period domestic coal-based electricity sales activities according to the ranking of sales companies are as follows:

Title	Oran
Enerji Piyasaları İşletme Anonim Şirketi	84%
Aksa Aksen Enerji Ticareti Aş.	10%
Türkiye Elektrik İletim A.Ş.-Yükve Tevzi Daire Baş	6%

The cost details of the sales are as follows:

	January 01 - December 31 2018	January 01 - December 31 2017
Cost of goods sold (production)	376.422.509	191.958.001
Cost of goods sold (trade)	452.861.774	359.918.910
Other costs	1.434.823	15.000
TOTAL	830.719.105	551.891.911

### 32.CONSTRUCTION CONTRACTS

(None, December 31, 2017.)

### 33.GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	January 01 - December 31 2018	January 01 - December 31 2017
Marketing, sales and distribution expenses	15.892.048	6.649.908
General Administrative Expenses	17.635.540	10.746.180
TOTAL	33.527.588	17.396.088

There are no research and development expenses for the periods 1 January – 31 December 2018 and 1 January – 31 December 2017.

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## 33.GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Continued)

### Pazarlama, Satış ve Dağıtım GiderleriMarketing, sales and distribution expenses

The details of marketing, sales and distribution expenses for the periods 1 January - 31 December 2018 and 1 January - 31 December 2017 are as follows:

	January 01 - December 31 2018	January 01 - December 31 2017
Costs of Transport	14.041.639	4.478.585
Personnel expense	926.956	1.326.409
Electricity sales commission expense	211.779	66.430
Shipping expense	151.062	138.072
Communication Expense	131.809	13.950
Car rent expense	110.090	187.121
Annual license costs	89.781	90.750
Notice Compensation Expense	72.359	41.969
Severance Pay Expense	53.806	44.162
Fuel expense	47.229	64.291
Travel expenses	21.285	23.762
Consulting Expense	1.320	-
Advertisement Expense	1.287	3.850
Tax expense	-	343
Other expenses	31.647	170.215
<b>TOTAL</b>	<b>15.892.048</b>	<b>6.649.908</b>

### General Administration Expenses

Details of general administration expenses according to their nature 1 January – 31 December 2018, and 1 January – 31 December 2017, periods are as below:

	January 01 - December 31 2018	January 01 - December 31 2017
Personnel expense	4.950.270	3.354.838
Amortization expense	4.728.774	1.933.543
Office rent expense	1.376.357	1.080.675
Declaration and Agreement Stamp Tax	1.235.436	105.941
Tax expenses	1.128.972	565.185
Consultancy expense	846.595	699.084
Travel expenses	433.952	415.506
Severance payment provisions	227.770	31.097

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## 33.GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Continued)

Provision for unused vacation	215.462	218.197
Notary expense	158.862	86.867
Dues contribution share	150.133	204.497
Representation and hospitality expenses	114.712	180.919
Insurance expense	109.262	89.243
Fuel expense	89.306	50.429
Shipping expense	59.439	179.039
Case Provision expense	524.602	128.000
Other expenses	1.285.637	1.423.119
<b>TOTAL</b>	<b>17.635.540</b>	<b>10.746.180</b>

## 34.OTHER OPERATIONAL INCOME AND EXPENSE

### Other Operational Income

	January 01 - December 31 2018	January 01 - December 31 2017
Exchange rate income	28.591.614	7.648.736
Rediscount interest income	16.306.846	5.139.117
Cancellation of provisions for doubtful receivables	2.237.800	-
Prior Year Revenues and Profits	1.637.731	57.374
Other Extraordinary Income	1.499.460	840.181
Other Income and Profits related to operations	1.462.057	1.652.716
<b>TOTAL</b>	<b>51.735.507</b>	<b>15.338.124</b>

### Other Operational Expense

	January 01 - December 31 2018	January 01 - December 31 2017
Exchange rate expense	30.820.772	4.514.346
Rediscount interest expense	6.800.232	651.641
Provision Expenses	6.330.821	9.195.601
Other Extraordinary Expenses and Losses	2.024.669	1.235.803
Idle Capacity Expenses and Losses	1.512.577	519.609
Previous Year Expenses and Losses	1.440.156	208.420
Other Ordinary Expenses and Losses	760.675	2.544.665
<b>TOTAL</b>	<b>49.689.902</b>	<b>18.870.084</b>

(\*) Depreciation charge for non-operating expenses and losses for the period 01.01.2018 - 31.12.2018 is TL 422.660.

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### 35.EXPENDITURES AND REVENUES FROM INVESTING ACTIVITIES

Revenues from investment activities for the periods 1 January - 31 December 2018 and 1 January - 31 December 2017 are as follows;

	January 01 - December 31 2018	January 01 - December 31 2017
Investing Activity Revenue (*)	340.633	20.270
Investment Activity Expenses (**)	(620.430)	(2.811)
Profit / Loss from Investments Under Equity Method	15.303	17.033
TOTAL	295.100	34.492

(\*)Income arising from selling fixed assets in relevant period

(\*\*)Expenses related to fixed asset sales performed in the related period.

### 36.EXPENSES CLASSIFIED BY PRINCIPLE TYPES

The breakdown of the Group's classified expenses basis is as follows

Amortization Expenses	January 01 - December 31 2018	January 01 - December 31 2017
Cost of sales	35.626.597	5.735.084
Cost of Sales of Coal and Antimony	2.597.343	-
General administration expenses	4.728.774	1.933.543
Idle Capacity Expenses and Losses	422.660	370.914
Transferred to Product Cost (*)	1.262.517	1.107.165
TOTAL	44.637.891	9.146.706

(\*)Depreciation expense amounting to TRY 445.959, which is transferred to the cost of Mineral Antimony on Suda Maden but not transferred to the cost of sales, and there is depreciation amounting to TRY 816.558 which is transferred to the cost of coal on YS Maden but is not transferred to the cost of sales.

Personnel expenses	January 01 - December 31 2018	January 01 - December 31 2017
Cost of sales	6.345.181	3.713.638
General operating expenses	4.950.270	3.354.838
Marketing, sales and distribution expenses	926.956	1.326.409
TOTAL	12.222.408	8.394.885

Insurance expenses	January 01 - December 31 2018	January 01 - December 31 2017
Cost of sales	2.959.198	1.152.621
General administration expenses	109.262	89.243
TOTAL	3.068.460	1.241.864

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## 36.EXPENSES CLASSIFIED BY PRINCIPLE TYPES (Continued)

Consultancy expenses	January 01 - December 31 2018	January 01 - December 31 2017
Marketing, sales and distribution expenses	1.320	-
General administration expenses	846.595	699.084
<b>TOTAL</b>	<b>847.915</b>	<b>699.084</b>

## 37.FINANCIAL EXPENSE AND INCOME

Financial Income	January 01 - December 31 2018	January 01 - December 31 2017
Interest income	82.978.441	29.687.113
Rediscount interest income	33.564.609	8.456.449
Marketable Securities Sales Revenue	1.300.044	3.167.497
Foreign exchange profits	74.965.428	30.196.216
<b>TOTAL</b>	<b>192.808.522</b>	<b>71.507.275</b>

Financial Expenses	January 01 - December 31 2018	January 01 - December 31 2017
Loss on sale of marketable securities	280.616	71.244
Foreign exchange losses	324.162.949	109.219.967
Interest and commission expense	75.104.524	61.573.311
Rediscount Interest Expense	37.132.628	5.712.455
<b>TOTAL</b>	<b>436.680.718</b>	<b>176.576.976</b>

## 38.ANALYSIS OF OTHER COMPREHENSIVE INCOME

The Group's other comprehensive income / (expense) breakdown as of 31 December 2018 and 31 December 2017 is as follows:

Not reclassified on gain/(loss)	January 01 - December 31 2018	January 01 - December 31 2017
Revaluation Increase / Decrease	1.034.828.546	-
Actuarial gains/(loss) (Note:27)	(2.491)	(12.061)
Deferred tax revenue/(expense) (Note:40)	(222.692.818)	2.653
<b>TOTAL</b>	<b>812.133.237</b>	<b>(9.408)</b>

## 39.FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The share transfer agreement was signed with FERRIT S.R.O (Czech Republic) on 29 June 2015 for the sale of all of the shares of Ena Elektrik Üretim Ltd. Şti. The transfer of the shares has not yet taken place and will be realized after the licensing procedures carried out by EMRA. As of 30.06.2015, Ena Elektrik is classified as an asset held for sale in the consolidated financial statements. As of 31.12.2018, the net asset value of Ena Elektrik is TRY 531.359.( 31.12.2017 : TRY 738.243)

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### 39.FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

The sale transaction is accounted for as a discontinued operation in accordance with TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and the net profit / loss after the operations of Ena Elektrik Üretim Ltd.Şti on 31.12.2017 about 01 January- 31 December 2017 profit or loss in the consolidated and income from discontinued operations in the other comprehensive income statement.

The comparative income statement of Ena Elektrik Üretim Ltd.Şti is as follows:

	January 01 - December 31 2018	January 01 - December 31 2017
<b>Incomes</b>	28.649	314.330
<b>Expenses (-)</b>	(276.578)	(204.755)
<b>Period income before tax</b>	(247.929)	109.575
<b>Tax (-)</b>	41.046	(35.865)
<b>Period Net Profit/Loss</b>	(206.884)	73.710

### 40.TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Tax income / expenses in the income statement for the period between 01 January - 31 December 2018 and 01 January - 31 December 2017 are summarized below:

	January 01 - December 31 2018	January 01 - December 31 2017
<b>Tax expense for the period</b>	(1.742.592)	(623.379)
<b>Deferred tax income/ expense</b>	(41.460.561)	187.996.920
<b>Deferred tax reflected in equity (*)</b>	(222.692.818)	2.653
<b>Deferred Tax Income /Liability</b>	(265.895.971)	187.376.194

(\*)TAS 19 Employee benefits changes made to the standard actuarial gains / losses is the amount of deferred tax on the amount.(Note:38)

#### Current Tax

Corporate tax rate is 20% in Turkey. This rate can be applied to the amount after addition of expenses which are not accepted to discount according to Turkish law to company's operating income and deduction of exceptions in tax law like subsidiary income and discounts like investment discount from company's operating income.

As of December 31, 2003, there was an act which predicted to change in Tax Procedure Law, Income Tax Law and Corporate Tax Law ("Act numbered as 5024"), it predicts that income and corporate taxpayer, who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment starting after January 1, 2004. These taxpayers also have to make inflation adjustment for their financial statements at December 31, 2003. It is an obligation that taxpayers, who have to make inflation adjustment according to the general declaration published by Ministry of Finance as of February 28, 2004, have to make adjustments in their statement of financial position after January 1, 2004 if there is the case which obligates adjustment.

Company will calculate tax amount for the period according to declaration numbered 338 if there are conditions (such as increase in price index in last 12 periods at 100% and 10% for current period) needs for adjustments in the direction of 5024 numbered Law and mentioned declarations.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before July 22nd, 2006). Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.



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### 40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Companies calculate pre-paid corporate tax at 20% on their profit for each 3 months and they declare that amount at fourteenth day of second month in following period and they pay it till evening of seventeenth day of same month. Pre-paid taxes which are paid in the year belong to same year and it will be deducted from corporate tax amount which is calculated according to corporate tax declaration for the following year. Pre-paid corporate tax remained after deduction can be deducted from any financial payables to government.

20% corporate tax rate stated in the first paragraph of Article 32 of the Corporate Tax Law no. 5520 shall be applied as 22% for corporate profits of taxation periods of 2018, 2019 and 2020 with provisional article added with Law No. 7061 "Amendments to Certain Tax Laws and Some Other Laws" accepted on 28 November 2017.

#### Current period tax expense:

As at 31 December 2018 and 31 December 2017, the details and calculation of current period tax liability are as follows:

	December 31, 2018	December 31, 2017
<b>Profit/loss before tax</b>	1.605.703	21.635.051
<b>Non-deductible expenses</b>	293.248	754.489
<b>To be offset prior year losses</b>	-	6.805.065
<b>Corporate tax base</b>	1.898.951	15.584.474
<b>Tax Expense</b>	83.554	623.379
<b>Prepaid taxes and other legal liabilities</b>	-	(615.012)
<b>Tax Expense For The Period (*)</b>	83.554	8.366

#### Deferred Tax

Company calculates deferred tax assets and liabilities with recorded values in statement of financial position items by considering difference effects which occurs as a result of evaluation for values in statement of financial position items and Tax Procedure Law.

These temporary differences are usually caused by the recognition of income and expenses in different reporting periods in accordance with the CMB communiqué and tax laws. Deferred tax assets and liabilities calculated according to the liability method are applied as 20% over temporary differences after 31 December 2008. However, according to the Law No. 7061, which was adopted on 28 November 2017, "some tax laws and some other laws have been amended", Law No. 5520, corporate tax law No. 32. 20% tax rate specified in the first paragraph of the article 2018, 2019 and 2020 tax periods for corporate earnings as 22% for the provision of temporary article is added.

Turkish tax legislation makes possible that the main partner of company can organize tax statement via financial statement of its consolidated subsidiaries and affiliates. Therefore, with company has deferred tax assets and company has deferred liabilities are not net off their tax position. It is stated separately.

The deferred assets and deferred tax liabilities in the consolidated financial statements are reflected as of December 31, 2018 - December 31, 2017 in the following manner:

	31.12.2018	31.12.2017
Deferred Tax Assets	39.234.733	192.906.503
Deferred Tax Liabilities	(123.934.700)	(13.444.405)
Total	(84.699.967)	179.462.097

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## 40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets / (liabilities) provided at 31 December 2018 and 31 December 2017 using the enacted tax rates is as follows:

Deferred Tax Assets / Liabilities	Accumulated Temporary Differences		Deferred Tax Assets / (Liabilities)	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Fixed Assets	(155.547.404)	(39.680.492)	(34.220.429)	(6.308.383)
Severance Indemnities and Provisions	1.432.576	847.955	315.167	186.550
Rediscount	(13.017.898)	(7.079.545)	(2.863.938)	(1.557.500)
Doubtful Receivables	1.596.418	550.300	351.212	121.066
Establishment and Formation Expenses	3.949	3.950	869	869
Provisions for Other Payables and Expenses	4.424.720	(1.724.109)	973.438	(379.304)
Tax Deduction from Cash Capital Increase	-	-	3.556.562	994.086
Reduced Corporate Tax from Investment	-	-	169.880.515	172.405.537
Accured Financial Losses	-	-	-	13.999.176
Revaluation	-	-	(222.693.365)	-
Total	-	-	(84.699.968)	179.462.097

As of 31 December 2018 and 31 December 2017, the deferred tax movements of Odaş and its Subsidiaries are as follows:

Odaş Deferred Tax Assets / Liabilities	31.12.2018	31.12.2017
Opening balance	(13.097.375)	(15.948.173)
Current year deferred tax gain/(expense)	(7.987.448)	2.850.396
Deferred tax reflected in shareholders' equity	(19.219.212)	403
Deferred Tax Assets / (Liabilities)	(40.304.035)	(13.097.375)

Subsidiaries Deferred Tax Assets / Liabilities	31.12.2018	31.12.2017
Balance from the previous period, the deferred tax	192.559.472	7.410.496
Subsidiary removed from consolidation transferred deferred tax	-	200
Current year deferred tax income / (expense)	(33.473.113)	185.146.523
Deferred tax in equity	(203.482.291)	2.252
Deferred Tax Assets / (Liabilities)	(44.395.932)	192.559.472

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### 40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Balances related to subsidiaries' deferred tax assets and liabilities as of December 31, 2018, and December 31, 2017 is as below:

Subsidiaries Deferred Tax Assets	31.12.2018	31.12.2017
Odaş Enerji Elektrik Perakende Satış A.Ş.	5.531.777	9.245.095
Çan Kömür ve İnşaat A.Ş.	-	145.882.937
YS Madencilik San. Tic. Ltd. Şti.	30.518.265	32.718.802
Suda Maden A.Ş.	3.184.692	5.059.668
Deferred Tax Assets	39.234.733	192.906.503

Subsidiaries Deferred Tax Liabilities	31.12.2018	31.12.2017
Ağrı Elektrik Üretim Sanayi Ticaret A.Ş.	(7.807)	(22.017)
Hidro Enerji Elektrik Üretim Sanayi A.Ş.	(15.312)	(8.017)
Anadolu Export Maden Sanayi ve Ticaret A.Ş.	(337.339)	(140.854)
Yel Enerji Elektrik Üretim Sanayi A.Ş.	(131.880)	(81.038)
Çan Kömür ve İnşaat A.Ş.	(80.197.278)	-
CR Proje Geliştirme Yatırım Sanayi ve Ticaret A.Ş.	(446)	(153)
Odaş Doğalgaz Toptan Sat. San. ve Tic. A.Ş.	(431.004)	(6.723)
Küçük Enerji İnşaat Ltd. Şti.	(2.509.601)	(88.230)
Deferred Tax Liabilities	(83.630.665)	(347.031)

The distribution of accumulated financial losses and amortization period by years as of December 31, 2018, and December 31, 2017, is like below;

Amortization Date	December 31, 2018		December 31, 2017	
	Recorded Part	Unrecorded Part	Recorded Part	Unrecorded Part
2018	-	-	352.151	41.488
2019	-	5.969.757	11.754.762	59.920
2020	-	6.971.227	6.778.141	178.653
2021	-	9.744.086	17.907.717	325.439
2022	-	16.385.043	26.839.847	317.346
2023	-	115.796.716	-	-

Subsidiaries have deductible tax losses that can be net off from taxable income for the next period (oncoming 5 years) as of balance sheet date, is shown above table. Deferred tax assets consisting of tax losses which was predicted to be unusable losses is not recorded.

Besides, the subsidiary of Çan Kömür has useable reduced corporate tax related investment incentive certificate which details are given "23. Government Incentives".

The investment of Çan Kömür is on stage II but because investment involves primary investment subjects according to fifth article of special conditions of investment incentive certificate, it will take advantage from 5. Zone support. Accordingly, the investment contribution rate is 40% and Reduced Corporate Tax is 80%. This means, company can benefit the amount of 64.822.544 TRY (40% of total investment which is 340.000.0000\*40%) reduced corporate tax related investment gain. If used as an advance, the investment will be available up to 80% of the total amount until the investment is over.

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### 40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

The investment in thermal power plant will commence in 2019 and the company anticipates that the tax base will be available in 2019 and profit from the discounted corporate tax will be used in profit / loss projections. The amount of investment contribution that can be used for this reason is reflected in the financial statements as a tax asset.

Investment in YS Mining IV. It is located in the district. The amount of contributions invested rate is 40% and the Discounted Institution Tax rate is 80%. This means that 40% of the total investment amount,  $227.050.000 * 40\% = 90.820.000$  TRY, can be utilized by the application of the discounted corporation tax on the income obtained from the investment. If used as an advance, the investment will be available up to 80% of the total amount until the investment is over.

Investment of Suda Maden is at fourth zone. It is located in the district. The amount of contributions invested rate is 40% and the Discounted Institution Tax rate is 80%. This means that 40% of the total investment amount  $14.500.000 * 40\% = 5.800.000$  TRY, can be utilized by the application of the discounted corporation tax on the income obtained from the investment. If used as an advance, the investment will be available up to 80% of the total amount until the investment is over.

In addition, Çan Kömür received a capital increase decision on July 24, 2015 and paid 19.315.160 TRY in cash portion of the capital increase. Article 8 of the "Law on the Amendment of Certain Laws and Decrees on the Decree Law" published in the Official Gazette dated April 7, 2015 and the Article added to the Article 10 entitled "Other Discounts" Tax deduction from the Institutional Tax has been introduced. Accordingly, the corporation has transferred the tax deduction amounting to 2.471.375 TRY for the years 2015, 2016 and 2017 but not for the profit, as the tax base does not exist and reflected it as tax assets to its records.

Voytron decided to increase cash capital on 29.02.2016 and paid TRY 24.000.000 cash capital. Accordingly, due to the fact that there is no profit calculated for 2016 and 2017, the Corporation transferred the tax deduction amount of TRY 3.505.975 to the next year and reflected the tax asset to the records.

### 41. EARNING PER SHARE

	January 01 - December 31 2018	January 01 - December 31 2017
Net profit /(loss)	(251.539.857)	99.745.059
Weighted average number of ordinary share	135.750.000	135.750.000
Profit/(loss) per share with nominal value of 1TRY	(1,852964)	(0,734770)

As bonus share certificate was given by giving bonus share capital increase performed on 21.04.2017, the number of shares were regarded as of the beginning of the transaction period and in the previous year these shares were calculated assuming that they were in circulation.

### 42. SHARE-BASED PAYMENT

None. (None, December 31, 2017.)

### 43. INSURANCE CONTRACTS

None. (None, December 31, 2017.)

### 44. THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATE

None. (None, December 31, 2017.)

### 45. FINANCIAL REPORTING IN HYPERINFLATION ECONOMIES

Prepared financial tables before the period of January 01, 2005, in order to show change of purchasing power of TRY, inflations adjustments were made using general wholesale price index under TAS 29. In this standard, financial tables prepared with currency on the high inflation periods, conditioning using adjustment coefficient, financial statements of Money expressed in terms of current purchasing power is predicted.

CMC took a decision on March 17, 2005, with this decision, companies who operate in Turkey and prepare financial table in accordance with accounting and reporting principles which are adopted by CMC ( CMC Financial Reporting Standard) proclaimed unnecessary application of inflation accounting as of 01.01.2005. Therefore, conditioning with started on 01.01.2005, Financial Reporting on the high inflation economies standard (TAS 29) that is published by IASC, were not applied.

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### 46.DERIVATIVE INSTRUMENTS

None. (None, December 31, 2017.)

### 47.FINANCIAL INSTRUMENTS

Short-Term Financial Liabilities	December 31, 2018	December 31, 2017
Bank loans	49.542.893	143.400.291
Financial leasing liabilities	6.659.540	4.122.568
Deferred financial leasing costs (-)	(448.674)	(442.878)
Installments of principal and interest of loans	354.706.373	121.153.489
Current Installments of Bonds	51.575.016	7.325.724
Other Financial Liabilities	119.505.014	65.023.839
Short-Term Financial Liabilities - Net	581.540.163	340.583.033
Long-Term Financial Liabilities	December 31, 2018	December 31, 2017
Bank loans	1.140.024.004	773.636.432
Financial leasing liabilities	7.476.127	8.328.177
Deferred financial leasing costs (-)	(256.445)	(446.460)
Current Installments of Long-term Bonds	-	43.432.316
Long-Term Financial Liabilities - Net	1.147.243.686	824.950.465

(\*)Financial leasing liabilities: Renters and that those who lease term debt not exceeding one year are followed.

(\*\*)Deferred financial leasing costs (-): Financial leasing liabilities at the date of lease rental payments on the leased asset represents the difference between the present value of lease borrow.

Cycle power plant used in the lease is made for motors and transformers.

As of December 31, 2018 redemption schedule of long-term loan liabilities are as follows:

Long-Term Loans Liabilities	December 31, 2018
2020	404.009.320
2021	224.637.726
2022	174.382.384
2023	153.847.796
2024	136.069.574
2025	47.077.203
Total	1.140.024.004

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## 47.FINANCIAL INSTRUMENTS (Continued)

Long-Term Loans Liabilities	December 31, 2018
1-2 Years	404.009.320
2-3 Years	224.637.726
3-4 Years	174.382.384
4-5 Years	153.847.796
5 Years and Longer	183.146.777
Total	1.140.024.004

As of December 31, 2017 redemption schedule of long-term loan liabilities are as follows:

Long-Term Loans Liabilities	December 31, 2018
2019	221.893.751
2020	192.450.639
2021	144.263.653
2022	114.798.930
2023	100.229.458
Total	773.636.432

Long-Term Loans Liabilities	December 31, 2018
1-2 Years	221.893.751
2-3 Years	192.450.639
3-4 Years	144.263.653
4-5 Years	114.798.930
5 Years and Longer	100.229.458
Total	773.636.432

As of December 31, 2018 redemption schedule of long-term financial leasing liabilities are as follows:

Payment Year	Financial Leasing Liabilities	Deferred Financial Leasing Costs
2020	5.838.110	232.355
2021	1.638.017	24.090
Total	7.476.127	256.445

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## 47. FINANCIAL INSTRUMENTS (Continued)

As of December 31, 2017 redemption schedule of long-term finance lease liabilities is as follows:

Payment Year	Financial Leasing Liabilities	Deferred Financial Leasing Costs
2019	4.230.457	316.033
2020	3.413.765	120.445
2021	683.955	9.983
Total	8.328.177	446.460

Other Financial Liabilities	December 31, 2018	December 31, 2017
Other financial liabilities (*)	171.080.031	72.349.563
Total	171.080.031	72.349.563

(\*) As of December 31, 2018 the amount of TRY 51.575.016 consists of factoring liabilities and the amount of TRY 12.412 consists of borrowings related to the expenditures made with credit cards owned by the company And amount of TRY 119.492.603 consists of bond debts.

Short Term Issued Bonds	December 31, 2018	December 31, 2017
Current Installments of Long-term Issued Bonds	51.575.016	7.325.724
TOTAL	51.575.016	7.325.724

Long-Term Issued Bonds	December 31, 2018	December 31, 2017
Current Installments of Long-term Issued Bonds	-	43.432.316
TOTAL	-	43.432.316

The debt instrument about capital outflow just planned to be sales for qualified investors in Turkish Lira, domestic, without offering to public, has been approved in the bulletin of Capital Markets Board dated November 11, 2016 and numbered 2016/30.

Within this scope, the first stage bond issue with a nominal value of 50,000,000 TRY, 728 728 day maturity, 3-month coupon payment and variable interest, to be sold to qualified investors without being offered to the public, was realized as of .February 27,

The maturity of the Group's loans and interest rates are as follows:

	Exchange Value				TL	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
TRY Loans	16-39%	13-16%	-	-	49.542.893	143.400.291
Short-term Loans			-	-	49.542.893	143.400.291
EURO Loans	5,5%-9,5%	5%-6%	26.640.321	20.720.936	160.587.857	93.565.387
USD Loans	6,5 - 8%	5,5 - 6,5%	2.090.179	2.131.683	10.996.221	8.040.496
TL Loans	16-39%	13-16%	-	-	183.122.296	19.547.607
Short-term payments and interests of loans					354.706.373	121.153.489

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### 47.FINANCIAL INSTRUMENTS (Continued)

<b>Total short-term loans</b>			-	-	404.249.267	264.553.780
<b>EURO Loans</b>	5,5%-9,5%	5%-6%	181.849.294	162.715.125	1.096.187.541	734.740.148
<b>USD Loans</b>	6,5 - 8%	5,5 - 6,5%	5.272.869	6.699.403	27.740.034	25.269.480
<b>TL Loans</b>	16-39%	13-16%	-	-	16.096.428	13.626.804
<b>Total long-term loans</b>					1.140.024.004	773.636.432

### 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### a) Capital Risk Management

While group tries to ensure the continuity of its activities , on the other hand, aims to increase its profitability by using the optimization of the debt and equity balance.

The capital structure of the group consist of; borrowings includes financial payables stated at note:47, cash and cash equivalents stated at note:53 and equity instruments contain prepaid capital, capital reserves, profit reserves and retained earnings at note:30.

The risks associated with each class of capital with the capital cost are evaluated by senior management. The management aims to balance structure of capital via obtain new payable or repayment of existing debt or dividend payments, issued new shares based on its evaluation.

Group used long-term USD and EURO loan for investments. Group is trying to minize short-term loan liability by equivalent debt structure to holding period of existing investment. Regarding used EURO and USD loan if it is used as TRY , the risks are recorded as stated note:37.

Group analyses equity according to leverage ratio which is consistent with other companies. Aforesaid ratio is calculated by dividing net debt to total equity. Net debt (the current and non-current loan as shown in the balance sheet) is obtained by subtracting cash and cash equivalents from total loans.

Group management aims to reach a higher level profit and equity in order to manage existing debts.

Group's current period capital risk management strategy does not differ compared to previous periods .

#### b) Financial Risk Factors

Group is exposed to market risk (exchange rate risk, fair value interest rate risk, cash flow interest rate risk and price risk) credit risk and liquidity risk due its operations. The Group's overall risk management program focus on the minize the impact of uncertainty in financial markets on group's potential financial performance.

##### b.1) Credit risk

The risk of financial loss to group due to default of agreement of one of the parties is defined as credit risk. The Group has operations only dealing with creditworthy counterparties and try to reduce the risk of credit by obtaining sufficient collateral where possible. Credit risk and customers credit ratings that group exposure to them are continuously monitored.



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## 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit evaluations are performed continuously over the balance of customers' trade receivables..

31.12.2018	Receivables				Bank Deposits	Deriva- tives	Other
	Trade Receivables		Trade Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
As at reporting date maximum amount of credit risk exposed (A+B+C+D+E) *	-	84.642.356	27.563.400	21.052.775	7.120.572	-	64.805.416
- Maximum amount of risk exposed							
- Part of the risk covered by guarantees	-	-	-	1.352.910	-	-	-
A. Net value of financial assets neither due nor impaired	-	84.642.356	27.563.400	19.699.865	7.120.572	-	64.805.416
B. Conditions renegotiated, otherwise to be classified as past due or impaired	-	-	-	-	-	-	-
C. Past due but not impaired	-	645.332	-	-	-	-	-
D. Net book value of Impaired assets	-	13.366.862	-	-	-	-	-
-Past due (gross book value)	-	(13.366.862)	-	-	-	-	-
-Impairment (-)	-		-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

\* In determining the amount, the increase in credit reliability such as guarantees received are not taken into account.

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## 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Aging of assets that is overdue but is not impairment as follows:

31.12.2018	Receivables				Bank Deposits	Deriva- tives	Other
	Trade Receivables		Trade Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Overdue 1-30 days	-	-	-	-	-	-	-
Overdue 1-3 months	-	645.332	-	-	-	-	-
Overdue 3-12 months	-	-	-	-	-	-	-
Overdue 1-5 years			-	-	-	-	-
Overdue above 5 years	-	-	-	-	-	-	-
Part covered by guarantess	-	-	-	-	-	-	-
Total	-	645.332	-	-	-	-	-

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

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### 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

31.12.2017	Receivables				Bank Deposits	Deriva- tives	Other
	Trade Receivables		Trade Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
As at reporting date maximum amount of credit risk exposed (A+B+C+D+E) *	-	88.421.279	10.380.843	2.411.995	123.894.152	22.805.174	155.039.970
- Maximum amount of risk exposed	-	-	-	596.018	-	-	-
- Part of the risk covered by guarantees	-	-	-	-	-	-	-
A. Net value of financial assets neither due nor impaired	-	59.485.340	10.380.843	1.798.126	123.894.152	22.805.174	155.039.970
B. Conditions renegotiated, otherwise to be classified as past due or impaired	-	-	-	-	-	-	-
C. Past due but not impaired	-	28.935.939	-	17.851	-	-	-
D. Net book value of Impaired assets	-	845.665	-	-	-	-	-
-Past due (gross book value)	-	(845.665)	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

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### 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Vadesi geçmiş ancak değer düşüklüğüne uğramamış varlıkların yaşlandırılması ile ilgili tablo aşağıdaki gibidir.

31.12.2017	Receivables				Bank Deposits	Deriva- tives	Other
	Trade Receivables		Trade Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Overdue 1-30 days	-	14.163.622	-	8.205	-	-	-
Overdue 1-3 months	-	7.427.878	-	-	-	-	-
Overdue 3-12 months	-	7.344.439	-	9.646	-	-	-
Overdue 1-5 years			-	-	-	-	-
Overdue above 5 years	-	-	-	-	-	-	-
Part covered by guarantess	-	-	-	-	-	-	-
Total	-	28.935.939	-	17.851	-	-	-

Risk control for customers are not secured by collateral, financial position for the customers, past experience and other factors, taking into account, individual limits are determined results from customer credit quality of the evaluation and the use of credit limit is regularly monitored.

The details of credit quality for receivables that is not due, is not subject to impairment and conditions have been met again.

	31.12.2018	31.12.2017
Group 1	7.092.752	36.762.355
Group 2	56.582.290	31.640.194
Group 3	6.834.103	9.222.414
Total	70.509.145	77.624.962

Group 1 – New customers (less than 3 months)

Group 2 – Existing customers have no default in the previous years (customer exist more than 3 months)

Group 3 - Existing customers have default in the previous years but collection is done although delayed.

#### b.2) Liquidity Risk

Main responsibility relevant with liquidity risk management belongs to Board of Directors. The board short of the Group management has built an appropriate liquidity risk management for medium and long term funding and liquidity requirements. The Group manages liquidity risk by following forecast and actual cash flows regularly and ensuring the continuation of adequate of funds and reserves by matching the maturity profiles of financial assets and liabilities.

In this context, taken care to compitable maturity of receivables and payables, net working capital management objectives are being put in order to protect short-term liquidity and kept at a certain level of balance sheet ratios.

Medium and long- term liquidity management is done according to the group's cash flow projections based on the dynamics of financial markets and industry, cash flow cycle is monitored and tested according to various scenarios.

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

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(Currency is TRY unless otherwise is indicated.)

### 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The following table shows the maturity of the Group's derivative financial liabilities. Non-derivative financial liabilities are required to be paid at the earliest date and is based on an undiscounted. Payable interest over aforesaid liabilities included in the table below. The amounts when receivables or payables are not constant is determined by using interest rate acquired reporting date yield curve.

Liquidity risk table regarding derivate and non-derivate financial liabilities is presented below.

31.12.2018

Terms according to agreement	Book Value	Total of cash outflows according to agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 Years (IV)
<b>Non-derivate financial Liabilities</b>	1.797.510.355	1.853.986.170	78.789.443	639.999.145	1.152.741.307	-
<b>Bank loans</b>	1.487.876.063	1.544.273.270	-	404.127.184	1.140.146.087	-
<b>Financial leasing liabilities</b>	13.351.940	13.430.548	15.487.136	6.431.076	9.056.060	-
<b>Trade payables</b>	285.547.729	285.547.729	63.289.441	222.258.288	-	-
<b>Other payables</b>	10.734.623	10.734.623	12.866	7.182.597	3.539.160	-
<b>Terms according to agreement</b>	<b>Book Value</b>	<b>Total of cash outflows according to agreement (=I+II+III+IV)</b>	<b>Less than 3 months (I)</b>	<b>Between 3-12 months (II)</b>	<b>Between 1-5 years (III)</b>	<b>More than 5 Years (IV)</b>
<b>Derivate financial Liabilities (Net)</b>	-	-	-	-	-	-
<b>Derivate cash inflows</b>	-	-	-	-	-	-
<b>Derivate cash outflows</b>	-	-	-	-	-	-

31.12.2017

Terms according to agreement	Book Value	Total of cash outflows according to agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 Years (IV)
<b>Non-derivate financial Liabilities</b>	1.223.178.072	1.239.635.288	82.497.098	334.172.005	822.966.185	-
<b>Bank loans</b>	1.072.491.034	1.088.948.252	23.215.521	248.663.983	817.068.748	-
<b>Financial leasing liabilities</b>	11.561.407	11.561.407	1.296.869	4.367.101	5.897.437	-
<b>Trade payables</b>	138.778.081	138.778.081	57.969.290	80.808.789	-	-
<b>Other payables</b>	347.550	347.550	15.418	332.132	-	-
<b>Terms according to agreement</b>	<b>Book Value</b>	<b>Total of cash outflows according to agreement (=I+II+III+IV)</b>	<b>Less than 3 months (I)</b>	<b>Between 3-12 months (II)</b>	<b>Between 1-5 years (III)</b>	<b>More than 5 Years (IV)</b>
<b>Derivate financial Liabilities (Net)</b>	-	-	-	-	-	-
<b>Derivate cash inflows</b>	-	-	-	-	-	-
<b>Derivate cash outflows</b>	-	-	-	-	-	-

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### 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### b.3) Market Risk

Market risk is the risk of fluctuations of fair value of financial liabilities due to changes occurring in market prices or future cash flows will adversely affect the business.

These, foreign currency risk, interest rate risk and financial instruments or commodity price changes risk.

In the current year, there is no change on market risk that group exposed or methods that management or measurement of exposed risk.

#### b.3.1) Foreign Currency Risk Management

Transactions denominated in foreign currencies causes exchange rate risk. These risks are monitored and classified by analysis of foreign currency position.

The distribution of monetary and non-monetary assets and liabilities in terms of foreign currency are as follows:

Currency Position - 31.12.2018	TRY (Functional Currency)	USD	EURO	GBP	OTHER
1. Trade Receivables	409.010	77.745		-	
2a. Monetary financial assets (including cash and cash equivalents)	1.021.977	78.940	99.939	540	189
2b. Non-monetary financial assets	10.349.989	302.959	1.439.066	12.245	-
3. Other	-	-	-	-	
4. Current Assets (1+2+3)	11.780.976	459.644	1.539.005	12.786	189
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)	11.780.976	459.644	1.539.005	12.786	189
10. Trade payables	(58.190.321)	(1.291.331)	(8.516.891)	(8.559)	
11. Financial Liabilities	(125.580.910)	(1.830.334)	(19.235.519)	-	
12a. Monetary financial liabilities	(526.090)	(100.000)	-	-	
12b. Non-monetary financial liabilities	-	-	-	-	
13. Short Term Liabilities (10+11+12)	(184.297.321)	(3.221.665)	(27.752.409)	(8.559)	-
14. Trade Payables	-	-	-	-	
15. Financial Liabilities	(1.183.930.168)	(5.362.640)	(191.724.926)	-	
17. Long Term Liabilities (14+15+16)	(1.183.930.168)	(5.362.640)	(191.724.926)	-	
18. Total Liabilities (13+17)	(1.368.227.490)	(8.584.306)	(219.477.335)	(8.559)	
19. Off-balance Sheet Derivatives Net Asset/Liabilities Position (19a-19b)	-	-	-	-	
19a. Amount of Hedge Total Asset	-	-	-	-	
19b. Amount of Hedge Total Liabilities	-	-	-	-	
20. Net Foreign Currency asset/ (liabilities) Position (9-18)	(1.356.446.514)	(8.124.661)	(217.938.331)	4.227	189
21. Net asset/liabilities position of foreign currency monetary items. (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.366.796.503)	(8.427.620)	(219.377.396)	9.099	189
22. Fair Value of Financial Instruments used for foreign Exchange Hedge	-	-	-	-	
23. Export	9.102.252	1.716.250	-	-	
24. Import	-	-	-	-	

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## 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Currency Position - 31.12.2017	TRY (Functional Currency)	USD	EURO	GBP	OTHER
1. Trade Receivables	4.112.925	1.090.412		-	
2a. Monetary financial assets (including cash and cash equivalents)	45.139.957	4.461.437	6.269.257	563	189
2b. Non-monetary financial assets	68.964.597	1.833.401	13.709.999	27.668	-
3. Other	-	-	-	-	
4. Current Assets (1+2+3)	118.217.480	7.385.251	19.979.256	28.231	189
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)	118.217.480	7.385.251	19.979.256	28.231	189
10. Trade payables	(57.626.183)	(4.641.809)	(8.824.399)	(53.377)	
11. Financial Liabilities	(87.294.769)	(1.842.636)	(17.793.053)	-	
12a. Monetary financial liabilities	(1.533.277)	(406.500)	-	-	
12b. Non-monetary financial liabilities	-	-	-	-	
13. Short Term Liabilities (10+11+12)	(146.454.230)	(6.890.945)	(26.617.452)	(53.377)	-
14. Trade Payables	-	-	-	-	
15. Financial Liabilities	(797.011.184)	(6.895.720)	(170.745.481)	-	
17. Long Term Liabilities (14+15+16)	(797.011.184)	(6.895.720)	(170.745.481)	-	
18. Total Liabilities (13+17)	(943.465.414)	(13.786.665)	(197.362.932)	(53.377)	
19. Off-balance Sheet Derivatives Net Asset/Liabilities Position (19a-19b)	-	-	-	-	
19a. Amount of Hedge Total Asset	-	-	-	-	
19b. Amount of Hedge Total Liabilities	-	-	-	-	
20. Net Foreign Currency asset/ (liabilities) Position (9-18)	(825.247.934)	(6.401.414)	(177.383.676)	(25.146)	189
21. Net asset/liabilities position of foreign currency monetary items. (=1+2a+5+6a-10-11-12a-14-15-16a)	(894.212.531)	(8.234.815)	(191.093.675)	53.940	189
22. Fair Value of Financial Instruments used for foreign Exchange Hedge	-	-	-	-	
23. Export	21.778.515	5.147.338	790.707	-	
24. Import	-	-	-	-	

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### 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Group is mainly exposed to USD and EURO exchange rate risk.

The table below shows the Group's US dollar and Euro exchange rate and a 20% increase in sensitivity to a decrease. 20% rate is the rate used by senior management when reporting foreign currency risk the expected rate in question refers to a possible change in foreign exchange rates. The sensitivity analysis covers only the period at the end of the open foreign currency denominated monetary items and shows the effects of changes in exchange rates of 20% at the end of the period of aforesaid items. Stated positive increase in Positive value , profit / loss and other equity items.

#### Sensitivity Analysis of Foreign Exchange Position

Sensitivity Analysis of Foreign Exchange Position				
31.12.2018				
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<b>Change in 20% of the U.S. Dollar against TRY;</b>				
1 - Net asset / liability of USD	(9.749.594)	9.749.594	-	-
2 - Amount hedged for USD risk (-)	-	-	-	-
3- Net Effect of U.S. Dollar (1+2)	(9.749.594)	9.749.594	-	-
<b>Change in 20% of the EURO against TRY;</b>				
4 - Net asset / liability of EUR	(261.525.997)	261.525.997	-	-
5 - Amount hedged for EUR risk (-)	-	-	-	-
6- Net Effect of EURO (4+5)	(261.525.997)	261.525.997	-	-
<b>Change in 20% of the GBP against TRY;</b>				
7- Other foreign currency net asset / liability	5.072	(5.072)	-	-
8- Part of hedged protected from other currency risk (-)	-	-	-	-
9- Net Effect of GBP (7+8)	5.072	(5.072)	-	-
<b>Change in 20% of the PLN against TRY;</b>				
7- Net asset / liability of other exchange	227	(227)	-	-
8- Amount hedged for other exchange risk (-)	-	-	-	-
12- Net Effect of PLN (7+8)	227	(227)	-	-
TOTAL (3+6+9)	(271.270.291)	271.270.291	-	-

#### Other Issues

Mobility and fluctuations in exchange rates cause the company to be exposed to currency risk. With the commencement of the activity of the Çan Thermal Power Plant, the problems to be experienced in own resources due to the exchange rate risk are expected to be eliminated.



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### 48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Sensitivity Analysis of Foreign Exchange Position -31.12.2017				
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<b>Change in 20% of the U.S. Dollar against TRY;</b>				
1 - Net asset / liability of USD	(7.681.697)	7.681.697	-	-
2 - Amount hedged for USD risk (-)	-	-	-	-
3- Net Effect of U.S. Dollar (1+2)	(7.681.697)	7.681.697	-	-
<b>Change in 20% of the EURO against TRY;</b>				
4 - Net asset / liability of EUR	(212.860.411)	212.860.411	-	-
5 - Amount hedged for EUR risk (-)	-	-	-	-
6- Net Effect of EURO (4+5)	(212.860.411)	212.860.411	-	-
<b>Change in 20% of the GBP against TRY;</b>				
7- Other foreign currency net asset / liability	(30.176)	30.176	-	-
8- Part of hedged protected from other currency risk (-)	-	-	-	-
9- Net Effect of GBP (7+8)	(30.176)	30.176	-	-
<b>Change in 20% of the PLN against TRY;</b>				
7- Net asset / liability of EUR	227	(227)	-	-
8- Amount hedged for EUR risk (-)	-	-	-	-
12- Net Effect of PLN (4+5)	227	(227)	-	-
TOTAL (3+6+9)	(220.572.057)	220.572.057	-	-
<b>b.3.2) Interest rate risk management</b>				

Leading to fluctuations in the fair value of financial instruments or future cash flows by changes in market interest rates cause the necessity of dealing with interest rate risk of the Group.

Hedging is evaluated as regular in order to be compatible with interest rate expectations and defined risk. Thus, it is aimed that the creation of optimal hedging strategy, reviewing of the balance sheet and keeping interest expenses under control at different interest rates.

#### b.3.3) Price Risk

Because there are no share certificates as classified trading financial assets at group's financial statement, price is not available. (31.12.2017: None)

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### 49.FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION)

#### Fair Value

Fair value is defined as price between willing parties who are into making a sale or purchase.

Financial assets and liabilities in foreign currency are converted to market prices at statement of financial position date.

Methods and assumptions below are used to predict fair value of each financial instrument in case when it is possible to determine fair value of these instruments.

#### Financial Assets

The fair value of certain financial assets carried at cost, including cash at banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values. The carrying values of the trade receivables net of provisions for uncollectible receivables are considered to approximate their fair values.

#### Financial Liabilities

Values of monetary liabilities and trade payables are considered close to their fair value because of short term nature. Bank loans are stated with their discounted cost and transaction cost will be added to initial cost of loans. Book value of loans is considered close to its fair value because of updates in changed market conditions and interest rates. Book value of trade payables is considered as close to its fair value cause of being short termed.

The fair value of financial assets and liabilities are determined as follows:

- **First Level:** Financial assets and liabilities are appricated from stock price traded in active market for similiar assets and liabilities.
- **Second Level:** Financial assets and liabilities are appricated from inputs used determining observable price in the market as direct or indirect with the exception of the price is stated in first level.
- **Third Level:** Financial assets and liabilities are appricated from inputs based on unobservable data in the market in determining the fair value of an asset or liability.

Level classification of financial instruments with fair value is as follows;

Because there are no financial assets with its fair value, are not included level classification table.

31.12.2018

	Financial Assets with Fair Value	Loans and Receivables (Includes Cash and Cash Equivalent)	Financial Assets Available for Sale	Financial Liabilities with Amortized Value	Book Value	Notes
<b>Financial Assets</b>						
Cash and Cash Equivalent	-	7.133.365	-	-	7.133.365	53
Trade receivables	-	84.642.356	-	-	84.642.356	6-7
Other receivables	-	48.616.175	-	-	48.616.175	6-9
<b>Financial Liabilities</b>						
Financial payables	-	-	-	1.728.783.849	1.728.783.849	47
Trade payables	-	-	-	285.547.729	285.547.729	6-7
Other payables	-	-	-	10.734.623	10.734.623	6-9

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## 49.FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION) (Continued)

31.12.2017

	Financial Assets with Fair Value	Loans and Receivables (Includes Cash and Cash Equivalent)	Financial Assets Available for Sale	Financial Liabilities with Amortized Value	Book Value	Notes
<b>Financial Assets</b>						
Cash and Cash Equivalent	-	123.925.333	-	-	123.925.333	53
Trade receivables	-	88.979.261	-	-	88.979.261	6-7
Other receivables	-	12.789.021	-	-	12.789.021	6-9
<b>Financial Liabilities</b>						
<b>Financial payables</b>						
Trade payables	-	-	-	1.165.533.498	1.165.533.498	47
Other payables	-	-	-	213.081.131	213.081.131	6-7
Financial Assets	-	-	-	7.298.536	7.298.536	6-9

The Group's management believes that the recorded values of financial instruments reflects their fair values.

### Derivative Financial Instruments (Futures Agreements)

The Group does not engage in derivative transactions in the foreign exchange markets.

## 50.SUBSEQUENT EVENTS

### Paid Capital Increase

Based on the authorization of article 6 of the Company's Board of Directors, in the registered capital ceiling determined as TRY 600.000.000, the issued capital of TRY 135.750.000 shall be increased by TRY 158.992.951 in cash and increased to TRY 294.742.951. and the application has been approved by the Capital Markets Board (CMB) on 03.01.2019 and numbered 2019/1.

In this context, the right of the shareholders to acquire new shares (pre-emptive rights) of the share holders with the right to receive new shares in the amount of 117,12187% of each shareholder, in accordance with the principles stated in the prospectus, has been used between 08.01.2019 and 22.01.2019 for 15 days. In the use of the rights to acquire new shares (pre-emptive rights), the nominal value of one share is 1 Turkish Liras and 1 lot (1) share has been put on sale.

The total nominal value of the shares corresponding to the unused new share purchase rights in the period of use of the shareholders' rights to purchase new shares were accrued as TRY 43.506.439,111 and the remaining shares were put up for sale between 24-25 January 2019 for 2 business days by Oyak Yatırım Menkul Değerler A.Ş. in the Primary Market of Borsa İstanbul A.Ş. with the share price of TRY 1 with a nominal value which is not less than 1 TRY and all the shares were sold.

### Amendment To The Regulation Of Capacity Mechanism

The amendment to the Regulation On The Electricity Market Capacity Mechanism Gazette of the Energy Market Regulatory Authority was published in the Official Gazette dated January 9, 2019. Within the scope of the amendment made, it has been decided that the electricity generation activities of the domestic coal power plants and the market clearing price (Electricity Market Spot Prices) shall be paid independently. At the same time, the capacity payments to the production facilities included in the capacity mechanism will be determined not from the variable cost but from the installed capacity of the plants in the capacity mechanism with the unit constant cost components. The current unit price of the domestic coal power plants to MW press is TRY 149.6 and the total revenue will be determined according to the annual budget of EMRA.

### Developments Within The Scope Of Valuable Metal Mining

Anadolu Export Mining Industry Inc. and Suda Maden A.Ş., which is the 96% subsidiary of the company, have a license to license other regions with precious metal potential to more extensive and efficient In order to operate together, they have decided to apply for the application for the procurement of a gold and silver mine to the General Directorate of Mining Affairs within the scope of the "Regulation on the Mining Regions and the Carriage of Licenses"

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### 49.FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION) (Continued)

#### Çan-2 Thermal Power Plant About USD Indexed Sales Amount For Year 2019

For the purchase of electricity from private companies operating only domestic coal fired power plants on January 23, 2019 Within the scope of the agreement prepared as follows, electricity purchases based on TL; It has been indexed to the US Dollar, with a minimum of US \$ 51.5 / MWh, less than US \$ 51.5 / MWh, with additional incentives for environmental legislation, and with 3% incentives granted to power plants that have completed their investments, as assessed by quarter-based price revisions.

Within the scope of the agreement, a total of 1.244.267,02 MWh electricity from the Çan-2 Thermal Power Plant for the 2019 period will be sold to EÜAŞ within the framework of the contract signed our subsidiary Çan Kömür İnşaat A.Ş.

In this context, the sum of the revenues to be provided from the US Dollar indexed sales of the Çan-2 Thermal Power Plant for the period of 2019 will be a minimum of 64 Mn US Dollars and the maximum amount of 70.4 Mn US Dollars.

#### Anadolu Export Mining Industry Trade. Inc. About The Planned Production Facility

96% of our company is the Anadolu Export Mining Industry Trade. Inc. The Board of Directors, in addition to the USD 4 Million USD investment incentives for Yıldız Karaağaç gold and silver license in the Kütahya and Uşak region under the responsibility of the Board of Directors, is expected to be 40,000 Ounce Gold and 315,000 Ounce Silver operating capacity, for additional investment, additional drilling and financing works were decided.

Despite the foreign exchange risks of our Group's balance sheet, the annual foreign exchange income from the precious metal mining is projected as USD 57.3 Mn, taking into account the current \$ 1.310 / D Gold and USD 15.6 Ounce / Silver exchange rate. The Group's total annual foreign exchange revenue is projected to reach 121.3 Mn-127.7 Mn USD with the annual foreign exchange based revenues from the Çan-2 Thermal Power Plant.

The investment expenditures made up to now in Anadolu Export have been realized with equity, and then the planned expenditures will be realized as investment finance expenditures.

### 51.OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

### 52.FIRST IMPLEMENTATION OF TURKEY ACCOUNTING STANDARTS

None.

### 53. EXPLANATION TO CASH FLOW STATEMENT

#### Cash and Cash Equivalents

	December 31, 2018	December 31, 2017
<b>Cash</b>	3.721	28.748
<b>Bank</b>	7.120.572	123.894.152
-Demand deposit	3.341.452	23.323.221
-Time deposit	3.779.120	100.570.931
<b>Other Current Assets</b>	9.072	2.434
<b>TOTAL</b>	7.133.365	123.925.333

As of December 31, 2018 there is no blocked deposits of the Group (None, December 31, 2017)

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## 53. EXPLANATION TO CASH FLOW STATEMENT (Continued)

Amount of time deposits as of December 31, 2018 concerning the details are as follows:

Currency Time Deposits	Maturity	Interest rate	December 31, 2018 TRY
TRY			1.746.304
TRY	02.01.2019	18,55%	1.100.000
TRY	02.01.2019	16,00%	643.098
TRY	02.01.2019	23,99%	211.067
TRY	12.02.2019	16,24%	60.862
TRY	02.01.2019	23,99%	14.091
TRY	02.01.2019	23,99%	3.699
TOTAL			3.779.121

Amount of time deposits as of December 31, 2017 concerning the details are as follows:

Currency Time Deposits	Maturity	Interest rate	December 31, 2017 TRY
TRY	02.01.2018	10,50%	12.102.667
TRY	15.01.2018	14,00%	11.229.739
TRY	02.01.2018	12,50%	6.580.000
TRY	18.01.2018	10,60%	5.693.301
TRY	02.01.2018	11,50%	4.400.000
TRY	02.01.2018	11,00%	3.800.000
TRY	02.01.2018	13,25%	3.199.883
TRY	15.01.2018	14,00%	3.011.328
TRY	10.01.2018	12,00%	3.000.000
TRY	02.01.2018	12,27%	2.826.123
TRY	02.01.2018	4,50%	2.800.000
TRY	23.01.2018	8,50%	2.028.319
TRY	02.01.2018	12,00%	1.359.103
TRY	05.01.2018	10,00%	1.000.000
TRY	02.01.2018	9,00%	950.000
TRY	02.01.2018	10,50%	900.000
TRY	02.01.2018	10,50%	850.000
TRY	02.01.2018	13,25%	608.711
TRY	02.01.2018	12,50%	600.000
TRY	02.01.2018	9,25%	530.000
TRY	02.01.2018	10,20%	485.438
TRY	02.01.2018	4,50%	400.000
TRY	02.01.2018	12,27%	373.992
TRY	15.01.2018	9,80%	348.260
TRY	02.01.2018	12,27%	231.597
TRY	02.01.2018	8,80%	200.000
TRY	02.01.2018	10,50%	159.725
TRY	02.01.2018	10,00%	100.000
TRY	02.01.2018	12,27%	15.778
TRY	02.01.2018	10,20%	13.814
TRY	02.01.2018	10,20%	1.809
TOTAL			69.799.587

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

**AUDITED AS OF DECEMBER 31, 2018**

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

(Currency is TRY unless otherwise is indicated.)

## 49.FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION) (Continued)

Currency Time Deposits	Maturity	Interest rate	31.12.2017 EUR	31.12.2017 TRY
			2.000.000	9.031.000
EUR	02.01.2018	0,50%	1.196.715	5.403.765
EUR	02.01.2018	0,25%	990.000	4.470.345
EUR	29.01.2018	1%	560.466	2.530.782
EUR			4.747.180	21.435.892
TOTAL			4.747.180	21.435.892

Currency Time Deposits	Maturity	Interest rate	31.12.2017 USD	31.12.2017 TRY
USD	30.01.2018	4,30%	1.000.000	3.771.900
USD	22.01.2018	4,00%	500.000	1.885.950
USD	2.01.2018	0,10%	425.000	1.603.058
USD	2.01.2018	0,60%	350.000	1.320.165
USD	2.01.2018	0,35%	200.000	754.380
TOPLAM			2.475.000	9.335.453

## 54.EXPLANATIONS RELATED WITH EQUITY CHANGE TABLE

The company's equity change table is presented as appropriate for explanatory notes and financial tables of basics which are published on June 07, 2013 and with no 2103/19 weekly newsletter by CMB.

Effect of accountant politics changes that explain in note 2, effect of accumulated gains/losses account and effects of accumulated other comprehensive incomes/expenses as profit/loss retrospective which is shown in other comprehensive income are shown that equity change table.

## 55. INTEREST, TAX, PROFIT BEFORE DEPRECIATION (EBITDA)

This financial data, that is calculated as an income before finance, tax and depreciation is an indication of measured income without taking notice of finance, tax, expenses that are not required cash outflows, depreciation and redemption expenses of the company. This financial data also specified in the financial statements by some investors due to use in the measurement of the company's ability to repay the loans and/or additional loan. However, EBITDA should not be considered independently from financial statements. Also, EBITDA should not evaluate as an alternative to net income(loss), net cash flow derived from operating, investing and financing activities, financial data obtained from investing and financial activities or prepared according to IAS / IFRS, or other inputs obtained from financial instruments such as, business operating performance. This financial information should be evaluated together with other financial inputs that are contained in the statement of cash flow.

As the date of December 31, 2018 the amount of interest, tax, profit before depreciation is TRY 67.875.750. (December 31, 2017: TRY 54.275.014)



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**CONTACT**

# CON TACT

## CONTACT

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