

**ENERJISA ENERJİ A.Ş. &  
ITS SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 30 JUNE 2018  
AND INDEPENDENT REVIEW REPORT

## Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of Enerjisa Enerji A.Ş.

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Enerjisa Enerji A.Ş. ("the Company") and its subsidiaries ("the Group") as of June 30, 2018 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ("ISRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

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

Erdem Tecer, SMMM  
Partner

August 13, 2018  
İstanbul, Türkiye



## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

ASSETS	Notes	Reviewed / current period 30 June 2018	Audited / prior period 31 December 2017
<b>Current Assets</b>		<b>4,875,887</b>	<b>4,077,430</b>
Cash and Cash Equivalents	22	115,254	172,750
Financial Assets	8	795,329	691,860
Trade Receivables	6	2,953,911	2,382,440
<i>Due from related parties</i>	5	76,554	40,859
<i>Due from third parties</i>		2,877,357	2,341,581
Other Receivables	7	569,549	439,967
<i>Due from related parties</i>	5	-	598
<i>Due from third parties</i>		569,549	439,369
Derivative Financial Instruments	20	119,648	19,867
Inventory		177,125	101,754
Prepaid Expenses		115,995	199,638
Assets Related with Current Taxes	18	2,834	11,215
Other Current Assets		26,242	57,939
<b>Non-Current Assets</b>		<b>15,512,468</b>	<b>14,508,548</b>
Other Receivables	7	706,785	473,505
<i>Due from third parties</i>		706,785	473,505
Derivative Financial Instruments	20	186,163	24,187
Financial Assets	8	6,618,433	5,746,571
Property, Plant and Equipment	9	154,190	154,059
Intangible Assets	10	7,584,562	7,687,296
<i>Goodwill</i>		2,730,031	2,730,031
<i>Other intangible assets</i>		4,854,531	4,957,265
Prepaid Expenses		1,057	4,840
Deferred Tax Assets	18	84,678	209,957
Other Non-Current Assets		176,600	208,133
<b>TOTAL ASSETS</b>		<b>20,388,355</b>	<b>18,585,978</b>

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

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

<b>LIABILITIES</b>	<b>Notes</b>	<b>Reviewed / current period 30 June 2018</b>	<b>Audited / prior period 31 December 2017</b>
<b>Current Liabilities</b>		<b>4,222,168</b>	<b>4,832,034</b>
Short-Term Financial Liabilities	19	1,172,542	795,658
Short-Term Portion of Long Term Financial Liabilities			
Liabilities	19	246,311	1,143,282
Other Financial Liabilities	19	38,323	30,009
Trade Payables	6	1,513,905	1,512,499
<i>Due to related parties</i>	5	18,284	145,093
<i>Due to third parties</i>		1,495,621	1,367,406
Payables for Employee Benefits		52,573	49,983
Other Payables	7	215,955	185,990
<i>Due to third parties</i>		215,955	185,990
Derivative Financial Instruments	20	-	1,797
Deferred Income		470,805	605,658
Income Tax Liability	18	27,914	3,725
Short-Term Provisions		283,744	179,962
<i>Provisions for employment benefits</i>		4,123	22,724
<i>Other short-term provisions</i>		279,621	157,238
Other Short-Term Liabilities		200,096	323,471
<b>Non-Current Liabilities</b>		<b>10,115,982</b>	<b>7,873,541</b>
Long-Term Financial Liabilities	19	7,185,988	5,269,080
Other Financial Liabilities	19	305,983	279,657
Other Payables	7	1,378,092	1,140,458
<i>Due to third parties</i>		1,378,092	1,140,458
Deferred Income		562	1,161
Long-Term Provisions		101,591	92,732
<i>Provisions for employment benefits</i>		101,591	92,732
Deferred Tax Liabilities	18	1,143,766	1,090,453
<b>TOTAL LIABILITIES</b>		<b>14,338,150</b>	<b>12,705,575</b>

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

**ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

<b>LIABILITIES</b>	<b>Notes</b>	<b>Reviewed / current period 30 June 2018</b>	<b>Audited / prior period 31 December 2017</b>
<b>Equity</b>		<b>6,050,205</b>	<b>5,880,403</b>
Registered Share Capital	12	1,181,069	1,181,069
Adjustments to Share Capital	12	2,784,755	2,836,364
<b>Total Share Capital</b>		<b>3,965,824</b>	<b>4,017,433</b>
Other Funds		4,340	4,340
Accumulated other comprehensive expenses not to be reclassified to profit or loss in subsequent periods		(5,241)	(5,241)
<i>Accumulated loss on     remeasurement of defined benefit plans</i>		(5,241)	(5,241)
Accumulated other comprehensive incomes to be reclassified to profit or loss in subsequent periods		25,151	-
<i>Hedge reserves</i>		25,151	-
Restricted Profit Reserves	12	222,120	185,265
Retained Earnings		1,339,039	690,597
Profit for the Period		498,972	988,009
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>20,388,355</b>	<b>18,585,978</b>

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

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

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

Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Notes	Reviewed / current period 1 January - 30 June 2018	Reviewed / prior period 1 January - 30 June 2017	Unreviewed / prior period 1 April - 30 June 2018	Unreviewed / prior period 1 April - 30 June 2017
Revenue	13	7,827,028	5,508,337	3,756,725	2,782,145
Cost of Sales (-)	14	(5,553,393)	(3,871,361)	(2,507,877)	(1,900,193)
<b>GROSS PROFIT</b>		<b>2,273,635</b>	<b>1,636,976</b>	<b>1,248,848</b>	<b>881,952</b>
General Administrative Expenses (-)	15	(837,272)	(681,271)	(422,364)	(341,697)
Other Income from Operating Activities	16	131,103	84,663	62,112	41,537
Other Expenses from Operating Activities (-)	16	(292,939)	(207,435)	(206,552)	(104,234)
<b>OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)</b>		<b>1,274,527</b>	<b>832,933</b>	<b>682,044</b>	<b>477,558</b>
Finance Income	17	56,175	15,637	24,331	9,604
Finance Expense (-)	17	(621,453)	(494,402)	(328,849)	(250,419)
<b>PROFIT BEFORE TAX</b>		<b>709,249</b>	<b>354,168</b>	<b>377,526</b>	<b>236,743</b>
<b>Tax Expense</b>		<b>(210,277)</b>	<b>(91,379)</b>	<b>(121,416)</b>	<b>(52,244)</b>
Current Tax Expense	18	(38,778)	(24,154)	(29,772)	(6,036)
Deferred Tax Expense (-)	18	(171,499)	(67,225)	(91,644)	(46,208)
<b>PROFIT FOR THE PERIOD</b>		<b>498,972</b>	<b>262,789</b>	<b>256,110</b>	<b>184,499</b>
<b>OTHER COMPREHENSIVE INCOME AND EXPENSE</b>					
<b>Other Comprehensive Income or Expenses not to be reclassified to Profit or Loss in subsequent periods</b>					
<i>Loss on Measurement of Defined Benefit Obligation</i>		-	(109)	-	-
<i>Income Tax Relating to Other Comprehensive Expense</i>	18	-	27	-	-
<b>Other Comprehensive Income or Expenses to be reclassified to Profit or Loss in subsequent periods</b>					
<i>Gains on Hedges</i>	20	25,151	-	21,583	-
<i>Income Tax Relating to Other Comprehensive Income</i>	18	32,244	-	27,784	-
		(7,093)	-	(6,201)	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>524,123</b>	<b>262,680</b>	<b>277,693</b>	<b>184,499</b>
<b>Earnings per share</b>					
Earnings per share (kr)	12	0.42	0.07	0.22	0.05

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

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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	Share Capital	Adjustment to Share Capital	Restricted Profit Reserves	Other Funds	Accumulated other comprehensive expenses not to be reclassified to profit or loss in subsequent periods	Accumulated other comprehensive incomes to be reclassified to profit or loss in subsequent periods	Retained Earnings	Profit for the Period	Total Equity
					Accumulated Loss on Remeasurement of Defined Benefit Plans	Hedge Reserves			
<b>Balance as at 1 January 2017</b>	<b>3,964,528</b>	-	<b>139,190</b>	<b>4,340</b>	<b>(7,209)</b>	-	<b>268,586</b>	<b>377,393</b>	<b>4,746,828</b>
Transfers	-	-	49,349	-	-	-	328,044	(377,393)	-
Total comprehensive income	-	-	-	-	(109)	-	-	262,789	262,680
<b>Balance as at 30 June 2017</b>	<b>3,964,528</b>	-	<b>188,539</b>	<b>4,340</b>	<b>(7,318)</b>	-	<b>596,630</b>	<b>262,789</b>	<b>5,009,508</b>
<b>Balance as at 1 January 2018 (*)</b>	<b>1,181,069</b>	<b>2,836,364</b>	<b>185,265</b>	<b>4,340</b>	<b>(5,241)</b>	-	<b>690,597</b>	<b>988,009</b>	<b>5,880,403</b>
Transfers (***)	-	(51,609)	36,855	-	-	-	1,002,763	(988,009)	-
Dividend (**)	-	-	-	-	-	-	(354,321)	-	(354,321)
Total comprehensive income	-	-	-	-	-	25,151	-	498,972	524,123
<b>Balance as at 30 June 2018</b>	<b>1,181,069</b>	<b>2,784,755</b>	<b>222,120</b>	<b>4,340</b>	<b>(5,241)</b>	<b>25,151</b>	<b>1,339,039</b>	<b>498,972</b>	<b>6,050,205</b>

(\*) With the decision of the Board of Directors on 20 April 2017, Enerjisa Enerji A.Ş. merged with Enerjisa Elektrik Dağıtım A.Ş. ("EEDAŞ") and the subsidiaries of EEDAŞ together with all their assets and liabilities with the takeover method. In addition, on 25 August 2017, the Group's electricity generation and wholesale business areas were separated and structured under another company. As a result of these transactions, necessary corrections are made in the registered share capital and the statutory capital after merger and split has been reached. Adjustment to share capital represents the portion of registered share capital which has been treated as a capital reserve in the statutory books after the merger and split process due to local regulations (Note 1). Such amount has been classified as adjustment to share capital to comply with the International Financial Reporting Standards ("IFRS") requirements.

(\*\*) At the Ordinary General Assembly held on 29 March 2018, it has been resolved to distribute the dividend at the amount of TL 354,321 derived from the Group's distributable earnings at 2017 and distribute the cash dividend beginning from 3 April 2018. Dividends were paid out in cash in April. Dividend paid by the Group per share with a TL 1 nominal value is gross TL 0.30.

(\*\*\*) In the statutory financials recorded in accordance with the tax procedure law, the loss for previous years in amount of TL 51,609 has been netted off with adjustments to share capital.

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



# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Notes	Reviewed / current period 1 January - 30 June 2018	Reviewed / prior period 1 January - 30 June 2017
<b>Cash Flows from Operating Activities</b>		<b>559,279</b>	<b>799,160</b>
<b>Profit for the period</b>		<b>498,972</b>	<b>262,789</b>
Profit for the period		498,972	262,789
<b>Adjustments to reconcile net profit for the period</b>		<b>607,735</b>	<b>561,695</b>
Adjustments related to the depreciation and amortization	9,10	123,501	112,604
Adjustments related to the depreciation of property, plant and equipment	9	12,126	5,340
Adjustments related to the amortization of intangible assets	10	111,375	107,264
Adjustments related to impairment loss	6	157,578	189,363
Adjustments related to provisions		170,347	51,986
Adjustments related to provisions for employee benefits		18,945	24,567
Adjustments related to legal case provisions		44,106	27,419
Adjustments related to penalty provisions		107,296	-
Adjustments related to interest (income) and expenses, net		545,528	469,418
Adjustments related to interest income	17	(56,175)	(15,637)
Adjustments related to interest expense	17	601,703	485,055
Unrealized foreign exchange loss		107,689	2,212
Adjustments related to tax expense	18	210,277	91,379
Adjustments related to corporate tax expense		38,778	24,154
Adjustments related to deferred tax expense		171,499	67,225
Adjustments related to change in fair value losses / (gains)		(78,982)	8,853
Other adjustments to reconcile profit / (loss)	22	(628,203)	(364,120)
Adjustments related to interest (income) / expense based on revenue cap regulation	16	(15,650)	1,417
Adjustments related to financial income from service concession arrangements	13	(674,257)	(416,783)
Adjustments related to revaluation differences arising from deposits and guarantees	16	61,704	51,246
<b>Changes in operating assets and liabilities</b>		<b>(1,199,127)</b>	<b>(462,396)</b>
Adjustments related to (increase) / decrease in trade receivables		(729,049)	(366,779)
Adjustments related to (increase) / decrease in inventories		(75,371)	(8,102)
Adjustments related to (increase) / decrease in other receivables and current assets		(368,615)	(136,903)
Adjustments related to increase / (decrease) in trade payables		8,600	(189,669)
Adjustments related to increase / (decrease) in other payables and expense accruals		(34,692)	239,057
<b>Cash generated from operating activities</b>		<b>(92,420)</b>	<b>362,088</b>
Payments related with provisions for employee benefits		(28,687)	(16,610)
Payments related with other provisions		(29,019)	(11,832)
Tax payments	18	(6,208)	(22,670)
Interest received		-	-
Other cash in-flows	22	715,613	488,184
CAPEX reimbursements related to service concession arrangements	8	399,152	295,853
WACC reimbursements related to service concession arrangements	8	316,461	218,583
Prior tariff adjustments related to service concession arrangements	8	-	(26,252)
<b>Cash Flows from Investing Activities</b>		<b>(832,195)</b>	<b>(794,055)</b>
Cash used for purchase of tangible and intangible assets		(28,092)	(29,923)
Cash used for property, plant and equipment purchases		(19,451)	(16,752)
Cash used for purchase of intangible assets		(8,641)	(13,171)
Interest received		54,394	15,637
Other cash out-flows	22	(858,497)	(779,769)
Capital expenditures related to service concession arrangements		(858,497)	(779,769)
<b>Cash Flows from Financing Activities</b>		<b>215,420</b>	<b>490,425</b>
Cash in-flows from borrowings		19,697,216	14,403,784
Cash out-flows from borrowings		(18,677,703)	(13,497,218)
Interest paid		(449,772)	(416,141)
Dividend paid		(354,321)	-
Increase in cash and cash equivalents		(57,496)	495,530
Cash and cash equivalents at the beginning of the period	22	172,750	74,570
<b>Cash and cash equivalents at the end of the period</b>		<b>115,254</b>	<b>570,100</b>

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

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

### NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Enerjisa Enerji A.Ş. (the "Company") and its subsidiaries will be referred as the "Group" for consolidated financial statements. The Company is established on 26 December 2011 as a joint venture between Hacı Ömer Sabancı Holding A.Ş. ("Sabancı") and Verbund International GmbH ("Verbund International"). On 4 December 2012, Verbund and DD Turkey Holdings S.A.R.L., E.ON SE ("E.ON") entered into a Share Purchase Agreement for the sales and transfer of all Verbund shares in the Company to E.ON and the transfer is finalized on 24 April 2013.

The Company is registered to the Capital Markets Board ("CMB") and its shares are publicly traded in Borsa Istanbul A.Ş. ("BIST") with ticker "ENJSA.E" since 8 February 2018. As of 30 June 2018, the shares quoted on the BIST are 20% of total shares. The Company is registered in Turkey and the address of the headquarters is as follows:

Sabancı Center, Kule 2, Kat 5, 4. Levent, 34330, Istanbul, Turkey.

The Company served as the parent company for generation, trading, sale, distribution and retail service of electricity business lines until 25 August 2017. On 28 April 2017 as the first stage of the reorganization, the Company merged with Enerjisa Elektrik Dağıtım A.Ş. ("EEDAŞ") by taking over its all assets and liabilities along with its subsidiaries (distribution and retail service companies). On 25 August 2017 as the second stage of the reorganization, the Company transferred three subsidiaries (electricity generation, wholesale trading and natural gas trading) by spin-off method with the carrying amounts to a newly established company called Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ"). On 25 September 2017, the Company has sold its subsidiary which operates in solar energy generation to the generation company that is owned by EÜSAŞ. As a result of these transactions, the Company's main activities under the new structure are customer-focused electricity distribution and retail service.

Interim condensed consolidated financial position of the Group as at 30 June 2018 has been prepared comparatively with consolidated financial position of the Group as at 31 December 2017 and, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the period ended 30 June 2018 have been prepared comparatively with condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of Distribution and Retail segments of Enerjisa Enerji A.Ş. for the period ended 30 June 2017, considering that the Company as the successor of EEDAŞ which represents substantially the same business and assets of the Group.

Subsidiaries consolidated in the consolidated financial statements as of 30 June 2018 and their activities are as follows:

Başkent Elektrik Dağıtım A.Ş. ("BAŞKENT EDAŞ")	Distribution of electricity
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. ("AYEDAŞ")	Distribution of electricity
Toroslar Elektrik Dağıtım A.Ş. ("TOROSLAR EDAŞ")	Distribution of electricity
Enerjisa Başkent Elektrik Perakende Satış A.Ş. ("EPS")	Retail service of electricity
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. ("AEPSAŞ")	Retail service of electricity
Enerjisa Toroslar Elektrik Perakende Satış A.Ş. ("TOROSLAR EPSAŞ")	Retail service of electricity
Enerjisa Müşteri Çözümleri A.Ş.	Customer solutions and distributed generation services
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş. ("E-şarj")	Electric vehicles and charging stations equipment services

## **ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

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#### **NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)**

Group’s operations are carried out only in Turkey.

The Group has 9,706 employees as of 30 June 2018 (31 December 2017: 9,627).

The condensed consolidated financial statements were authorized for issue by the Board of Directors of the Company on 13 August 2018. The General Assembly and certain regulatory bodies have the power to amend the financial statements after the issue.

#### **BAŞKENT EDAŞ and EPS**

BAŞKENT EDAŞ has been acquired by EEDAŞ as of 28 January 2009 by privatization bid for the consideration of USD 1,225 thousands. BAŞKENT EDAŞ currently operates in province including Ankara, Kırıkkale, Kastamonu, Zonguldak, Bartın, Çankırı and Karabük and holds the licence that gives the right for distribution of electricity in these provinces for 30 years starting from the date of Transfer of Operation Rights (“TOR”) agreement signed with Türkiye Elektrik Dağıtım A.Ş. (“TEDAŞ”) on 31 March 2006.

As of 1 January 2013, BAŞKENT EDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 12 September 2012, EPS was established with the same shareholder structure and as of 31 December 2012, BAŞKENT EDAŞ has transferred some of its assets and liabilities to EPS, due to the fact that, legal unbundling and the unbundling related transactions have been registered as of 31 December 2012. Starting from 1 January 2013, BAŞKENT EDAŞ has undertaken only the distribution activities. In addition, with the new regulation applied by Energy Market Regulatory Authority (“EMRA”), BAŞKENT EDAŞ started retail sales only for illumination customers starting from 1 April 2013.

#### **AYEDAŞ and AEPSAŞ**

AYEDAŞ has been acquired by EEDAŞ as of 31 July 2013 by privatization bid for the consideration of USD 1,227 thousands. AYEDAŞ currently operates in Anatolian Side of İstanbul and holds the license that gives the right for distribution of electricity in this province until 31 December 2042 starting from the date of TOR agreement signed with TEDAŞ on 24 July 2006.

As of 1 January 2013, AYEDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 13 December 2012, AEPSAŞ was established with the same shareholder structure and as of 31 December 2012, AYEDAŞ has transferred some of its assets and liabilities to AEPSAŞ due to the legal unbundling. The aforementioned unbundling transactions have been registered as of 31 December 2012 and AEPSAŞ started retail sales operations on 1 January 2013 according to the Retail Sales License obtained due to unbundling. Starting from 1 January 2013, AYEDAŞ has undertaken only distribution activities. In addition, with the new regulation applied by EMRA, AYEDAŞ started retail sales only for illumination customers starting from 1 April 2013.

## **ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

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#### **NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)**

##### **TOROSLAR EDAŞ and TOROSLAR EPSAŞ**

TOROSLAR EDAŞ has been acquired by EEDAŞ as of 30 September 2013 by privatization bid for the consideration of USD 1,725 thousands. TOROSLAR EDAŞ currently operates in Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye and holds the license that gives the right for distribution of electricity in these provinces until 31 December 2042 starting from the date of TOR agreement signed with TEDAŞ on 24 July 2006.

As of 1 January 2013, TOROSLAR EDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 13 December 2012, TOROSLAR EPSAŞ was established with the same shareholder structure and as of 31 December 2012, TOROSLAR EDAŞ has transferred some of its assets and liabilities to TOROSLAR EPSAŞ due to the legal unbundling. The aforementioned unbundling transactions have been registered as of 31 December 2012 and TOROSLAR EPSAŞ started retail sales operations on 1 January 2013 according to the Retail Sales License obtained due to unbundling. Starting from 1 January 2013, TOROSLAR EDAŞ has undertaken only distribution activities. In addition, with the new regulation applied by EMRA, TOROSLAR EDAŞ started retail sales only for illumination customers starting from 1 April 2013.

In 2006, EMRA has set a unique pricing mechanism for all of the electricity distribution companies in Turkey which will be effective for the period between 1 January 2006 and 31 December 2012 which is called the “transition period”. In accordance with this pricing mechanism, distribution companies in Turkey have already determined their regional tariffs for the period between 1 January 2006 and 31 December 2010 and by using these regional tariffs, EMRA has already determined the national tariffs for the same period. In December 2010, EMRA has announced a new tariff for the period between 1 January 2011 and 31 December 2015; and also in December 2015, EMRA has announced a new tariff for the period between 2016 and 2020.

##### **Enerjisa Müşteri Çözümleri A.Ş.**

Enerjisa Müşteri Çözümleri A.Ş. was established on 29 December 2017, in order to conduct activities in customer solutions and distributed generation.

##### **E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.**

Enerjisa Müşteri Çözümleri A.Ş. acquired 80% of the shares of Eşarj with an amount of TL 4,000 on 26 April 2018. E-şarj is mainly involved in the operation of charging network for electric vehicles and supply of charging stations equipment.

## **ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

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#### **NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

##### **2.1 Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain assets and liabilities being carried by their fair values.

In order to determine the historical cost, the fair values paid for assets are considered.

##### **2.2 Statement of Compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board (“IASB”). Interim financial statements do not include all the information and disclosures required to be included in the annual financial statements. In addition, significant accounting policies and significant accounting estimates and assumptions used in the preparation of the condensed consolidated financial statements in the condensed consolidated interim balance sheet for the period ended 30 June 2018 are consistent with each other. Therefore, the financial statements in the interim condensed consolidated balance sheet should be read and evaluated together with the annual financial statements prepared by the Group as of 31 December 2017.

##### **2.3 Functional and Presentation of Currency**

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Liras (“TL”), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies (currencies other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on settlement and translation of foreign currency items are included in the consolidated statement of comprehensive income.

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

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

#### 2.4 Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior period.

Interim condensed consolidated financial position of the Group as at 30 June 2018 has been prepared comparatively with consolidated financial position of the Group as at 31 December 2017 and, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the period ended 30 June 2018 have been prepared comparatively with condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of Distribution and Retail segments of Enerjisa Enerji A.Ş. for the period ended 30 June 2017, considering that the Company as the successor of EEDAŞ which represents substantially the same business and assets of the Group.

If the presentation or classification of the current period financial statements is changed, in order to maintain consistency, comparative information are also adjusted or reclassified in line with the related changes. The nature, amount and reasons for each of the reclassifications and adjustments are described below:

	Notes	Previously Reported 1 January - 30 June 2017	Impact of adjustments and reclassifications	Restated 1 January - 30 June 2017
Revenue	a	5,448,874	59,463	5,508,337
Other Income from Operating Activities	b	83,579	1,084	84,663
Other Expenses from Operating Activities (-)	b	(205,971)	(1,464)	(207,435)
Finance Expense (-)	b	(494,779)	377	(494,402)
Deferred Tax Expense (-)	c	(55,332)	(11,893)	(67,225)

	Notes	Previously Reported 31 December 2017	Impact of reclassifications	Restated 31 December 2017
Property, Plant and Equipment	d	137,925	16,134	154,059
Intangible Assets	d	7,703,430	(16,134)	7,687,296
Current Derivative Financial Instruments	e	44,054	(24,187)	19,867
Non-Current Derivative Financial Instruments	e	-	24,187	24,187
Short-Term Provisions	f	203,150	(23,188)	179,962
Long-Term Provisions	f	69,544	23,188	92,732

## **ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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#### **NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

##### **2.4 Comparative Information and Reclassification of Prior Period Consolidated Financial Statements (Continued)**

- a) In the current year, Grup has accounted income from CAPEX outperformance and related financial income at revenue. In order to allow for the determination of the financial situation and performance trends, the Group has retrospectively recognized TL 57,463 revenue for CAPEX outperformance and TL 2,000 financial income for the six month period ended at 30 June 2017, which had been fully accounted as at 31 December 2017.
- b) The Group has retrospectively reclassified operational foreign exchange gains / (losses) amounting to TL 1,084 and TL 1,464 as other income and expenses from operating activities which had presented as finance income and expense, respectively as of 30 June 2017.
- c) It is due to deferred tax impact related to adjustment mentioned at note “a” above.
- d) The Group has retrospectively reclassified TL 16,134 of furniture and fixtures as tangible assets which had presented as intangible assets as at 31 December 2017.
- e) The Group has retrospectively reclassified TL 24,187 of derivative instruments as long term, which had presented as short term as at 31 December 2017.
- f) The Group has retrospectively reclassified TL 23,188 of unused vacation provisions regarding employee benefits as long term, which had presented as short term as at 31 December 2017.

##### **2.5 Changes in Accounting Policies**

The significant changes that were made on accounting policies applied retrospectively and the financial statements of preceding period are restated.

The Group uses foreign currency swaps to hedge its cash flow risk arising from financial liabilities. Starting from 1 January 2018, the effective portion of the gains or losses from the fair value change of cross currency swaps are recognised in other comprehensive income in the hedge reserves for the purpose of hedge accounting.

No other changes have been applied to the accounting policies of the Group in the current period.

##### **2.6 Going Concern**

The Group has prepared its condensed consolidated financial statements in accordance with going concern principle.

##### **2.7 Seasonality of the Group’s operations**

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

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.8 Basis of Consolidation

The details of the Company’s subsidiaries at 30 June 2018 and 31 December 2017 are as follows:

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group %		Principal activity
		30 June 2018	31 December 2017	
Başkent Elektrik Dağıtım A.Ş.	Ankara	100	100	Electricity distribution services
Enerjisa Elektrik Perakende Satış A.Ş.	Ankara	100	100	Electricity retail services
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş.	İstanbul	100	100	Electricity distribution services
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	İstanbul	100	100	Electricity retail services
Toroslar Elektrik Dağıtım A.Ş.	Adana	100	100	Electricity distribution services
Enerjisa Toroslar Elektrik Perakende Satış A.Ş.	Adana	100	100	Electricity retail services
Enerjisa Müşteri Çözümleri A.Ş.	İstanbul	100	100	Customer solutions and distributed generation services
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.	İstanbul	80	-	Electric vehicles and charging stations equipment services

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:



## **ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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#### **NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

##### **2.8 Basis of Consolidation (Continued)**

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognised at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill or impairment is recognised.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**2.9 New and Revised International Financial Reporting Standards**

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

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

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)
- IFRS 4 Insurance Contracts (Amendments)
- IAS 40 Investment Property: Transfers of Investment Property (Amendments)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Annual Improvements to IFRSs - 2014-2016 Cycle

The standards, amendments and interpretations did not have an impact on the financial position or performance the Group.

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

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

- IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 17 - The new Standard for insurance contracts
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (Amendments)
- Annual Improvements – 2015–2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

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

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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### NOTE 3 - SHARES IN OTHER PARTIES

#### Subsidiaries

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership	
			30 June 2018	31 December 2017
BAŞKENT EDAŞ	Electricity Distribution Services	Ankara	100	100
EPS	Electricity Retail Services	Ankara	100	100
AYEDAŞ	Electricity Distribution Services	İstanbul	100	100
AEPSAŞ	Electricity Retail Services	İstanbul	100	100
TOROSLAR EDAŞ	Electricity Distribution Services	Adana	100	100
TOROSLAR EPSAŞ	Electricity Retail Services	Adana	100	100
Enerjisa Müşteri Çözümleri A.Ş.	Customer Solutions and Distributed Generation Services	İstanbul	100	100
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.	Electric Vehicles and Charging Stations Equipment Services	İstanbul	80	-

#### Group Structure

Principal Activity	Place of incorporation and operation	Number of subsidiaries owned by the Group	
		30 June 2018	31 December 2017
Electricity Distribution Services	Ankara, İstanbul, Adana	3	3
Electricity Retail Services	Ankara, İstanbul, Adana	3	3
Customer Solutions and Distributed Generation Services	İstanbul	1	1
Electric Vehicles and Charging Stations Equipment Services	İstanbul	1	-

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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

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#### NOTE 4 – SEGMENT REPORTING

The business activities of the Group are managed and organized according to the services provided in the electricity market. The Group has two main operating segments; electricity distribution and retail. The principal activity of distribution segment is the transmission of electricity over lines to the end users through distribution networks, by also providing infrastructure investments due to the regulated tariffs announced by EMRA; whereas the retail segment conduct retail sales of electricity to the customers. Enerjisa Müşteri Çözümleri A.Ş.’s and E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.’s activities are also disclosed under Retail segment. The Group performs segment reporting according to IFRS 8 in order to provide unbiased and transparent information to the investor. The Group management follows the performance of the business segments with operating profit and net profit for the period, as well as financial and non-financial indicators. In addition to the requirements for segment reporting, Group management have included this information in their reporting footnotes, considering that some financial statement readers may use this information in their analyzes.

The following table contains information on the Group's sales and profit from its operations for the three-month and six-month periods ended 30 June 2018 and 30 June 2017.

<b>1 January - 30 June 2018</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	2,772,123	6,927,955	13,006	(1,886,056)	7,827,028
Cost of sales (-)	(806,614)	(6,620,703)	-	1,873,924	(5,553,393)
<b>Gross profit / (loss)</b>	<b>1,965,509</b>	<b>307,252</b>	<b>13,006</b>	<b>(12,132)</b>	<b>2,273,635</b>
General administrative expenses (-)	(581,916)	(136,170)	(132,740)	13,554	(837,272)
Other income / (expense) from operating activities - net	(29,623)	(131,149)	358	(1,422)	(161,836)
<b>Operating profit / (loss)</b>	<b>1,353,970</b>	<b>39,933</b>	<b>(119,376)</b>	<b>-</b>	<b>1,274,527</b>
Financial income	2,261	150,829	97,054	(193,969)	56,175
Financial expense (-)	(493,336)	(2,702)	(319,384)	193,969	(621,453)
<b>Profit / (loss) before taxation on income</b>	<b>862,895</b>	<b>188,060</b>	<b>(341,706)</b>	<b>-</b>	<b>709,249</b>
Current tax expense (-)	(18,812)	(19,966)	-	-	(38,778)
Deferred tax income / (expense)	(159,484)	(32,710)	20,695	-	(171,499)
<b>Net profit / (loss) for the period</b>	<b>684,599</b>	<b>135,384</b>	<b>(321,011)</b>	<b>-</b>	<b>498,972</b>

(\*) Out of TL 123,501 depreciation and amortization expenses, TL 103,474 represents amortization expenses of intangible assets (Note 10), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 4 – SEGMENT REPORTING (Continued)

<b>1 January - 30 June 2017</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	2,153,490	4,865,202	1,020	(1,511,375)	5,508,337
Cost of sales (-)	(691,300)	(4,690,818)	(618)	1,511,375	(3,871,361)
<b>Gross profit</b>	<b>1,462,190</b>	<b>174,384</b>	<b>402</b>	<b>-</b>	<b>1,636,976</b>
General administrative expenses (-)	(463,508)	(112,911)	(104,852)	-	(681,271)
Other income / (expense) from operating activities - net	(81,936)	(40,864)	28	-	(122,772)
<b>Operating profit / (loss)</b>	<b>916,746</b>	<b>20,609</b>	<b>(104,422)</b>	<b>-</b>	<b>832,933</b>
Financial income	3,891	66,658	44,699	(99,611)	15,637
Financial expense (-)	(288,246)	(4,470)	(301,297)	99,611	(494,402)
<b>Profit / (loss) before taxation on income</b>	<b>632,391</b>	<b>82,797</b>	<b>(361,020)</b>	<b>-</b>	<b>354,168</b>
Current tax expense (-)	(24,154)	-	-	-	(24,154)
Deferred tax income / (expense)	(70,989)	(17,027)	20,791	-	(67,225)
<b>Net profit / (loss) for the period</b>	<b>537,248</b>	<b>65,770</b>	<b>(340,229)</b>	<b>-</b>	<b>262,789</b>

(\*) Out of TL 112,604 depreciation and amortization expenses, TL 103,474 represents amortization expenses of intangible assets (Note 10), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 4 – SEGMENT REPORTING (Continued)

<b>1 April - 30 June 2018</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	1,489,243	3,165,199	7,056	(904,773)	3,756,725
Cost of sales (-)	(383,378)	(3,022,393)	-	897,894	(2,507,877)
<b>Gross profit / (loss)</b>	<b>1,105,865</b>	<b>142,806</b>	<b>7,056</b>	<b>(6,879)</b>	<b>1,248,848</b>
General administrative expenses (-)	(298,367)	(66,499)	(65,072)	7,574	(422,364)
Other income / (expense) from operating activities - net	(24,558)	(119,626)	439	(695)	(144,440)
<b>Operating profit / (loss)</b>	<b>782,940</b>	<b>(43,319)</b>	<b>(57,577)</b>	<b>-</b>	<b>682,044</b>
Financial income	985	85,874	46,128	(108,656)	24,331
Financial expense (-)	(276,825)	(1,483)	(159,197)	108,656	(328,849)
<b>Profit / (loss) before taxation on income</b>	<b>507,100</b>	<b>41,072</b>	<b>(170,646)</b>	<b>-</b>	<b>377,526</b>
Current tax expense (-)	(11,502)	(18,270)	-	-	(29,772)
Deferred tax income / (expense)	(96,997)	(5,052)	10,405	-	(91,644)
<b>Net profit / (loss) for the period</b>	<b>398,601</b>	<b>17,750</b>	<b>(160,241)</b>	<b>-</b>	<b>256,110</b>

(\*) Out of TL 62,067 depreciation and amortization expenses, TL 52,023 represents amortization expenses of intangible assets (Note 10), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 4 – SEGMENT REPORTING (Continued)

<b>1 April - 30 June 2017</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	1,107,774	2,367,388	472	(693,489)	2,782,145
Cost of sales (-)	(317,546)	(2,275,784)	(352)	693,489	(1,900,193)
<b>Gross profit</b>	<b>790,228</b>	<b>91,604</b>	<b>120</b>	<b>-</b>	<b>881,952</b>
General administrative expenses (-)	(231,256)	(54,755)	(52,406)	(3,280)	(341,697)
Other income / (expense) from operating activities - net	(48,906)	(17,099)	28	3,280	(62,697)
<b>Operating profit / (loss)</b>	<b>510,066</b>	<b>19,750</b>	<b>(52,258)</b>	<b>-</b>	<b>477,558</b>
Financial income	3,658	30,734	33,933	(58,721)	9,604
Financial expense (-)	(148,228)	(703)	(160,209)	58,721	(250,419)
<b>Profit / (loss) before taxation on income</b>	<b>365,496</b>	<b>49,781</b>	<b>(178,534)</b>	<b>-</b>	<b>236,743</b>
Current tax expense (-)	(6,036)	-	-	-	(6,036)
Deferred tax income / (expense)	(46,775)	(9,934)	10,501	-	(46,208)
<b>Net profit / (loss) for the period</b>	<b>312,685</b>	<b>39,847</b>	<b>(168,033)</b>	<b>-</b>	<b>184,499</b>

(\*) Out of TL 56,463 depreciation and amortization expenses, TL 52,023 represents amortization expenses of intangible assets (Note 10), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 4 – SEGMENT REPORTING (Continued)

The information below includes information about the Group's financial status of its business segments related to the period ended 30 June 2018 and 31 December 2017.

<b>As at 30 June 2018</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
<b>Segment assets</b>					
Cash and cash equivalents	60,227	52,334	2,693	-	115,254
Trade receivables	1,383,399	1,982,973	21,641	(434,102)	2,953,911
Inventories	175,527	1,588	10	-	177,125
Derivative instruments	219,454	18,124	68,233	-	305,811
Financial assets	7,413,762	-	-	-	7,413,762
Property, plant and equipment	98,024	62,087	1,079	(7,000)	154,190
Intangible assets	1,329	31,903	7,551,330	-	7,584,562
Deferred tax assets	84,678	-	-	-	84,678
Other receivables and assets	1,661,158	1,326,260	1,886,734	(3,275,090)	1,599,062
<b>Total assets</b>	<b>11,097,558</b>	<b>3,475,269</b>	<b>9,531,720</b>	<b>(3,716,192)</b>	<b>20,388,355</b>
<b>Segment liabilities</b>					
Financial liabilities	5,120,469	-	3,835,166	(350,794)	8,604,841
Other financial liabilities	344,306	-	-	-	344,306
Trade payables	833,303	1,109,106	5,598	(434,102)	1,513,905
Deferred tax liabilities	106,463	73,166	964,137	-	1,143,766
Other payables and liabilities	2,918,181	1,665,358	1,072,089	(2,924,296)	2,731,332
<b>Total liabilities</b>	<b>9,322,722</b>	<b>2,847,630</b>	<b>5,876,990</b>	<b>(3,709,192)</b>	<b>14,338,150</b>

(\*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 10). The majority of bank borrowings under unallocated part represent loans utilized for the acquisitions of distribution and retail businesses. The related amounts were not distributed to the segments since the Group management follows the performances of the operating segments excluding this related assets and liabilities.



**ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

**NOTE 4 – SEGMENT REPORTING (Continued)**

<b>As at 31 December 2017</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
<b>Segment assets</b>					
Cash and cash equivalents	16,948	144,250	11,552	-	172,750
Trade receivables	1,261,083	1,443,198	38,993	(360,834)	2,382,440
Inventories	101,754	-	-	-	101,754
Derivative instruments	27,232	10,042	6,780	-	44,054
Financial assets	6,438,431	-	-	-	6,438,431
Property, plant and equipment	105,519	54,762	778	(7,000)	154,059
Intangible assets	2,242	30,269	7,654,785	-	7,687,296
Deferred tax assets	204,333	5,624	-	-	209,957
Other receivables and assets	1,964,651	1,373,241	1,617,353	(3,560,008)	1,395,237
<b>Total assets</b>	<b>10,122,193</b>	<b>3,061,386</b>	<b>9,330,241</b>	<b>(3,927,842)</b>	<b>18,585,978</b>
<b>Segment liabilities</b>					
Financial liabilities	3,619,530	-	3,588,490	-	7,208,020
Other financial liabilities	309,666	-	-	-	309,666
Trade payables	862,860	1,002,664	7,809	(360,834)	1,512,499
Derivative instruments	-	1,797	-	-	1,797
Deferred tax liabilities	59,539	46,079	984,835	-	1,090,453
Other payables and liabilities	2,680,084	1,398,629	2,064,435	(3,560,008)	2,583,140
<b>Total liabilities</b>	<b>7,531,679</b>	<b>2,449,169</b>	<b>6,645,569</b>	<b>(3,920,842)</b>	<b>12,705,575</b>

(\*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 10). The majority of bank borrowings under unallocated part represent loans utilized for the acquisitions of distribution and retail businesses. The related amounts were not distributed to the segments since the Group management follows the performances of the operating segments excluding this related assets and liabilities.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 4 – SEGMENT REPORTING (Continued)

<b>1 January - 30 June 2018</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>	<b>811,378</b>	<b>(175,614)</b>	<b>(76,485)</b>	<b>-</b>	<b>559,279</b>
Profit for the period	684,599	135,384	(321,011)	-	498,972
Adjustments to reconcile net profit for the period	177,639	105,385	324,711	-	607,735
Changes in operating assets and liabilities	(717,607)	(400,111)	(81,409)	-	(1,199,127)
Cash generated from operating activities	144,631	(159,342)	(77,709)	-	(92,420)
Tax payments	(59)	(7,518)	1,369	-	(6,208)
Other cash inflows	666,806	(8,754)	(145)	-	657,907
<b>Cash Flows from Investing Activities</b>	<b>(1,685,776)</b>	<b>111,115</b>	<b>947,007</b>	<b>(204,541)</b>	<b>(832,195)</b>
Restructring effects of companies under common control (*)	(827,279)	-	827,279	-	-
Cash used for purchase of property, plant and equipment and intangible assets	-	(27,700)	(392)	-	(28,092)
Interest received	-	138,815	120,120	(204,541)	54,394
Other cash out-flows (**)	(858,497)	-	-	-	(858,497)
<b>Cash Flows from Financing Activities</b>	<b>917,677</b>	<b>(27,417)</b>	<b>(879,381)</b>	<b>204,541</b>	<b>215,420</b>
Increase in cash and cash equivalents	43,279	(91,916)	(8,859)	-	(57,496)
Cash and cash equivalents at the beginning of the period	16,948	144,250	11,552	-	172,750
<b>Cash and cash equivalents at the end of the period</b>	<b>60,227</b>	<b>52,334</b>	<b>2,693</b>	<b>-</b>	<b>115,254</b>

(\*) As of 31 December 2017 work force operating for distribution services, previously as a separate business line under Enerjisa Enerji A.Ş., has been transferred to distribution companies.

(\*\*) Other cash out-flows include capital expenditures related to service concession arrangements.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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#### NOTE 4 – SEGMENT REPORTING (Continued)

<b>1 January - 30 June 2017</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>	<b>777,647</b>	<b>74,526</b>	<b>(6,824)</b>	<b>(46,189)</b>	<b>799,160</b>
Profit for the period	537,248	65,770	(340,229)	-	262,789
Adjustments to reconcile net profit for the period	127,631	67,492	366,572	-	561,695
Changes in operating assets and liabilities	(330,630)	(52,410)	(33,167)	(46,189)	(462,396)
Cash generated from operating activities	334,249	80,852	(6,824)	(46,189)	362,088
Tax payments	(20,548)	(2,122)	-	-	(22,670)
Other cash inflows	463,946	(4,204)	-	-	459,742
<b>Cash Flows from Investing Activities</b>	<b>(781,339)</b>	<b>55,386</b>	<b>16,409</b>	<b>(84,511)</b>	<b>(794,055)</b>
Cash used for purchase of property, plant and equipment and intangible assets	(1,570)	(12,448)	(15,905)	-	(29,923)
Interest received	-	67,834	32,314	(84,511)	15,637
Other cash out-flows (*)	(779,769)	-	-	-	(779,769)
<b>Cash Flows from Financing Activities</b>	<b>(12,846)</b>	<b>(119,256)</b>	<b>491,827</b>	<b>130,700</b>	<b>490,425</b>
Increase in cash and cash equivalents	(16,538)	10,656	501,412	-	495,530
Cash and cash equivalents at the beginning of the period	22,351	52,219	-	-	74,570
<b>Cash and cash equivalents at the end of the period</b>	<b>5,813</b>	<b>62,875</b>	<b>501,412</b>	<b>-</b>	<b>570,100</b>

(\*) Other cash out-flows include capital expenditures related to service concession arrangements.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 5 - RELATED PARTY TRANSACTIONS

The immediate parents and ultimate controlling parties of the Group are Sabancı (incorporated in Turkey) and E.ON (incorporated in Germany). Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties are classified according to the following groups and include all related party disclosures:

- (1) Sabancı Holding and E.ON group companies
- (2) Shareholder

Details of transactions between the Group and other related parties are disclosed below:

	30 June 2018	31 December 2017
<b>Related Party Bank Balances- Akbank T.A.Ş. (1)</b>		
Demand deposits	9,804	13,943
Time deposits	3,024	11,407
Repurchase agreements	-	2,000
	<u>12,828</u>	<u>27,350</u>

			30 June 2018	
Loans provided by related parties	Original currency	Maturity	Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	USD	6 July 2018	478,880	-
Akbank T.A.Ş. (1)	TL	29 July 2019	17,561	297,000
Akbank T.A.Ş. (1)	USD	5 August 2019	5,742	290,038
Akbank T.A.Ş. (1)	TL	9 September 2019	1,555	200,000
Akbank T.A.Ş. (1)	USD	27 September 2019	5,938	456,070
Akbank T.A.Ş. (1)	TL	9 January 2020	31,304	480,000
Akbank T.A.Ş. (1)	TL	2 June 2020	1,749	150,000
Akbank T.A.Ş. (1)	TL	2 June 2020	4,016	300,000
Akbank T.A.Ş. (1)	TL	30 September 2020	10,685	303,000
			<u>557,430</u>	<u>2,476,108</u>

As of 30 June 2018, the interest rates of TL utilized from related parties are in the range of 13.51%-16.07% (31 December 2017: 12.86% - 16.07%). As of 30 June 2018, the interest rates of USD loans utilized from related parties are in the range of 4.88%- 4.99% (31 December 2017: 4.88% - 4.99%).

As of 30 June 2018 and 31 December 2017, the Group has not given any collateral for the loans.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Loans provided by related parties	Original currency	Maturity	31 December 2017	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	TL	30 March 2018	258,396	-
Akbank T.A.Ş. (1)	USD	6 July 2018	386,544	-
Akbank T.A.Ş. (1)	TL	29 July 2019	17,676	297,000
Akbank T.A.Ş. (1)	USD	5 August 2019	14,344	239,875
Akbank T.A.Ş. (1)	TL	9 September 2019	1,727	200,000
Akbank T.A.Ş. (1)	USD	27 September 2019	14,407	377,190
Akbank T.A.Ş. (1)	TL	9 January 2020	31,850	480,000
Akbank T.A.Ş. (1)	TL	2 June 2020	3,882	300,000
Akbank T.A.Ş. (1)	TL	2 June 2020	1,807	150,000
Akbank T.A.Ş. (1)	TL	30 September 2020	10,799	303,000
			<u>741,432</u>	<u>2,347,065</u>

#### Related party derivative instruments – Akbank T.A.Ş. (1)

	30 June 2018				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	-	19,300	102,468	4,218	-
Cross currency swap	174,595	-	796,275	15,559	-
Foreign exchange swap	105,071	-	479,197	68,233	-
	<u>279,666</u>	<u>19,300</u>	<u>1,377,940</u>	<u>88,010</u>	<u>-</u>

  

	31 December 2017				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	9,071	-	34,213	-	(240)
Cross currency swap	163,595	-	617,065	24,187	-
Foreign exchange swap	105,071	-	396,316	6,780	-
	<u>277,737</u>	<u>-</u>	<u>1,047,594</u>	<u>30,967</u>	<u>(240)</u>



## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

##### Key management compensation

Key management includes Chairman and members of the Board of Directors, General Manager, Heads of Units and Directors. The compensation paid or payable to key management for employee services is shown below:

	1 January - 30 June 2018	1 January - 30 June 2017
Short-term employee benefits	12,880	6,222
Long-term employee benefits	511	437
	<u>13,391</u>	<u>6,659</u>

**ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**

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**NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)**

Balances with Related Parties	1 January - 30 June 2018					
	Electricity sales	Electricity purchases	Interests received	Interests paid	Other income	General administrative expenses
Akbank T.A.Ş. (1)	3,125	-	589	187,656	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	50,896	-	-	-	-	-
Aksigorta A.Ş. (1) (**)	14	-	-	-	-	-
AvivaSA Emeklilik ve Hayat A.Ş. (1) (**)	298	-	-	-	-	-
Bimsa Uluslararası İş ve Bilgi Sistemleri A.Ş. ("Bimsa") (1) (*)	-	-	-	-	-	4,723
Brisa Bridgestone Sabancı Lastik San. Tic. A.Ş. (1)	1	-	-	-	-	673
Carrefoursa A.Ş. (1)	30,920	-	-	-	-	6
Çimsa Çimento Sanayi A.Ş. (1)	49,994	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	171	224,405	-	-	1,273	318
Hacı Ömer Sabancı Holding A.Ş. (2) (***)	2,011	-	-	-	-	785
Hacı Ömer Sabancı Vakfi (1) (*)	2	-	-	-	-	-
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	238	-	-	-	-	-
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (1)	51	-	-	-	-	-
Sabancı Üniversitesi (1)	80	-	-	-	-	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	1,051	-	-	-	-	1
Temsa Global San. ve Tic. A.Ş. (1)	1,661	-	-	-	-	-
Other	6	-	-	-	-	-
	<u>140,519</u>	<u>224,405</u>	<u>589</u>	<u>187,656</u>	<u>1,273</u>	<u>6,506</u>



## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Balances with Related Parties	1 January - 30 June 2017					
	Electricity sales	Electricity purchases	Interests received	Interests paid	Other income	General administrative expenses
Akbank T.A.Ş. (1)	13,952	-	11,186	184,175	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	35,998	-	-	-	-	-
Aksigorta A.Ş. (1) (**)	24	-	-	-	-	1,351
AvivaSA Emeklilik ve Hayat A.Ş. (1) (**)	218	-	-	-	-	123
Bimsa Uluslararası İş ve Bilgi Sistemleri A.Ş. ("Bimsa") (1) (*)	20	-	-	-	-	3,159
Brisa Bridgestone Sabancı Lastik San. Tic. A.Ş. (1)	590	-	-	-	-	-
Carrefoursa A.Ş. (1)	28,753	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	49,127	-	-	-	-	-
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş.	-	249,052	-	-	380	2,097
Enerjisa Enerji A.Ş. (****)	-	-	-	621	22	5,844
Enerjisa Enerji Üretim A.Ş.	118	-	-	-	405	20
Exsa Export San. Mamülleri Satış ve Araştırma A.Ş. (1)	2	-	-	-	-	-
Hacı Ömer Sabancı Holding A.Ş. (2) (***)	1,694	-	-	-	-	58
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	1	-	-	-	-	-
Sabancı Üniversitesi (1)	1,015	-	-	-	-	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	1,636	-	-	-	-	7
Temsa Global San. ve Tic. A.Ş. (1)	1,263	-	-	-	-	-
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (1)	1,184	-	-	-	-	-
	<u>135,595</u>	<u>249,052</u>	<u>11,186</u>	<u>184,796</u>	<u>807</u>	<u>12,659</u>

(\*) Includes IT consulting and software fees that are billed to the group companies by Bimsa, one of the Group companies.

(\*\*) Includes premiums covered under the policies signed with Aksigorta A.Ş. and Avivasa Emeklilik ve Hayat A.Ş. which are operating as insurance companies.

(\*\*\*) Includes rent expenses that are invoiced by shareholder, Sabancı to its Group companies.

(\*\*\*\*) Includes consultancy fees invoiced by the Group companies. As of 30 June 2017, since the comparable financial statements of the Group are essentially EEDAŞ, which represents the asset and operations of the Group. As explained in Note 1, since the comparative financial statements represents EEDAŞ's financial statements, it represents consultancy services given by Enerjisa Enerji A.Ş. to EEDAŞ as of 30 June 2017.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 6 - TRADE RECEIVABLES AND PAYABLES

##### 6.1 Trade Receivables

	30 June 2018	31 December 2017
<u>Current Trade Receivables</u>		
Trade receivables	4,245,350	3,617,454
Due from related parties (Note 5)	76,554	40,859
Allowance for doubtful receivables (-)	(1,367,993)	(1,275,873)
	<u>2,953,911</u>	<u>2,382,440</u>

As of 30 June 2018, trade receivables amounting TL 2,233,990 (31 December 2017: TL 1,773,684) were neither past due nor impaired. Interest is charged at 1.40% (31 December 2017: 1.40%) per month on the overdue receivable balances.

As of 30 June 2018 trade receivables amounting TL 719,921 (31 December 2017: TL 608,756) were past due but not impaired. The aging analysis of these trade receivables as of 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Up to 3 months	452,915	415,290
3 to 6 months	201,815	122,816
Over 6 months	65,191	70,650
	<u>719,921</u>	<u>608,756</u>

As of 30 June 2018, trade receivables of TL 1,367,993 were considered as impaired and a provision was provided for these trade receivables (31 December 2017: TL 1,275,873). The provision amount corresponding to the impaired trade receivable is determined based on the aging analysis retrieved from the billing and collection system. Group management considers the receivables overdue by more than 180 days as impaired by taking the past default experience into consideration. Group management books a provision for the overdue agricultural irrigation related receivables by more than 365 days.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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#### NOTE 6- TRADE RECEIVABLES AND PAYABLES (Continued)

##### 6.1 Trade Receivables (Continued)

Movement of allowance for the doubtful trade receivables are as follows:

	1 January - 30 June 2018	1 January - 30 June 2017
Opening balance	(1,275,873)	(1,032,928)
Charge for the period	(157,578)	(189,363)
Amounts collected during the period	65,458	61,756
Closing balance	<u>(1,367,993)</u>	<u>(1,160,535)</u>

The Group received guarantee letters amounting to TL 1,125,589 (31 December 2017: TL 1,044,473) and deposits and guarantees amounting to TL 1,378,092 (31 December 2017: TL 1,140,458) as collateral for its electricity receivables.

##### 6.2 Trade Payables

	30 June 2018	31 December 2017
<u>Current Trade Payables</u>		
Trade payables	1,495,621	1,367,406
Due to related parties (Note 5)	18,284	145,093
	<u>1,513,905</u>	<u>1,512,499</u>

Trade payables mainly arise from the Group’s electricity purchases from Elektrik Üretim A.Ş. (“EÜAŞ”) and Enerji Piyasaları İşletme A.Ş. (“EPIAŞ”). The average maturity of the payables related to electricity purchases is between 18 - 20 days.

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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### NOTE 7 - OTHER RECEIVABLES AND PAYABLES

#### 7.1 Other Receivables

	30 June 2018	31 December 2017
<b>Other Current Receivables</b>		
Income accruals (*)	508,185	403,916
Due from related parties (Note 5)	-	598
Deposits and guarantees given	33,574	20,706
Receivables from personnel	1,934	213
Allowance for other doubtful receivables (-)	(3,123)	(3,123)
Other sundry receivables	28,979	17,657
	<u>569,549</u>	<u>439,967</u>
	30 June 2018	31 December 2017
<b>Other Non-Current Receivables</b>		
Deposits and guarantees given (**)	225,243	205,134
Income accruals (*)	410,325	204,379
Other sundry receivables (***)	71,217	63,992
	<u>706,785</u>	<u>473,505</u>

(\*) According to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations the Group's distribution, transmission and meter reading services have revenue caps which cover operating expenses and investment requirements related to distribution and meter reading. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. These regulations guarantee a revenue to the Group regardless of the consumption level of subscribers. The under billings or overbillings made by the Group are adjusted by EMRA in the tariffs to be effective in two years. The effects of the under billings, which means the actual revenue is below the revenue cap set by EMRA, are accounted as income accruals at the Group's accompanying consolidated financial statements.

(\*\*) The balance represents subscription fees refunded to the subscribers, subscribed before 31 March 2006 for EPS and 24 July 2006 for AEPSAŞ and TOROSLAR EPSAŞ when they leave the system. The balances were paid to the subscribers based on their indexed amounts as required by EMRA periodically. According to the TOR Agreement signed with TEDAŞ, retail companies (EPS, AEPSAŞ and TOROSLAR EPSAŞ) are obliged to keep deposits refunded with their fair values and the net balance of deposits received and paid will be paid back to TEDAŞ at the end of the license periods.

(\*\*\*) The Group management has assessed that the severance payment provision can be taken with the revenue requirement according to the tariff structure changing with the third tariff period and has imposed an accrued income for the severance payment provision calculated.

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

#### 7.1 Other Receivables (Continued)

Movement of allowance for other doubtful receivables is as follows:

	1 January - 30 June 2018	1 January - 30 June 2017
Opening balance	(3,123)	(3,123)
Closing balance	(3,123)	(3,123)

#### 7.2 Other Payables

	30 June 2018	31 December 2017
<b>Other Current Payables</b>		
Other payables	178,123	150,035
Deposits received	8,854	13,778
New connection payables	28,978	22,177
	<u>215,955</u>	<u>185,990</u>
	30 June 2018	31 December 2017
<b>Other Non-Current Payables</b>		
Deposits received (*)	1,378,092	1,140,458
	<u>1,378,092</u>	<u>1,140,458</u>

(\*) The Group receives deposits from the customers subscribed after 31 March 2006 for EPS and 24 July 2006 for AEPSAŞ and TOROSLAR EPSAŞ (Note 1) upon their subscription on behalf of TEDAŞ and these deposits are initially recorded at their fair values as the subscription fee charged to customers represents the fees announced by EMRA. According to the TOR Agreements signed with TEDAŞ, retail companies (EPS, AEPSAŞ and TOROSLAR EPSAŞ) are obliged to carry the deposits received by their revalued amounts and the net balance of deposits received and paid will be paid back to TEDAŞ at the end of the license period.

# ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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### NOTE 8 – FINANCIAL ASSETS

	Financial assets	
	30 June 2018	31 December 2017
Within one year	795,329	691,860
1-3 years	968,776	789,525
3-5 years	1,172,283	889,680
More than 5 years	4,477,374	4,067,366
	<u>7,413,762</u>	<u>6,438,431</u>
Current financial assets	795,329	691,860
Non - current financial assets	6,618,433	5,746,571
	<u>7,413,762</u>	<u>6,438,431</u>
	1 January - 30 June 2018	1 January - 30 June 2017
Opening balance	6,438,431	4,293,306
Investments	784,015	670,881
Collections	(715,613)	(488,184)
<i>CAPEX reimbursements</i>	<i>(399,152)</i>	<i>(295,853)</i>
<i>WACC reimbursements</i>	<i>(316,461)</i>	<i>(218,583)</i>
<i>Prior tariff adjustments</i>	-	26,252
Financial income	674,257	416,783
Fair value difference and other	232,672	128,265
Closing balance	<u>7,413,762</u>	<u>5,021,051</u>

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### NOTE 9 - PROPERTY, PLANT AND EQUIPMENTS

	Machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
<b>Cost</b>					
Opening balance as of 1 January 2018	97,691	40,438	54,318	2,035	194,482
Additions	890	-	2,133	9,234	12,257
Transfers from constructions in progress	2,158	-	-	(2,158)	-
Closing balance as of 30 June 2018	100,739	40,438	56,451	9,111	206,739
<b>Accumulated Depreciation</b>					
Opening balance as of 1 January 2018	(5,903)	(26,488)	(8,032)	-	(40,423)
Charge for the period	(6,735)	(1,342)	(4,049)	-	(12,126)
Closing balance as of 30 June 2018	(12,638)	(27,830)	(12,081)	-	(52,549)
Carrying value as of 30 June 2018	88,101	12,608	44,370	9,111	154,190
<b>Cost</b>					
Opening balance as of 1 January 2017	15,061	36,946	25,670	-	77,677
Additions	35	16	3,484	13,217	16,752
Closing balance as of 30 June 2017	15,096	36,962	29,154	13,217	94,429
<b>Accumulated Depreciation</b>					
Opening balance as of 1 January 2017	(1,052)	(15,775)	(2,840)	-	(19,667)
Charge for the period	(700)	(2,613)	(2,027)	-	(5,340)
Closing balance as of 30 June 2017	(1,752)	(18,388)	(4,867)	-	(25,007)
Carrying value as of 30 June 2017	13,344	18,574	24,287	13,217	69,422

	Useful Life
Plant, machinery and equipment	5 years
Motor vehicles	3 years
Furniture and fixtures	5 years

Depreciation expense of TL 12,126 are accounted in general administrative expenses (30 June 2017 general administrative expenses: TL 5,340).

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 10 - INTANGIBLE ASSETS

	Customer contracts and related relationships	Transfer of operating rights	Goodwill	Computer software	Other intangible assets	Total
<b>Cost</b>						
Opening balance as of 1 January 2018	4,390,673	1,650,121	2,730,031	1,152	42,047	8,814,024
Additions	-	-	-	4,490	4,151	8,641
Closing balance as of 30 June 2018	4,390,673	1,650,121	2,730,031	5,642	46,198	8,822,665
<b>Accumulated Amortization</b>						
Opening balance as of 1 January 2018	(851,479)	(265,141)	-	(1,150)	(8,958)	(1,126,728)
Charge for the period	(75,429)	(28,045)	-	(7,251)	(650)	(111,375)
Closing balance as of 30 June 2018	(926,908)	(293,186)	-	(8,401)	(9,608)	(1,238,103)
Carrying value as of 30 June 2018	3,463,765	1,356,935	2,730,031	(2,759)	36,590	7,584,562

	Customer contracts and related relationships	Transfer of operating rights	Goodwill	Computer software	Other intangible assets	Total
<b>Cost</b>						
Opening balance as of 1 January 2017	4,390,673	1,650,121	2,730,031	1,152	28,480	8,800,457
Additions	-	-	-	-	13,171	13,171
Closing balance as of 30 June 2017	4,390,673	1,650,121	2,730,031	1,152	41,651	8,813,628
<b>Accumulated Amortization</b>						
Opening balance as of 1 January 2017	(699,371)	(208,586)	-	(1,150)	-	(909,107)
Charge for the period	(75,429)	(28,045)	-	-	(3,790)	(107,264)
Closing balance as of 30 June 2017	(774,800)	(236,631)	-	(1,150)	(3,790)	(1,016,371)
Carrying value as of 30 June 2017	3,615,873	1,413,490	2,730,031	2	37,861	7,797,257

Amortization expense of TL 111,375 is included in general administrative expenses (30 June 2017: TL 107,264).

Customer contracts and related relationships and transfer of operating rights are separately recognized during the business combination according to IFRS 3.

On 31 March 2006 BEDAŞ and on 24 July 2006, AYEDAŞ and TOROSLAR EDAŞ signed TOR Agreements with TEDAŞ.

In accordance with the TOR agreement, TEDAŞ transferred the operating rights of the distribution system, the distribution facilities, and the other movables and immovable which are crucial for the operation of the distribution facilities to BEDAŞ until the end of 2036 and to AYEDAŞ and TOROSLAR EDAŞ until the end of 2042. Based on the future cash flows fair value of the TOR agreements are determined. The residual value of TOR after the portion recognized as financial asset which calculated based on IFRIC 12 (Note 8) is recognized as intangible asset based on IFRS 3.

Group recognized TL 3,997 of E-şarj purchase price amounting to TL 4,000 under other intangible assets. However, TL 200 portion of this price will be accounted as contingent liabilities for 13 months following the purchase transaction and on condition that there exists no receivable which the Group had notified the Sellers following the expiration of such period, TL 200 shall be paid to the Sellers.



## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 10 - INTANGIBLE ASSETS (Continued)

In recognition of customer contracts and related relationships; relationships with the different customer groups are identified and a fair value for retail customers is estimated by Group management.

Customer contracts and related relationships and TOR amortization is calculated on a straight line basis in a range between 25-30 years and charged to operating expenses.

As of 30 June 2018, there is no impairment on goodwill (30 June 2017: None).

#### NOTE 11 - COMMITMENT AND CONTINGENCIES

30 June 2018	TL Amount	TL
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	4,579	4,579
- <i>Collateral</i>	4,579	4,579
B. Total amount of CPM given against the subsidiaries included in full consolidation	1,731,741	1,731,741
- <i>Collateral</i>	1,731,741	1,731,741
Total	<u>1,736,320</u>	<u>1,736,320</u>

31 December 2017	TL Amount	TL
A. Total amount of Collateral Pledge Mortgage given on behalf of the legal entity	37,454	37,454
- <i>Collateral</i>	37,454	37,454
B. Total amount of CPM given against the subsidiaries included in full consolidation	1,714,899	1,714,899
- <i>Collateral</i>	1,714,899	1,714,899
Total	<u>1,752,353</u>	<u>1,752,353</u>

#### Investment obligations

Annual expansion, replacement, and improvement investments that are stated in TOR and required to be completed by the Group have been determined during the preparation of the tariffs. These investments have been included in the first implementation period tariffs approved by EMRA and as a result the Group is obliged to make these determined investments. Implementation of these investments is monitored by EMRA by the reports received from the Group at the end of each year. Some of these investments are subject to unit prices as announced by EMRA. According to the regulations, the Group is allowed to make transfers between the years.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 11 - COMMITMENT AND CONTINGENCIES (Continued)

##### Energy Sales Agreements

Distribution and retail companies signed Energy Sales Agreements (“ESA”) with Elektrik Üretim A.Ş. (“EÜAŞ”) in order to obtain their energy needs during the period. These energy sales agreements have been established based on regulated prices. During the period, the Group is obliged to purchase the energy quantity stated in these agreements. At the current operating conditions and market structure, the Group’s energy needs are higher than the contracted quantities and the Group makes purchases regularly from EPIAŞ. As a result, the Group management does not expect any liability related to the Energy Sales Agreements arising from not fulfilling the requirements of Energy Sales Agreements.

##### Competition Board Investigation

The Competition Authority conducted an examination for electricity distribution and electricity retail sales companies in the market. Within this scope the Competition Authority rendered a decision to start an investigation against our electricity distribution and incumbent retail company in the İstanbul Anatolian Side distribution region and our incumbent retail companies in the Toroslar electricity distribution region and Başkent electricity distribution region to determine whether the companies had violated Article 6 of the Law on the Protection of Competition in December 2016. The Competition Board has announced its short decision on August 9, 2018 and has imposed İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş. ve Enerjisa Toroslar Elektrik Perakende Satış A.Ş. a total administrative fine in the amount of TL 143,062. The reasoned decision is expected to be rendered within the course of 2018. As a consequence, the Group recognized a corresponding provision expense of 107,296 TL in the interim condensed consolidated financial statements, as a discount of 25% can be applied to the fine in case the payment is made within 30 days as of the submission date of the reasoned decision. The board has decided that there is no need to impose an administrative fine to Enerjisa Enerji A.Ş., Toroslar Elektrik Dağıtım A.Ş. and Başkent Elektrik Dağıtım A.Ş..

With respect to the said monetary penalty, the Group will use all its legal rights among subsidiaries.

#### NOTE 12 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

##### 12.1 Share Capital

Shareholders	30 June 2018		31 December 2017	
	Share (%)	TL	Share (%)	TL
Hacı Ömer Sabancı Holding A.Ş.	40	472,427.6	50	590,534.5
DD Turkey Holdings S.A.R.L. (E.ON)	40	472,427.6	50	590,534.5
Other	20	236,213.8	-	-
	100	1,181,069	100	1,181,069
Adjustment to share capital (*)		2,784,755		2,836,364
Total share capital		3,965,824		4,017,433

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 12 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

##### 12.1 Share Capital (Continued)

With the decision of the Board of Directors on 20 April 2017, Enerjisa Enerji A.Ş. merged with Enerjisa Elektrik Dağıtım A.Ş. ("EEDAŞ") and the subsidiaries of EEDAŞ together with all their assets and liabilities with the takeover method. In addition, on 25 August 2017, the Group's electricity generation and wholesale business areas were separated and structured under another company. As a result of these transactions, necessary corrections are made in the registered share capital and the statutory capital after merger and split has been reached.

(\*) Adjustment to share capital represents the portion of registered share capital which has been treated as a capital reserve in the statutory books after the merger and split process (Note 1), due to local regulations. Such amount has been classified as adjustment to share capital to comply with the IFRS requirements.

In the statutory financials recorded in accordance with the tax procedure law, the loss for previous years in amount of TL 51,609 has been netted off with adjustments to share capital.

As at 30 June 2018, the capital of the Company comprising 118,106,900 thousand (31 December 2017: 118,106,900 thousand) registered ordinary shares of TL 0.01 each (31 December 2017: TL 0.01 each).

##### 12.2 Earnings per share

Earnings per share for each class of share disclosed in the consolidated statements of profit or loss and other comprehensive income is determined by dividing the profit for the period attributable to ordinary equity holders of the parent entity by the weighted average number of shares that have been outstanding during the period.

	1 January - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
Profit for the period	498,972	262,789	256,110	184,499
Weighted average shares (*)	118,106,896,712	396,452,800,000	118,106,896,712	396,452,800,000
Earnings per share (kr)	0.42	0.07	0.22	0.05

(\*) For the period ended 30 June 2018 and 30 June 2017, earnings per share are computed based on the current number of shares after the reduced capital pursuant to Article 474 of the Turkish Commercial Code in 2016, so as to be comparable with the current period.

##### 12.3 Restricted Profit Reserves

	30 June 2018	31 December 2017
Restricted Profit Reserves	222,120	185,265
	<u>222,120</u>	<u>185,265</u>

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### NOTE 12 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

#### 12.3 Restricted Profit Reserves (Continued)

In accordance with Turkish Commercial Code, the Company, reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to Turkish Commercial Law, if they do not exceed the capital or issued capital general legal reserves can be used to offset prior year losses or recapitalize the business in case of distress.

### NOTE 13 – REVENUE

	1 January - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
Revenue from electricity sales and services provided	7,146,919	5,090,540	3,384,322	2,561,806
<i>Retail sales revenue</i>	4,851,960	3,284,577	2,161,128	1,680,006
<i>Retail service revenue</i>	177,582	119,888	93,078	61,466
<i>Distribution lighting sales revenue</i>	103,257	86,716	45,660	38,023
<i>Distribution service revenue</i>	1,625,576	1,274,664	894,828	624,391
<i>Transmission revenue</i>	369,033	288,594	179,896	138,753
<i>Other regions distribution revenue</i>	19,511	36,101	9,732	19,167
Financial income from service concession arrangements	674,257	416,783	368,859	219,873
Other sales	5,852	1,014	3,544	466
	<u>7,827,028</u>	<u>5,508,337</u>	<u>3,756,725</u>	<u>2,782,145</u>

### NOTE 14 - COST OF SALES

	1 January - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
Electricity purchases	(5,164,598)	(3,536,171)	(2,318,105)	(1,732,401)
<i>Retail energy purchases</i>	(4,727,120)	(2,835,215)	(2,114,619)	(1,255,002)
<i>Distribution related energy purchases (*)</i>	(437,478)	(700,956)	(203,486)	(477,399)
System usage fee (**)	(388,544)	(324,695)	(189,628)	(157,920)
Other	(251)	(10,495)	(144)	(9,872)
	<u>(5,553,393)</u>	<u>(3,871,361)</u>	<u>(2,507,877)</u>	<u>(1,900,193)</u>

(\*) Includes theft / loss and lightning related electricity purchases.

(\*\*) Includes pass-through of transmission and other regions distribution revenue.

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### NOTE 15 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
General administrative expenses (-)	(837,272)	(681,271)	(422,364)	(341,697)
	<u>(837,272)</u>	<u>(681,271)</u>	<u>(422,364)</u>	<u>(341,697)</u>

Details of general administrative expenses are as follows:

	1 January - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
Payroll and employee benefit expenses	(367,957)	(316,082)	(189,656)	(159,952)
Depreciation and amortization expenses	(123,501)	(112,604)	(62,067)	(56,583)
Material expenses	(51,924)	(41,478)	(20,364)	(18,702)
Fleet management expenses	(58,395)	(38,997)	(33,523)	(19,255)
Outsourcing expenses	(26,086)	(16,508)	(10,612)	(1,529)
Rent expenses	(11,165)	(8,454)	(3,242)	(2,256)
Attorney expenses	(34,275)	(25,059)	(21,042)	(13,190)
Consulting expenses	(9,999)	(17,276)	(1,449)	(6,697)
Repair and maintenance expenses	(25,211)	(22,888)	(13,856)	(18,563)
Duties, taxes and levies	(32,659)	(9,791)	(6,958)	(4,680)
Security expenses	(13,887)	(11,748)	(7,860)	(7,196)
Travel expenses	(9,292)	(6,129)	(5,075)	(2,989)
Insurance expenses	(8,536)	(6,031)	(4,667)	(3,695)
Other expenses	(64,385)	(48,226)	(41,993)	(26,410)
	<u>(837,272)</u>	<u>(681,271)</u>	<u>(422,364)</u>	<u>(341,697)</u>

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

### NOTE 16 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

#### 16.1 Other Income From Operating Activities

	1 January - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
Power theft penalties	32,349	20,083	14,041	9,185
Late payment interest income from electricity receivables	45,137	44,729	22,578	21,847
Rent income	8,645	3,500	4,571	2,882
Interest income related to revenue cap regulation	15,650	-	7,825	-
Penalty income	-	162	-	70
Foreign exchange gain from operating activities	-	1,084	-	1,744
Other income	29,322	15,105	13,097	5,809
	<u>131,103</u>	<u>84,663</u>	<u>62,112</u>	<u>41,537</u>

#### 16.2 Other Expenses From Operating Activities

	1 January - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
Provision for doubtful receivables - net	(92,120)	(127,607)	(43,775)	(64,465)
Valuation differences arising from deposits and guarantees	(61,704)	(51,246)	(35,326)	(21,703)
Losses from derivative financial instruments - net	(5,327)	(13,485)	(1,871)	(11,755)
Interest expense related to revenue cap regulation - net	-	(1,417)	-	(1,184)
Penalty expenses	(293)	(34)	(293)	(13)
Competition Authority administrative fine	(107,296)	-	(107,296)	-
Foreign exchange loss from operating activities	(15,900)	(1,462)	(12,865)	-
Other expenses	(10,299)	(12,184)	(5,126)	(5,114)
	<u>(292,939)</u>	<u>(207,435)</u>	<u>(206,552)</u>	<u>(104,234)</u>

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### NOTE 17 - FINANCE INCOME AND EXPENSES

#### 17.1 Finance Income

	1 January - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
Interest income	56,175	15,637	24,331	9,604
	<u>56,175</u>	<u>15,637</u>	<u>24,331</u>	<u>9,604</u>

#### 17.2 Finance Expense

	1 January - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
Interest expense of borrowings	(601,703)	(485,055)	(316,985)	(248,809)
Foreign exchange gains / (losses) - net	(15,293)	(2,212)	(9,537)	-
Bank commission expenses	(4,457)	(7,135)	(2,327)	(1,610)
	<u>(621,453)</u>	<u>(494,402)</u>	<u>(328,849)</u>	<u>(250,419)</u>

(\*) TL 101,976 fair value gains of financial instruments are recognized at foreign exchange gains (30 June 2017: TL 8,976).

### NOTE 18 - TAXATION ON INCOME

	30 June 2018	31 December 2017
<u>Assets Related with Current Taxes</u>		
Prepaid taxes and funds	2,834	11,215
	<u>2,834</u>	<u>11,215</u>
<u>Current tax liability</u>		
Current corporate tax provision	38,778	51,342
Less: Prepaid taxes and funds	(10,864)	(47,617)
	<u>27,914</u>	<u>3,725</u>
	1 January - 30 June 2018	1 January - 30 June 2017
<u>Tax expense / (income) recognized in profit or loss</u>		
Current tax expense	(38,778)	(24,154)
Deferred tax expense / (income) relating to the origination and reversal of temporary differences, net	(171,499)	(67,225)
Total tax expense	<u>(210,277)</u>	<u>(91,379)</u>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 18 - TAXATION ON INCOME (Continued)

##### Corporate tax

The Group is subject to Turkish corporate taxes. A provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the tax-exempt earnings, other exempt income and other deductions (losses of previous periods, investment incentives utilized).

Valid rate of corporate tax in 2018 is 22% (31 December 2017: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was applied as 22% in 2018 (31 December 2017: 20%). In accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. The companies apply 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) tax rate over their quarterly profits when calculating their temporary tax payables; which they are obliged to declare via Advance Corporate Tax Declaration by the end of the 14th, and pay by the end of the 17th of the 2 month following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the Corporate Income Tax calculated for the same fiscal year. Following the netting-off, if there is still remaining Advance Corporate Tax balance, it can be deducted from any other financial debt owed to the State or can be received in the form of a cash refund.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

##### Income withholding tax

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

##### Deferred tax

The Company recognizes deferred tax assets and liabilities on the temporary timing differences between the legal books and the financial statements prepared in accordance with IFRS. Such differences generally arise from timing differences of some revenue and expense balances in legal books and financial statements prepared in accordance with IFRS and are explained below.

For calculation of deferred tax assets and liabilities as of 30 June 2018, the rate of 22% is used (31 December 2017: 22%).



## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 18 - TAXATION ON INCOME (Continued)

##### Deferred tax (Continued)

As of 30 June 2018, the tax rate of 22% is used for the temporary differences expected to be realized / settled within 3 years (2018, 2019 and 2020) for deferred tax calculation since the tax rate applicable to 3 years as of 1 January 2018 has been changed to 22%. However, 20% tax rate is used for the current differences expected / expected to be incurred after 2020 since the tax rate applicable for post-2020 corporations is 20%.

	30 June 2018	31 December 2017
Deferred tax (asset)	(84,678)	(209,957)
Deferred tax liability	1,143,766	1,090,453
Deferred tax (asset) / liability, net	<u>1,059,088</u>	<u>880,496</u>
	30 June 2018	31 December 2017
<u>Deferred tax (assets) / liabilities</u>		
Differences arising from customer contracts and transfer of operational rights	964,140	984,835
Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference	88,247	(100,000)
Provision for employment termination benefits	(4,979)	(4,604)
Provision for doubtful receivables	24,483	19,790
Provision for lawsuits	(35,257)	(32,063)
Provision for unused vacation	(5,840)	(4,962)
Effect of revenue cap adjustments	72,866	50,018
Late penalty payments	(43,454)	(17,244)
Adjustments due to system migration	(39,090)	(39,090)
Carry forward tax losses	(157,634)	(144,143)
Other	195,606	167,959
	<u>1,059,088</u>	<u>880,496</u>

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### NOTE 18 - TAXATION ON INCOME (Continued)

#### Deferred tax (Continued)

Movement of deferred tax (assets) / liabilities is as follows:

	1 January - 30 June 2018	1 January - 30 June 2017
Opening balance	880,496	778,961
Charged to statement of profit or loss	171,499	67,225
Charged to other comprehensive income / expense	7,093	27
Closing balance	<u>1,059,088</u>	<u>846,213</u>

Deferred tax assets may only be recognised to the extent it is probable that sufficient taxable profit will be available in the future. In case of a probable tax advantage, deferred income tax asset is calculated for unused carry forward tax losses and unused investment incentive.

At 30 June 2018, the Group recognized deferred tax assets amounting to TL 716,503 for unused carry forward tax losses amounting to TL 157,634 since it was considered as probable that there would be sufficient taxable income in the subsequent periods to utilise such assets based on the forecasts made (31 December 2017: TL 655,196 and TL 144,143 respectively).

The expiration dates of previous years' losses on which deferred tax asset was recognized are as follows:

	1 January - 30 June 2018	1 January - 31 December 2017
Expiring in 2018	66,110	66,110
Expiring in 2019	196,045	196,045
Expiring in 2020	-	46,370
Expiring in 2021	75,959	75,964
Expiring in 2022	272,247	270,707
Expiring in 2023	106,142	-
	<u>716,503</u>	<u>655,196</u>

The expiration dates of previous years' losses on which deferred tax asset was not recognized are as follows:

	1 January - 30 June 2018	1 January - 31 December 2017
Expiring in 2018	153,005	153,005
Expiring in 2019	378,350	378,350
Expiring in 2020	172,023	172,023
Expiring in 2021	119,063	119,063
Expiring in 2022	129,060	19,886
	<u>951,502</u>	<u>842,327</u>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 19 - FINANCIAL INSTRUMENTS

##### 19.1 Financial Liabilities

	30 June 2018	31 December 2017
Short-term liabilities	1,172,542	795,658
Short-term portion of long term bonds issued	24,182	20,876
Short-term portion of long-term liabilities	222,129	1,122,406
Total short term financial liabilities	1,418,853	1,938,940
Long-term liabilities	5,642,735	3,978,065
Bonds issued	1,543,253	1,291,015
Total long term financial liabilities	7,185,988	5,269,080
Total financial liabilities	8,604,841	7,208,020

The financial liabilities are repayable as follows:

	30 June 2018	31 December 2017
To be paid within 1 year	1,418,853	1,938,940
To be paid between 1-2 years	5,071,935	2,044,941
To be paid between 2-3 years	1,316,887	2,183,000
To be paid between 3-4 years	260,071	695,807
To be paid between 4-5 years	537,095	345,332
	8,604,841	7,208,020

As of 30 June 2018 and 31 December 2017, the Group has not given any collateral for the loans obtained.

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### NOTE 19 - FINANCIAL INSTRUMENTS (Continued)

#### 19.1 Financial Liabilities (Continued)

As of 30 June 2018 and 31 December 2017, details of short and long term financial liabilities in terms of interest and currencies are as follows:

Currency	Weighted average effective interest rate	30 June 2018	
		Current	Non-current
TL	15.93%	793,333	4,896,626
USD (*)	4.94%	541,196	746,109
EUR (*)	2.68%	60,142	-
		<u>1,394,671</u>	<u>5,642,735</u>

  

Currency	Weighted average effective interest rate	31 December 2017	
		Current	Non-current
TL	13.43%	1,452,245	3,361,000
USD (*)	4.92%	415,347	617,065
EUR (*)	2.68%	50,472	-
		<u>1,918,064</u>	<u>3,978,065</u>

(\*) Foreign currency risks associated with the USD and EUR denominated loans of the Group are hedged through foreign exchange swap and cross currency swap instruments.

As of 30 June 2018 and 31 December 2017, details of bonds issued are as follows:

Currency	Weighted average effective interest rate (*)	30 June 2018	
		Current	Non-current
TL	CPI + 4%-5%	24,182	1,543,253
		<u>24,182</u>	<u>1,543,253</u>

  

Currency	Weighted average effective interest rate (*)	31 December 2017	
		Current	Non-current
TL	CPI + 4%-5%	20,876	1,291,015
		<u>20,876</u>	<u>1,291,015</u>

(\*) As of 30 June 2018, the interest is CPI-indexed variable interest and the annual real coupon rate varies from 4% to 5% (31 December 2017: 4% to 5%).

(\*\*) As of 30 June 2018, the principal valuation of bonds is TL 196,879 (31 December 2017: TL 101,015).

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### NOTE 19 - FINANCIAL INSTRUMENTS (Continued)

#### 19.2 Other Financial Liabilities

	30 June 2018	31 December 2017
Other current financial liabilities	38,323	30,009
Other non-current financial liabilities	305,983	279,657
	<u>344,306</u>	<u>309,666</u>

The other financial liabilities are repayable as follows:

	30 June 2018	31 December 2017
To be paid within 1 year	38,323	30,009
To be paid between 1-2 years	33,030	27,663
To be paid between 2-3 years	32,626	27,349
To be paid between 3-4 years	32,251	27,020
To be paid between 4-5 years	21,734	26,677
To be paid between 5+ years	186,342	170,948
	<u>344,306</u>	<u>309,666</u>

As of 30 June 2018 and 31 December 2017, details of short and long term other financial liabilities in terms of currencies are as follows:

Currency	Weighted average effective interest rate	30 June 2018	
		Current	Non-current
EUR	4.70%	38,323	305,983
		<u>38,323</u>	<u>305,983</u>

  

Currency	Weighted average effective interest rate	31 December 2017	
		Current	Non-current
EUR	4.70%	30,009	279,657
		<u>30,009</u>	<u>279,657</u>

After the acquisition of distribution regions, payment obligations of TEDAŞ denominated in EUR, which are in scope of loan agreements with European Investment Bank and World Bank have been transferred to the Group. Other financial liabilities are composed of EUR payment obligations of distribution companies to TEDAŞ in this scope.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 20 – DERIVATIVE INSTRUMENTS

The Group utilizes forward exchange contracts in order to mitigate foreign exchange rate risk arising from feed-in-tariff cost (“FIT”). Furthermore, in order to mitigate the foreign exchange risk arising from foreign currency denominated bank loans, the Group entered into forward exchanges, cross currency swaps and foreign exchange swap transactions. The details and fair values of the agreements as of 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018			Assets	Liabilities
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)		
Forward exchanges	62,422	73,883	676,942	45,102	-
Cross currency swap	174,595	-	796,276	192,476	-
Foreign exchange swap	105,071	-	479,202	68,233	-
	<u>342,088</u>	<u>73,883</u>	<u>1,952,420</u>	<u>305,811</u>	<u>-</u>

  

	31 December 2017			Assets	Liabilities
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)		
Forward exchanges	112,246	34,043	577,102	13,087	(1,797)
Cross currency swap	163,595	-	617,064	24,187	-
Foreign exchange swap	105,071	-	396,317	6,780	-
	<u>380,912</u>	<u>34,043</u>	<u>1,590,483</u>	<u>44,054</u>	<u>(1,797)</u>

As of 30 June 2018 and 31 December 2017, movements of fair value of derivative financial instruments are as follows:

	1 January- 30 June 2018	1 January- 30 June 2017
Opening balance	42,257	3,886
Derivative financial (liabilities) / assets at fair value designated through income / expense	96,649	(4,509)
Derivative financial instruments at fair value designated through other comprehensive income / expense (*)	166,905	-
Total derivative financial (liabilities) / assets	<u>305,811</u>	<u>(623)</u>

(\*) TL 166,905 is netted off with TL 134,661 foreign currency losses and recognised before tax at other comprehensive income.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### 21.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department. The finance department identifies and evaluates financial risks in close co-operation with the Group's operating units.

##### 21.1.1 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by adjusting the unit price / tariff of the energy sold semi-annually.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EUR.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities as at 30 June 2018 and 31 December 2017 is disclosed below:

	30 June 2018	31 December 2017
Assets	28,231	5,672
Liabilities (-)	(1,746,178)	(1,516,462)
<b>Net foreign currency balance sheet position</b>	<b>(1,717,947)</b>	<b>(1,510,790)</b>
Off-balance sheet derivative financial instruments position	1,156,144	1,590,483
<b>Net foreign currency balance sheet and off-balance sheet position</b>	<b>(561,803)</b>	<b>79,693</b>
Cash flow hedging	796,276	-
<b>Net foreign currency position after cash flow hedging</b>	<b>234,473</b>	<b>79,693</b>

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### NOTE 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### 21.1 Financial risk factors (Continued)

##### 21.1.1 Foreign currency risk management (Continued)

The distribution of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities as at 30 June 2018 and 31 December 2017 is disclosed below:

	30 June 2018		
	Total TL equivalent	USD TL equivalent	EUR TL equivalent
Cash and cash equivalents	28,002	28,000	2
Trade receivables	229	227	2
<b>Total assets</b>	<b>28,231</b>	<b>28,227</b>	<b>4</b>
Financial liabilities (*)	(1,347,447)	(1,287,305)	(60,142)
Other financial liabilities	(344,306)	-	(344,306)
Trade payables	(54,425)	(51,645)	(2,780)
<b>Total liabilities</b>	<b>(1,746,178)</b>	<b>(1,338,950)</b>	<b>(407,228)</b>
Net foreign currency asset / (liability) position of off-balance sheet derivative	1,156,144	763,884	392,260
<b>Net foreign currency asset / (liability) position</b>	<b>(561,803)</b>	<b>(546,839)</b>	<b>(14,964)</b>
Cash flow hedging	796,276	796,276	-
<b>Net foreign currency position after cash flow hedging</b>	<b>234,473</b>	<b>249,437</b>	<b>(14,964)</b>
	31 December 2017		
	Total TL equivalent	USD TL equivalent	EUR TL equivalent
Cash and cash equivalents	5,672	5,594	78
<b>Total assets</b>	<b>5,672</b>	<b>5,594</b>	<b>78</b>
Financial liabilities	(1,082,884)	(1,032,412)	(50,472)
Other financial liabilities	(309,666)	-	(309,666)
Trade payables	(123,912)	(107,597)	(16,315)
<b>Total liabilities</b>	<b>(1,516,462)</b>	<b>(1,140,009)</b>	<b>(376,453)</b>
Net foreign currency asset / (liability) position of off-balance sheet derivative	1,590,483	1,436,762	153,721
<b>Net foreign currency asset / (liability) position</b>	<b>79,693</b>	<b>302,347</b>	<b>(222,654)</b>



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2018**

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**NOTE 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**
**21.1 Financial risk factors (Continued)**
*21.1.1 Foreign currency risk management (Continued)*

(\*) Foreign currency risks associated with the USD and EUR denominated loans of the Group are hedged through foreign exchange swap and cross currency swap instruments.

The following table details the Group’s sensitivity to a 20% increase and decrease in the TL against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss before taxation on income where the TL strengthens against the relevant currency.

	<b>1 January - 30 June 2018</b>	
	<b>Profit / Loss</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
Change in USD against TL by 20%		
USD net assets / liabilities	(262,145)	262,145
Hedged items (-)	152,777	(152,777)
<b>USD net effect</b>	<b>(109,368)</b>	<b>109,368</b>
Change in EUR against TL by 20%		
EUR net assets / liabilities	(81,445)	81,445
Hedged items (-)	78,452	(78,452)
<b>EUR net effect</b>	<b>(2,993)</b>	<b>2,993</b>
	<b>1 January - 30 June 2017</b>	
	<b>Profit / Loss</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
Change in USD against TL by 20%		
USD net assets / liabilities	(16,818)	16,818
<b>USD net effect</b>	<b>(16,818)</b>	<b>16,818</b>
Change in EUR against TL by 20%		
EUR net assets / liabilities	(57,769)	57,769
<b>EUR net effect</b>	<b>(57,769)</b>	<b>57,769</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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#### NOTE 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 21.1 Financial risk factors (Continued)

###### 21.1.1 Foreign currency risk management (Continued)

Above sensitivities do not include cross currency swaps and foreign exchange swaps that would largely offset any foreign currency risk.

###### 21.1.2 Interest rate risk management

As of 30 June 2018 and 31 December 2017, the Group has no floating rate interest rate risk although the Group has CPI indexed bond obligation since the revenues under the concession agreement are also indexed to CPI.

###### Fair value of financial instruments

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and the tariff structure imposed by EMRA.

###### Categories of financial instruments and fair values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The carrying amounts of foreign currency denominated monetary assets which are translated at the reporting date exchange rates are considered to approximate their fair values.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
Currencies other than TL are also expressed in thousands unless otherwise indicated.)

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#### NOTE 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 21.1 Financial risk factors (Continued)

###### 21.1.2 Interest rate risk management (Continued)

###### Categories of financial instruments and fair values (Continued)

The carrying values of cash and cash equivalents are estimated to be at their fair values since they have short term maturities and have little impairment risk.

The carrying value of trade receivables and other receivables which are both discounted and provided provision for doubtful receivables are estimated to be at their fair values.

The fair values of short and long-term bank borrowings are assumed to approximate their book values which are calculated by adding the accrued interest as of the balance sheet date (calculated by effective interest rate method) on the principle.

Discounted values of trade payables and other payables are assumed to approximate their respective carrying values.

In the consolidated financial statements, derivate instruments are the only item that is recognized at fair value. The fair value of derivate instrument is determined by using valuation technique, which can be regarded as Level 2.

###### Assets and liabilities subject to valuation and fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The classification of the Group’s financial assets and liabilities at fair value is as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

In the consolidated balance sheet, derivative financial instrument is recognized at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2.

The Company has also deposits and guarantees received and financial assets that are subject to inflation indexation.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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#### NOTE 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 21.1 Financial risk factors (Continued)

###### 21.1.2 Interest rate risk management (Continued)

###### Assets and liabilities subject to valuation and fair value of financial instruments (Continued)

The following table gives information about how the fair values of these financial assets, liabilities and assets subject to valuation are determined.

Financial assets / (financial liabilities)	Fair value / revalued amount		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2018	31 December 2017				
Derivatives	305,811	42,257	Level 2	Market Value	-	-
Deposits and guarantees given	225,243	205,134	-	CPI	-	-
Deposits and gurantees received	(1,378,092)	(1,140,458)	-	CPI	-	-
Financial assets	7,413,762	6,438,431	-	CPI	-	-

#### NOTE 22 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

	30 June 2018	31 December 2017
Cash at banks	60,872	148,987
<i>Demand deposits</i>	52,745	137,580
<i>Time deposits</i>	8,127	11,407
Repurchase agreements	54,382	23,763
	<u>115,254</u>	<u>172,750</u>

As at 30 June 2018, TL 45,956 of the Group’s demand deposits are blocked at different banks (31 December 2017: TL 72,111). These blocked deposits are related to the collections made through bank branches which are made available for use by banks 1 or 2 days after the collection depending on the agreements with related banks.

As of 30 June 2018 repurchase agreements consist of short term USD balances with original maturities between 1-3 days (31 December 2017: 1-3 days). The weighted average effective interest rate of USD repurchase agreements is 2% as at 30 June 2018 (31 December 2017 TL repurchase agreements: 13.44%).

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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#### NOTE 22 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

Details of “Other adjustments to reconcile profit / (loss)” that presented on cash flow statement as follows:

<b>Other adjustments to reconcile profit / (loss)</b>	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
Adjustments related to finance (income) / cost based on revenue cap regulation	(15,650)	1,417
Adjustments related to financial income recognised relate to service concession arrangements (Note 8)	(674,257)	(416,783)
Adjustments related to valuation differences arising from deposits	61,704	51,246
	<u>(628,203)</u>	<u>(364,120)</u>

Details of “Other cash in-flows generated from operating activities” that presented on cash flow statement as follows:

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
Net collections from financial assets related to service concession arrangements	715,613	488,184
<i>CAPEX reimbursements</i>	399,152	295,853
<i>WACC reimbursements</i>	316,461	218,583
<i>Prior period tariff adjustments</i>	-	(26,252)
	<u>715,613</u>	<u>488,184</u>

Details of “Other cash-out flows from investing activities” that presented on cash flow statement as follows:

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
Capital expenditures related to service concession arrangements	(858,497)	(779,769)
	<u>(858,497)</u>	<u>(779,769)</u>

#### NOTE 23 - EVENTS AFTER THE REPORTING DATE

Applicable starting from 1 August 2018, EMRA has announced that distribution tariff has been increased by 7-11% and the reactive energy fee by 9.2-16.7% for the customer / tariff groups in national tariff.