

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

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 30 SEPTEMBER 2018

## ENERJISA 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 SEPTEMBER 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	Unaudited / current period 30 September 2018	Audited / prior period 31 December 2017
<b>Current Assets</b>		<b>6,373,703</b>	<b>4,077,430</b>
Cash and Cash Equivalents	22	249,341	172,750
Financial Assets	8	800,149	691,860
Trade Receivables	6	3,688,758	2,382,440
<i>Due from related parties</i>	5	133,810	40,859
<i>Due from third parties</i>		3,554,948	2,341,581
Other Receivables	7	666,958	439,967
<i>Due from related parties</i>	5	-	598
<i>Due from third parties</i>		666,958	439,369
Derivative Financial Instruments	20	625,450	19,867
Inventory		150,867	101,754
Prepaid Expenses		162,445	199,638
Assets Related with Current Taxes	18	9,015	11,215
Other Current Assets		20,720	57,939
<b>Non-Current Assets</b>		<b>15,774,154</b>	<b>14,508,548</b>
Other Receivables	7	779,316	473,505
<i>Due from third parties</i>		779,316	473,505
Derivative Financial Instruments	20	22,907	24,187
Financial Assets	8	7,083,034	5,746,571
Property, Plant and Equipment	9	152,239	154,059
Intangible Assets	10	7,528,221	7,687,296
<i>Goodwill</i>		2,730,031	2,730,031
<i>Other intangible assets</i>		4,798,190	4,957,265
Prepaid Expenses		1,888	4,840
Deferred Tax Assets	18	41,660	209,957
Other Non-Current Assets		164,889	208,133
<b>TOTAL ASSETS</b>		<b>22,147,857</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 SEPTEMBER 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>Unaudited / current period 30 September 2018</b>	<b>Audited / prior period 31 December 2017</b>
<b>Current Liabilities</b>		<b>7,446,219</b>	<b>4,832,034</b>
Short-Term Financial Liabilities	19	1,917,527	795,658
Short-Term Portion of Long Term Financial Liabilities	19	2,340,147	1,143,282
Other Financial Liabilities	19	50,760	30,009
Trade Payables	6	1,847,121	1,512,499
<i>Due to related parties</i>	5	17,142	145,093
<i>Due to third parties</i>		1,829,979	1,367,406
Payables for Employee Benefits		52,254	49,983
Other Payables	7	244,789	185,990
<i>Due to third parties</i>		244,789	185,990
Derivative Financial Instruments	20	607	1,797
Deferred Income		414,202	605,658
Income Tax Liability	18	16,420	3,725
Short-Term Provisions		293,172	179,962
<i>Provisions for employment benefits</i>		3,885	22,724
<i>Other short-term provisions</i>		289,287	157,238
Other Short-Term Liabilities		269,220	323,471
<b>Non-Current Liabilities</b>		<b>8,352,254</b>	<b>7,873,541</b>
Long-Term Financial Liabilities	19	5,145,113	5,269,080
Other Financial Liabilities	19	379,954	279,657
Other Payables	7	1,482,152	1,140,458
<i>Due to third parties</i>		1,482,152	1,140,458
Deferred Income		1,771	1,161
Long-Term Provisions		109,857	92,732
<i>Provisions for employment benefits</i>		109,857	92,732
Deferred Tax Liabilities	18	1,233,407	1,090,453
<b>TOTAL LIABILITIES</b>		<b>15,798,473</b>	<b>12,705,575</b>

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

**ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 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>Unaudited / current period 30 September 2018</b>	<b>Audited / prior period 31 December 2017</b>
<b>Equity</b>		<b>6,349,384</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		59,036	-
<i>Hedge reserves</i>		59,036	-
Restricted Profit Reserves	12	216,612	185,265
Retained Earnings		1,344,547	690,597
Profit for the Period		764,266	988,009
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>22,147,857</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 SEPTEMBER 2018

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

		Unaudited / current period 1 January - 30 September 2018	Audited / prior period 1 January - 30 September 2017	Unaudited / prior period 1 July - 30 September 2018	Audited / prior period 1 July - 30 September 2017
	Notes				
Revenue	13	12,498,599	8,591,508	4,671,571	3,083,171
Cost of Sales (-)	14	(9,003,025)	(6,137,141)	(3,449,632)	(2,265,780)
<b>GROSS PROFIT</b>		<b>3,495,574</b>	<b>2,454,367</b>	<b>1,221,939</b>	<b>817,391</b>
General Administrative Expenses (-)	15	(1,286,855)	(1,035,284)	(449,583)	(354,013)
Other Income from Operating Activities	16	308,069	116,269	176,966	31,606
Other Expenses from Operating Activities (-)	16	(492,044)	(250,587)	(199,105)	(43,152)
<b>OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)</b>		<b>2,024,744</b>	<b>1,284,765</b>	<b>750,217</b>	<b>451,832</b>
Finance Income	17	74,105	73,344	17,930	57,707
Finance Expense (-)	17	(1,010,005)	(754,006)	(388,552)	(259,604)
<b>PROFIT BEFORE TAX</b>		<b>1,088,844</b>	<b>604,103</b>	<b>379,595</b>	<b>249,935</b>
<b>Tax Expense</b>		<b>(324,578)</b>	<b>(150,137)</b>	<b>(114,301)</b>	<b>(58,758)</b>
Current Tax Expense	18	(29,984)	(56,533)	8,794	(32,379)
Deferred Tax Expense (-)	18	(294,594)	(93,604)	(123,095)	(26,379)
<b>PROFIT FOR THE PERIOD</b>		<b>764,266</b>	<b>453,966</b>	<b>265,294</b>	<b>191,177</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>					
		-	-	-	109
		-	-	-	136
		-	-	-	(27)
<b>Other Comprehensive Income or Expenses to be reclassified to Profit or Loss in subsequent periods</b>					
		59,036	-	33,885	-
		75,687	-	43,443	-
		(16,651)	-	(9,558)	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>823,302</b>	<b>453,966</b>	<b>299,179</b>	<b>191,286</b>
<b>Earnings per share</b>					
Earnings per share (kr)	12	0.65	0.38	0.22	0.16

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 SEPTEMBER 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	Hedge Reserves	Retained Earnings	Profit for the Period	Total Equity
<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	-	-	40,848	-	-	-	-	336,545	(377,393)	-
Restructuring effect of companies under common control (*)	(2,783,459)	2,836,364	-	-	-	-	-	(52,905)	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	453,966	453,966
<b>Balance as at 30 September 2017</b>	<b>1,181,069</b>	<b>2,836,364</b>	<b>180,038</b>	<b>4,340</b>	<b>(7,209)</b>	-	-	<b>552,226</b>	<b>453,966</b>	<b>5,200,794</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)	31,347	-	-	-	-	1,008,271	(988,009)	-
Dividend (**)	-	-	-	-	-	-	-	(354,321)	-	(354,321)
Total comprehensive income	-	-	-	-	-	-	59,036	-	764,266	823,302
<b>Balance as at 30 September 2018</b>	<b>1,181,069</b>	<b>2,784,755</b>	<b>216,612</b>	<b>4,340</b>	<b>(5,241)</b>	<b>59,036</b>	<b>1,344,547</b>	<b>764,266</b>	<b>6,349,384</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 SEPTEMBER 2018

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

		Unaudited / current period 1 January - 30 September 2018	Audited / prior period 1 January - 30 September 2017
	Notes	989,557	1,196,612
<b>Cash Flows from Operating Activities</b>		<b>989,557</b>	<b>1,196,612</b>
<b>Profit for the period</b>		<b>764,266</b>	<b>453,966</b>
Profit for the period		764,266	453,966
<b>Adjustments to reconcile net profit for the period</b>		<b>1,015,497</b>	<b>740,851</b>
Adjustments related to the depreciation and amortization	9,10	186,115	171,939
Adjustments related to the depreciation of property, plant and equipment	9	18,355	9,887
Adjustments related to the amortization of intangible assets	10	167,760	162,052
Adjustments related to impairment loss	6	310,847	245,713
Adjustments related to provisions		198,218	72,490
Adjustments related to provisions for employee benefits		35,367	31,338
Adjustments related to legal case provisions		55,555	41,152
Adjustments related to penalty provisions		107,296	-
Adjustments related to interest (income) and expenses, net		914,277	637,589
Adjustments related to interest income	17	(74,105)	(73,344)
Adjustments related to interest expense	17	988,382	710,933
Adjustments related to unrealized foreign exchange loss		131,796	33,169
Adjustments related to tax expense	18	324,578	150,137
Adjustments related to change in fair value losses / (gains)		(108,289)	40,981
Other adjustments to reconcile profit / (loss)	22	(942,045)	(611,167)
Adjustments related to interest (income) / expense based on revenue cap regulation	16	(23,475)	434
Adjustments related to financial income from service concession arrangements	13	(1,030,713)	(665,392)
Adjustments related to revaluation differences arising from deposits and guarantees	16	112,143	53,791
<b>Changes in operating assets and liabilities</b>		<b>(1,780,653)</b>	<b>(674,763)</b>
Adjustments related to (increase) / decrease in trade receivables		(1,617,165)	(692,167)
Adjustments related to (increase) / decrease in inventories		(49,113)	(26,767)
Adjustments related to (increase) / decrease in other receivables and current assets		(526,084)	(290,818)
Adjustments related to increase / (decrease) in trade payables		342,710	(57,375)
Adjustments related to increase / (decrease) in other payables and expense accruals		68,999	392,364
<b>Cash generated from operating activities</b>		<b>(890)</b>	<b>520,054</b>
Payments related with provisions for employee benefits		(37,081)	(22,236)
Payments related with other provisions		(30,802)	(24,280)
Tax payments	18	(15,089)	(33,818)
Other cash in-flows	22	1,073,419	756,892
CAPEX reimbursements related to service concession arrangements	8	598,728	443,780
WACC reimbursements related to service concession arrangements	8	474,691	316,942
Prior tariff adjustments related to service concession arrangements	8	-	(3,830)
<b>Cash Flows from Investing Activities</b>		<b>(1,332,771)</b>	<b>(1,283,447)</b>
Cash used for purchase of tangible and intangible assets		(33,308)	(54,894)
Cash used for property, plant and equipment purchases		(24,623)	(36,467)
Cash used for purchase of intangible assets		(8,685)	(18,427)
Interest received		58,256	73,344
Other cash out-flows	22	(1,357,719)	(1,301,897)
Capital expenditures related to service concession arrangements		(1,357,719)	(1,301,897)
<b>Cash Flows from Financing Activities</b>		<b>419,805</b>	<b>167,459</b>
Cash in-flows from borrowings		35,679,205	27,321,241
Cash out-flows from borrowings		(34,107,030)	(26,556,337)
Interest paid		(798,049)	(597,445)
Dividend paid		(354,321)	-
Increase in cash and cash equivalents		76,591	80,624
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>249,341</b>	<b>155,194</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 SEPTEMBER 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 September 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.

Subsidiaries consolidated in the consolidated financial statements as of 30 September 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 SEPTEMBER 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), 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 9,809 employees as of 30 September 2018 (31 December 2017: 9,627).

The condensed consolidated financial statements were authorized for issue by the Board of Directors of the Company on 5 November 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 SEPTEMBER 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”), 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 by the Group, 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 SEPTEMBER 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**

##### **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 September 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 SEPTEMBER 2018

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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

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.

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:

		<b>Previously Reported 1 January - 30 September 2017</b>	<b>Impact of reclassifications</b>	<b>Restated 1 January - 30 September 2017</b>
	<b>Notes</b>			
Other Income from Operating Activities	a	115,712	557	116,269
Other Expenses from Operating Activities (-)	a	(248,632)	(1,955)	(250,587)
Financial expense (-)	a	(755,404)	1,398	(754,006)

		<b>Previously Reported 31 December 2017</b>	<b>Impact of reclassifications</b>	<b>Restated 31 December 2017</b>
	<b>Notes</b>			
Property, Plant and Equipment	b	137,925	16,134	154,059
Intangible Assets	b	7,703,430	(16,134)	7,687,296
Current Derivative Financial Instruments	c	44,054	(24,187)	19,867
Non-Current Derivative Financial Instruments	c	-	24,187	24,187
Short-Term Provisions	d	203,150	(23,188)	179,962
Long-Term Provisions	d	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 SEPTEMBER 2018**

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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) The Group has retrospectively reclassified operational foreign exchange gains / (losses) amounting to TL 557 and TL 1,955 as other income and expenses from operating activities which had presented as finance income and expense, respectively as of 30 September 2017.
- b) 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.
- c) 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.
- d) 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 SEPTEMBER 2018

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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 September 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 September 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:

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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  
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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 September 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 of the Group.

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

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

- 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 the 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 SEPTEMBER 2018

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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 September 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 September 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

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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 nine-month and three-month periods ended 30 September 2018 and 30 September 2017.

<b>1 January - 30 September 2018</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	4,205,998	11,300,707	18,615	(3,026,721)	12,498,599
Cost of sales (-)	(1,211,439)	(10,799,343)	-	3,007,757	(9,003,025)
<b>Gross profit / (loss)</b>	<b>2,994,559</b>	<b>501,364</b>	<b>18,615</b>	<b>(18,964)</b>	<b>3,495,574</b>
General administrative expenses (-)	(902,136)	(206,084)	(200,613)	21,978	(1,286,855)
Other income / (expense) from operating activities - net	(24,986)	(156,081)	106	(3,014)	(183,975)
<b>Operating profit / (loss)</b>	<b>2,067,437</b>	<b>139,199</b>	<b>(181,892)</b>	<b>-</b>	<b>2,024,744</b>
Financial income	2,928	240,086	175,482	(344,391)	74,105
Financial expense (-)	(830,399)	(5,001)	(518,996)	344,391	(1,010,005)
<b>Profit / (loss) before taxation on income</b>	<b>1,239,966</b>	<b>374,284</b>	<b>(525,406)</b>	<b>-</b>	<b>1,088,844</b>
Current tax expense (-)	(23,085)	(6,899)	-	-	(29,984)
Deferred tax income / (expense)	(239,404)	(86,404)	31,214	-	(294,594)
<b>Net profit / (loss) for the period</b>	<b>977,477</b>	<b>280,981</b>	<b>(494,192)</b>	<b>-</b>	<b>764,266</b>

(\*) Out of TL 186,115 depreciation and amortization expenses, TL 156,068 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 SEPTEMBER 2018

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

<b>1 January - 30 September 2017</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	3,213,518	7,737,248	2,054	(2,361,312)	8,591,508
Cost of sales (-)	(1,042,898)	(7,443,205)	(12,350)	2,361,312	(6,137,141)
<b>Gross profit</b>	<b>2,170,620</b>	<b>294,043</b>	<b>(10,296)</b>	<b>-</b>	<b>2,454,367</b>
General administrative expenses (-)	(726,676)	(171,821)	(171,042)	34,255	(1,035,284)
Other income / (expense) from operating activities - net	(100,118)	(13,789)	13,844	(34,255)	(134,318)
<b>Operating profit / (loss)</b>	<b>1,343,826</b>	<b>108,433</b>	<b>(167,494)</b>	<b>-</b>	<b>1,284,765</b>
Financial income	13,569	149,602	83,388	(173,215)	73,344
Financial expense (-)	(473,347)	(5,654)	(448,220)	173,215	(754,006)
<b>Profit / (loss) before taxation on income</b>	<b>884,048</b>	<b>252,381</b>	<b>(532,326)</b>	<b>-</b>	<b>604,103</b>
Current tax expense (-)	(42,980)	(13,553)	-	-	(56,533)
Deferred tax income / (expense)	(84,092)	(40,822)	31,310	-	(93,604)
<b>Net profit / (loss) for the period</b>	<b>756,976</b>	<b>198,006</b>	<b>(501,016)</b>	<b>-</b>	<b>453,966</b>

(\*) Out of TL 171,939 depreciation and amortization expenses, TL 156,068 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

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

<b>1 July - 30 September 2018</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	1,433,875	4,372,752	5,609	(1,140,665)	4,671,571
Cost of sales (-)	(404,825)	(4,178,640)	-	1,133,833	(3,449,632)
<b>Gross profit / (loss)</b>	<b>1,029,050</b>	<b>194,112</b>	<b>5,609</b>	<b>(6,832)</b>	<b>1,221,939</b>
General administrative expenses (-)	(320,220)	(69,914)	(67,873)	8,424	(449,583)
Other income / (expense) from operating activities - net	4,637	(24,932)	(252)	(1,592)	(22,139)
<b>Operating profit / (loss)</b>	<b>713,467</b>	<b>99,266</b>	<b>(62,516)</b>	<b>-</b>	<b>750,217</b>
Financial income	667	89,257	78,428	(150,422)	17,930
Financial expense (-)	(337,063)	(2,299)	(199,612)	150,422	(388,552)
<b>Profit / (loss) before taxation on income</b>	<b>377,071</b>	<b>186,224</b>	<b>(183,700)</b>	<b>-</b>	<b>379,595</b>
Current tax expense (-)	(4,273)	13,067	-	-	8,794
Deferred tax income / (expense)	(79,920)	(53,694)	10,519	-	(123,095)
<b>Net profit / (loss) for the period</b>	<b>292,878</b>	<b>145,597</b>	<b>(173,181)</b>	<b>-</b>	<b>265,294</b>

(\*) Out of TL 62,614 depreciation and amortization expenses, TL 52,594 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

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

<b>1 July - 30 September 2017</b>	<b>Distribution</b>	<b>Retail</b>	<b>Unallocated (*)</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	1,060,028	2,872,046	1,034	(849,937)	3,083,171
Cost of sales (-)	(351,598)	(2,752,387)	(11,732)	849,937	(2,265,780)
<b>Gross profit</b>	<b>708,430</b>	<b>119,659</b>	<b>(10,698)</b>	<b>-</b>	<b>817,391</b>
General administrative expenses (-)	(263,168)	(58,910)	(66,190)	34,255	(354,013)
Other income / (expense) from operating activities - net	(18,182)	27,075	13,816	(34,255)	(11,546)
<b>Operating profit / (loss)</b>	<b>427,080</b>	<b>87,824</b>	<b>(63,072)</b>	<b>-</b>	<b>451,832</b>
Financial income	9,678	82,944	38,689	(73,604)	57,707
Financial expense (-)	(185,101)	(1,184)	(146,923)	73,604	(259,604)
<b>Profit / (loss) before taxation on income</b>	<b>251,657</b>	<b>169,584</b>	<b>(171,306)</b>	<b>-</b>	<b>249,935</b>
Current tax expense (-)	(18,826)	(13,553)	-	-	(32,379)
Deferred tax income / (expense)	(13,103)	(23,795)	10,519	-	(26,379)
<b>Net profit / (loss) for the period</b>	<b>219,728</b>	<b>132,236</b>	<b>(160,787)</b>	<b>-</b>	<b>191,177</b>

(\*) Out of TL 59,335 depreciation and amortization expenses, TL 52,594 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 SEPTEMBER 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)

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

As at 30 September 2018	Distribution	Retail	Unallocated (*)	Eliminations	Total
<b>Segment assets</b>					
Cash and cash equivalents	142,829	105,074	1,438	-	249,341
Trade receivables	1,634,538	2,773,041	19,734	(738,555)	3,688,758
Inventories	148,355	2,512	-	-	150,867
Derivative instruments	648,357	-	-	-	648,357
Financial assets	7,883,183	-	-	-	7,883,183
Property, plant and equipment	94,148	63,736	1,355	(7,000)	152,239
Intangible assets	952	28,601	7,498,668	-	7,528,221
Deferred tax assets	40,908	752	-	-	41,660
Other receivables and assets	1,928,952	1,299,939	1,493,557	(2,917,217)	1,805,231
<b>Total assets</b>	<b>12,522,222</b>	<b>4,273,655</b>	<b>9,014,752</b>	<b>(3,662,772)</b>	<b>22,147,857</b>
<b>Segment liabilities</b>					
Financial liabilities	6,346,383	-	3,408,959	(352,555)	9,402,787
Other financial liabilities	430,714	-	-	-	430,714
Trade payables	1,026,313	1,554,003	5,360	(738,555)	1,847,121
Derivative instruments	-	607	-	-	607
Deferred tax liabilities	152,192	127,612	953,603	-	1,233,407
Other payables and liabilities	2,635,834	1,818,200	994,465	(2,564,662)	2,883,837
<b>Total liabilities</b>	<b>10,591,436</b>	<b>3,500,422</b>	<b>5,362,387</b>	<b>(3,655,772)</b>	<b>15,798,473</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 SEPTEMBER 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 SEPTEMBER 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 September 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>1,359,817</b>	<b>(277,217)</b>	<b>(93,043)</b>	<b>-</b>	<b>989,557</b>
Profit for the period	977,477	280,981	(494,192)	-	764,266
Adjustments to reconcile net profit for the period	345,821	131,449	538,227	-	1,015,497
Changes in operating assets and liabilities	(978,231)	(664,325)	(138,097)	-	(1,780,653)
Cash generated from operating activities	345,067	(251,895)	(94,062)	-	(890)
Tax payments	(98)	(16,278)	1,287	-	(15,089)
Other cash inflows	1,014,848	(9,044)	(268)	-	1,005,536
<b>Cash Flows from Investing Activities</b>	<b>(2,184,998)</b>	<b>184,200</b>	<b>1,029,795</b>	<b>(361,768)</b>	<b>(1,332,771)</b>
Restructring effects of companies under common control (*)	(827,279)	-	827,279	-	-
Cash used for purchase of property, plant and equipment and intangible assets	-	(32,554)	(754)	-	(33,308)
Interest received	-	216,754	203,270	(361,768)	58,256
Other cash out-flows (**)	(1,357,719)	-	-	-	(1,357,719)
<b>Cash Flows from Financing Activities</b>	<b>951,062</b>	<b>53,841</b>	<b>(946,866)</b>	<b>361,768</b>	<b>419,805</b>
Increase in cash and cash equivalents	125,881	(39,176)	(10,114)	-	76,591
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>142,829</b>	<b>105,074</b>	<b>1,438</b>	<b>-</b>	<b>249,341</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 SEPTEMBER 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 September 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>1,021,529</b>	<b>180,291</b>	<b>70,433</b>	<b>(75,641)</b>	<b>1,196,612</b>
Profit for the period	756,976	198,006	(501,016)	-	453,966
Adjustments to reconcile net profit for the period	195,616	(4,412)	549,647	-	740,851
Changes in operating assets and liabilities	(648,322)	(9,348)	58,548	(75,641)	(674,763)
Cash generated from operating activities	304,270	184,246	107,179	(75,641)	520,054
Tax payments	(33,153)	(17,326)	16,661	-	(33,818)
Other cash inflows	750,412	13,371	(53,407)	-	710,376
<b>Cash Flows from Investing Activities</b>	<b>(1,288,951)</b>	<b>126,763</b>	<b>31,753</b>	<b>(153,012)</b>	<b>(1,283,447)</b>
Cash used for purchase of property, plant and equipment and intangible assets	-	(12,236)	(42,658)	-	(54,894)
Interest received	-	151,945	74,411	(153,012)	73,344
Other cash out-flows (*)	(1,288,951)	(12,946)	-	-	(1,301,897)
<b>Cash Flows from Financing Activities</b>	<b>252,072</b>	<b>(276,735)</b>	<b>(36,531)</b>	<b>228,653</b>	<b>167,459</b>
Increase in cash and cash equivalents	(15,350)	30,319	65,655	-	80,624
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>7,001</b>	<b>82,538</b>	<b>65,655</b>	<b>-</b>	<b>155,194</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 SEPTEMBER 2018

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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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 September 2018	31 December 2017
<u>Related Party Bank Balances- Akbank T.A.Ş. (1)</u>		
Demand deposits	16,369	13,943
Time deposits	1,300	11,407
Repurchase agreements	136,437	2,000
	<u>154,106</u>	<u>27,350</u>

Loans provided by related parties	Original currency	Maturity	30 September 2018	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	TL	1 October 2018	38,300	-
Akbank T.A.Ş. (1)	TL	29 July 2019	304,575	-
Akbank T.A.Ş. (1)	USD	5 August 2019	412,222	-
Akbank T.A.Ş. (1)	TL	9 September 2019	201,556	-
Akbank T.A.Ş. (1)	USD	27 September 2019	601,620	-
Akbank T.A.Ş. (1)	TL	9 January 2020	15,288	480,000
Akbank T.A.Ş. (1)	TL	2 June 2020	7,858	150,000
Akbank T.A.Ş. (1)	TL	2 June 2020	16,333	300,000
Akbank T.A.Ş. (1)	TL	30 September 2020	21,254	303,000
			<u>1,619,006</u>	<u>1,233,000</u>

As of 30 September 2018, the interest rates of TL utilized from related parties are in the range of 13.51%-36.75% (31 December 2017: 12.86% - 16.07%). As of 30 September 2018, the interest rate of USD loans utilized from related parties is 4.88% (31 December 2017: 4.88% - 4.99%).

As of 30 September 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 SEPTEMBER 2018

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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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 September 2018			
	Contract Amount (USD)	Contract Amount (TL)	Assets	Liabilities
Cross currency swap	<u>163,595</u>	<u>979,967</u>	<u>469,891</u>	<u>-</u>
	<u>163,595</u>	<u>979,967</u>	<u>469,891</u>	<u>-</u>

  

	31 December 2017			
	Contract Amount (USD)	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>1,047,594</u>	<u>30,967</u>	<u>(240)</u>

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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### NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

	30 September 2018		
	Receivables		Payables
	Current		Current
Balances with Related Parties	Trade	Other	Trade
Akbank T.A.Ş. (1)	906	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	60,749	-	-
Aksigorta A.Ş. (1) (**)	15	-	112
AvivaSA Emeklilik ve Hayat A.Ş. (1) (**)	54	-	-
Bimsa Uluslararası İş ve Bilgi Sistemleri A.Ş. ("Bimsa") (1) (*)	-	-	1,311
Brisa Bridgestone Sabancı Lastik San. Tic. A.Ş. (1)	-	-	89
Carrefoursa A.Ş. (1)	6,647	-	-
Çimsa Çimento Sanayi A.Ş. (1)	64,136	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	61	-	15,630
Hacı Ömer Sabancı Holding A.Ş. (2) (***)	516	-	-
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	80	-	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	228	-	-
Temsa Global San. ve Tic. A.Ş. (1)	418	-	-
	<u>133,810</u>	<u>-</u>	<u>17,142</u>

  

	31 December 2017		
	Receivables		Payables
	Current		Current
Balances with Related Parties	Trade	Other	Trade
Akbank T.A.Ş. (1)	2,489	-	-
Akçansa Çimento T.A.Ş. (1)	18,464	-	-
Aksigorta A.Ş. (1) (**)	9	-	1,890
Bimsa Uluslararası İş ve Bilgi Sistemleri A.Ş. ("Bimsa") (1) (*)	-	-	1,978
Brisa Bridgestone Sabancı Lastik San. Tic. A.Ş. (1)	243	-	-
Carrefoursa A.Ş. (1)	6,164	-	-
Çimsa Çimento Sanayi A.Ş. (1)	11,954	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	884	598	141,130
Hacı Ömer Sabancı Holding A.Ş. (2) (***)	325	-	34
Teknosa İç ve Dış Ticaret A.Ş. (1)	-	-	61
Temsa Global San. ve Tic. A.Ş. (1)	327	-	-
	<u>40,859</u>	<u>598</u>	<u>145,093</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.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.  
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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 September 2018	1 January - 30 September 2017
Short-term employee benefits	16,907	15,841
Long-term employee benefits	588	202
Termination benefits	-	107
	<u>17,495</u>	<u>16,150</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 September 2018						
	Electricity sales	Electricity purchases	Interests received	Interests paid	Other income	General administrative expenses	Other expenses
Akbank T.A.Ş. (1)	5,230	-	806	247,986	-	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	97,994	-	-	-	-	-	-
Aksigorta A.Ş. (1) (**)	21	-	-	-	-	5	-
AvivaSA Emeklilik ve Hayat A.Ş. (1) (**)	457	-	-	-	-	-	-
Bimsa Uluslararası İş ve Bilgi Sistemleri A.Ş. ("Bimsa") (1) (*)	-	-	-	-	-	6,821	-
Brisa Bridgestone Sabancı Lastik San. Tic. A.Ş. (1)	1	-	-	-	-	882	-
Carrefoursa A.Ş. (1)	45,563	-	-	-	-	8	-
Çimsa Çimento Sanayi A.Ş. (1)	93,886	-	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	279	259,149	-	-	1,667	432	-
Hacı Ömer Sabancı Holding A.Ş. (2) (***)	3,382	-	-	-	-	1,085	-
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	394	-	-	-	-	-	-
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (1)	90	-	-	-	-	-	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	1,594	-	-	-	-	1	-
Temsa Global San. ve Tic. A.Ş. (1)	2,664	-	-	-	-	-	-
	<u>251,555</u>	<u>259,149</u>	<u>806</u>	<u>247,986</u>	<u>1,667</u>	<u>9,234</u>	<u>-</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.

## ENERJİSA 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 5 - RELATED PARTY TRANSACTIONS (Continued)

	1 January - 30 September 2017						
Balances with Related Parties	Electricity sales	Electricity purchases	Interests received	Interests paid	Other income	General administrative expenses	Other expenses
Akbank T.A.Ş. (1)	17,828	-	19,099	296,389	-	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	38,993	-	-	-	-	-	-
Aksigorta A.Ş. (1) (**)	26	-	-	-	-	-	2,425
AvivaSA Emeklilik ve Hayat A.Ş. (1) (**)	343	-	-	-	-	-	228
Bimsa Uluslararası İş ve Bilgi Sistemleri A.Ş. ("Bimsa") (1) (*)	-	-	-	-	-	-	5,206
Brisa Bridgestone Sabancı Lastik San. Tic. A.Ş. (1)	740	-	-	-	-	-	-
Carrefoursa A.Ş. (1)	586	-	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	57,934	-	-	-	-	-	-
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. (1)	237	507,190	-	-	975	-	2,924
Enerjisa Enerji Üretim A.Ş. (1)	-	-	-	-	6,090	-	-
Enerjisa Doğalgaz Toptan Satış A.Ş. (1)	-	-	-	-	48	-	-
Exsa Export San. Mamülleri Satış ve Araştırma A.Ş. (1)	2	-	-	-	-	-	-
Hacı Ömer Sabancı Holding A.Ş. (2) (***)	3,364	-	-	-	-	-	263
Sabancı Üniversitesi (1)	2,054	-	-	-	-	-	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	2,618	-	-	-	-	-	-
Temsa Global San. ve Tic. A.Ş. (1)	2,055	-	-	-	-	-	-
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (1)	2,168	-	-	-	-	-	-
	<u>128,948</u>	<u>507,190</u>	<u>19,099</u>	<u>296,389</u>	<u>7,113</u>	<u>-</u>	<u>11,046</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.



## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 6 - TRADE RECEIVABLES AND PAYABLES

##### 6.1 Trade Receivables

	30 September 2018	31 December 2017
<u>Current Trade Receivables</u>		
Trade receivables	5,031,647	3,617,454
Due from related parties (Note 5)	133,810	40,859
Allowance for doubtful receivables (-)	(1,476,699)	(1,275,873)
	<u>3,688,758</u>	<u>2,382,440</u>

As of 30 September 2018, trade receivables amounting TL 2,939,852 (31 December 2017: TL 1,773,684) were neither past due nor impaired. Interest is charged at 2% (31 December 2017: 1.40%) per month on the overdue receivable balances.

As of 30 September 2018 trade receivables amounting TL 748,906 (31 December 2017: TL 608,756) were past due but not impaired. The aging analysis of these trade receivables as of 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018	31 December 2017
Up to 3 months	561,632	415,290
3 to 6 months	126,916	122,816
Over 6 months	60,358	70,650
	<u>748,906</u>	<u>608,756</u>

As of 30 September 2018, trade receivables of TL 1,476,699 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 SEPTEMBER 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 September 2018	1 January - 30 September 2017
Opening balance	(1,275,873)	(1,032,928)
Charge for the period	(310,847)	(245,713)
Amounts collected during the period	110,021	88,061
Closing balance	<u>(1,476,699)</u>	<u>(1,190,580)</u>

The Group received guarantee letters amounting to TL 1,090,365 (31 December 2017: TL 1,044,473) and deposits and guarantees amounting to TL 1,482,152 (31 December 2017: TL 1,140,458) as collateral for its electricity receivables.

##### 6.2 Trade Payables

	30 September 2018	31 December 2017
<u>Current Trade Payables</u>		
Trade payables	1,829,979	1,367,406
Due to related parties (Note 5)	17,142	145,093
	<u>1,847,121</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.

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#### NOTE 7 - OTHER RECEIVABLES AND PAYABLES

##### 7.1 Other Receivables

	30 September	31 December
	2018	2017
<b>Other Current Receivables</b>		
Income accruals (*)	577,725	403,916
Due from related parties (Note 5)	-	598
Deposits and guarantees given	68,479	20,706
Receivables from personnel	880	213
Allowance for other doubtful receivables (-)	(3,123)	(3,123)
Other sundry receivables	22,997	17,657
	<u>666,958</u>	<u>439,967</u>
	30 September	31 December
	2018	2017
<b>Other Non-Current Receivables</b>		
Deposits and guarantees given (**)	241,324	205,134
Income accruals (*)	460,454	204,379
Other sundry receivables (***)	77,538	63,992
	<u>779,316</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.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

##### 7.2 Other Payables

	30 September 2018	31 December 2017
<b>Other Current Payables</b>		
Other payables	202,541	150,035
Deposits received	10,521	13,778
Advances received	844	-
New connection payables	30,883	22,177
	<u>244,789</u>	<u>185,990</u>
<b>Other Non-Current Payables</b>		
Deposits received (*)	1,482,152	1,140,458
	<u>1,482,152</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.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 8 – FINANCIAL ASSETS

	Financial assets	
	30 September 2018	31 December 2017
Within one year	800,149	691,860
1-3 years	1,680,403	789,525
3-5 years	1,584,714	889,680
More than 5 years	3,817,917	4,067,366
	<u>7,883,183</u>	<u>6,438,431</u>
Current financial assets	800,149	691,860
Non - current financial assets	7,083,034	5,746,571
	<u>7,883,183</u>	<u>6,438,431</u>
	1 January - 30 September 2018	1 January - 30 September 2017
Opening balance	6,438,431	4,293,306
Investments	1,247,366	1,142,961
Collections	(1,073,419)	(756,892)
<i>CAPEX reimbursements</i>	(598,728)	(443,780)
<i>WACC reimbursements</i>	(474,691)	(316,942)
<i>Prior tariff adjustments</i>	-	3,830
Financial income	1,030,713	665,392
Fair value difference and other	240,092	188,758
Closing balance	<u>7,883,183</u>	<u>5,533,525</u>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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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	1,257	-	2,531	12,747	16,535
Transfers from constructions in progress	2,158	-	-	(2,158)	-
Closing balance as of 30 September 2018	101,106	40,438	56,849	12,624	211,017
<b>Accumulated Depreciation</b>					
Opening balance as of 1 January 2018	(5,903)	(26,488)	(8,032)	-	(40,423)
Charge for the period	(11,552)	(2,002)	(4,801)	-	(18,355)
Closing balance as of 30 September 2018	(17,455)	(28,490)	(12,833)	-	(58,778)
Carrying value as of 30 September 2018	83,651	11,948	44,016	12,624	152,239

	Machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
<b>Cost</b>					
Opening balance as of 1 January 2017	15,061	36,946	25,670	-	77,677
Additions	280	-	5,132	31,055	36,467
Assets transferred on merger with the shareholder	-	-	2,049	-	2,049
Closing balance as of 30 September 2017	15,341	36,946	32,851	31,055	116,193
<b>Accumulated Depreciation</b>					
Opening balance as of 1 January 2017	(1,052)	(15,775)	(2,840)	-	(19,667)
Charge for the period	(1,276)	(4,449)	(4,162)	-	(9,887)
Accumulated depreciation transferred on merger with the shareholder	-	-	(1,489)	-	(1,489)
Closing balance as of 30 September 2017	(2,328)	(20,224)	(8,491)	-	(31,043)
Carrying value as of 30 September 2017	13,013	16,722	24,360	31,055	85,150

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

Depreciation expense of TL 18,355 are accounted in general administrative expenses (30 September 2017: TL 9,887).

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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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	-	-	-	-	8,685	8,685
Closing balance as of 30 September 2018	4,390,673	1,650,121	2,730,031	1,152	50,732	8,822,709
<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	(113,768)	(42,300)	-	-	(11,692)	(167,760)
Closing balance as of 30 September 2018	(965,247)	(307,441)	-	(1,150)	(20,650)	(1,294,488)
Carrying value as of 30 September 2018	3,425,426	1,342,680	2,730,031	2	30,082	7,528,221
<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	-	-	-	-	18,427	18,427
Assets transferred on merger with the shareholder	-	-	-	-	1,679	1,679
Closing balance as of 30 September 2017	4,390,673	1,650,121	2,730,031	1,152	48,586	8,820,563
<b>Accumulated Amortization</b>						
Opening balance as of 1 January 2017	(699,371)	(208,586)	-	(1,150)	-	(909,107)
Charge for the period	(113,768)	(42,300)	-	-	(5,984)	(162,052)
Disposals	-	-	-	-	(343)	(343)
Assets transferred on merger with the shareholder	-	-	-	-	(964)	(964)
Closing balance as of 30 September 2017	(813,139)	(250,886)	-	(1,150)	(7,291)	(1,072,466)
Carrying value as of 30 September 2017	3,577,534	1,399,235	2,730,031	2	41,295	7,748,097

Amortization expense of TL 167,760 is included in general administrative expenses (30 September 2017: TL 162,052).

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.

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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 September 2018, there is no impairment on goodwill (30 September 2017: None).

#### NOTE 11 - COMMITMENT AND CONTINGENCIES

	TL Amount	TL
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	10,946	10,946
- <i>Collateral</i>	10,946	10,946
B. Total amount of CPM given against the subsidiaries included in full consolidation	2,134,225	2,134,225
- <i>Collateral</i>	2,134,225	2,134,225
Total	<u>2,145,171</u>	<u>2,145,171</u>

31 December 2017	TL Amount	TL
A. Total amount of Collateral Pledge Mortgage (CPM) 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>

#### Mandatory investments

As the regulated incumbent electricity distribution operator, the Distribution companies have an obligation to make any required expansion investments to the grid infrastructure in order to ensure the security of supply to all customers of the respective region. Such expansion investments are mostly a result of new customer or transmission connection requests as well as new street lighting projects initiated by municipalities that also fall under the regulated activities of Distribution companies.



## 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 TL 107,296 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 September 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

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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 September 2018, the capital of the Company comprising 118,106,897 thousand (31 December 2017: 118,106,897 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.

	<u>1 January - 30 September 2018</u>	<u>1 January - 30 September 2017</u>	<u>1 July - 30 September 2018</u>	<u>1 July - 30 September 2017</u>
Profit for the period	764,266	453,966	265,294	191,177
Weighted average shares (*)	118,106,896,712	118,106,896,712	118,106,896,712	118,106,896,712
Earnings per share (kr)	0.65	0.38	0.22	0.16

(\*) For the period ended 30 September 2018 and 30 September 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

	<u>30 September 2018</u>	<u>31 December 2017</u>
Restricted Profit Reserves	216,612	185,265
	<u>216,612</u>	<u>185,265</u>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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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 September 2018	1 January - 30 September 2017	1 July - 30 September 2018	1 July - 30 September 2017
Revenue from electricity sales and services provided	11,458,543	7,924,061	4,311,624	2,833,528
<i>Retail sales revenue</i>	7,965,110	5,146,616	3,113,150	1,862,039
<i>Retail service revenue</i>	291,446	182,578	113,864	149,429
<i>Distribution lighting sales revenue</i>	154,374	125,138	51,117	38,422
<i>Distribution service revenue</i>	2,500,308	1,976,869	874,732	615,473
<i>Transmission revenue</i>	520,603	446,118	151,570	157,524
<i>Other regions distribution revenue</i>	26,702	46,742	7,191	10,641
Financial income from service concession arrangements	1,030,713	665,392	356,456	248,609
Other sales	9,343	2,055	3,491	1,034
	<u>12,498,599</u>	<u>8,591,508</u>	<u>4,671,571</u>	<u>3,083,171</u>

#### NOTE 14 - COST OF SALES

	1 January - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2018	1 July - 30 September 2017
Electricity purchases	(8,455,249)	(5,622,011)	(3,290,651)	(2,085,840)
<i>Retail energy purchases</i>	(7,764,414)	(5,035,151)	(3,037,294)	(1,891,808)
<i>Distribution related energy purchases (*)</i>	(690,835)	(586,860)	(253,357)	(194,032)
System usage fee (**)	(547,305)	(492,860)	(158,761)	(168,165)
Other	(471)	(22,270)	(220)	(11,775)
	<u>(9,003,025)</u>	<u>(6,137,141)</u>	<u>(3,449,632)</u>	<u>(2,265,780)</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

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#### NOTE 15 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2018	1 July - 30 September 2017
General administrative expenses (-)	(1,286,855)	(1,035,284)	(449,583)	(354,013)
	<u>(1,286,855)</u>	<u>(1,035,284)</u>	<u>(449,583)</u>	<u>(354,013)</u>

Details of general administrative expenses are as follows:

	1 January - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2018	1 July - 30 September 2017
Payroll and employee benefit expenses	(580,614)	(479,030)	(212,657)	(162,948)
Depreciation and amortization expenses (Note 9, 10)	(186,115)	(171,939)	(62,614)	(59,335)
Material expenses	(90,010)	(70,436)	(38,086)	(28,958)
Fleet management expenses	(91,901)	(68,051)	(33,506)	(29,054)
Outsourcing expenses	(44,642)	(32,656)	(4,669)	(4,400)
Rent expenses	(16,708)	(13,448)	(5,543)	(4,994)
Legal and lawsuit provision expenses	(48,339)	(33,813)	(14,064)	(8,754)
Consulting expenses	(15,380)	(24,340)	(5,381)	(7,064)
Repair and maintenance expenses	(42,355)	(37,527)	(17,144)	(14,639)
Duties, taxes and levies	(37,671)	(17,104)	(5,012)	(7,313)
Travel expenses	(13,309)	(9,955)	(4,017)	(3,826)
Insurance expenses	(13,075)	(9,158)	(4,539)	(3,127)
Other expenses	(106,736)	(67,827)	(42,351)	(19,601)
	<u>(1,286,855)</u>	<u>(1,035,284)</u>	<u>(449,583)</u>	<u>(354,013)</u>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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#### NOTE 16 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

##### 16.1 Other Income From Operating Activities

	1 January - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2018	1 July - 30 September 2017
Power theft penalties	110,598	28,536	78,249	8,453
Late payment interest income from electricity receivables	72,518	67,749	27,381	23,020
Rent income	18,046	5,538	9,401	2,038
Interest income related to revenue cap regulation	23,475	1,426	7,825	1,426
Penalty income	57	151	57	(11)
Income from derivative financial instruments - net	53,992	-	53,992	-
Foreign exchange gain from operating activities	101	557	101	(527)
Other income	29,282	12,312	(40)	(2,793)
	<u>308,069</u>	<u>116,269</u>	<u>176,966</u>	<u>31,606</u>

##### 16.2 Other Expenses From Operating Activities

	1 January - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2018	1 July - 30 September 2017
Provision for doubtful receivables - net	(200,826)	(157,652)	(108,705)	(30,044)
Valuation differences arising from deposits and guarantees	(112,143)	(53,791)	(50,439)	(2,545)
Losses from derivative financial instruments - net	-	(20,160)	5,327	(6,675)
Interest expense related to revenue cap regulation	-	(1,860)	-	(443)
Penalty expenses	(6,739)	(63)	(6,446)	(29)
Competition Authority administrative fine	(107,296)	-	-	-
Foreign exchange loss from operating activities	(44,597)	(1,955)	(28,697)	(494)
Other expenses	(20,443)	(15,106)	(10,145)	(2,922)
	<u>(492,044)</u>	<u>(250,587)</u>	<u>(199,105)</u>	<u>(43,152)</u>

# ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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### NOTE 17 - FINANCE INCOME AND EXPENSES

#### 17.1 Finance Income

	1 January - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2018	1 July - 30 September 2017
Interest income	74,105	73,344	17,930	57,707
	<u>74,105</u>	<u>73,344</u>	<u>17,930</u>	<u>57,707</u>

#### 17.2 Finance Expense

	1 January - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2018	1 July - 30 September 2017
Interest expense of borrowings	(981,053)	(710,933)	(379,350)	(225,878)
Foreign exchange gains / (losses) - net	(21,623)	(31,771)	(6,330)	(29,559)
Bank commission expenses	(7,329)	(11,302)	(2,872)	(4,167)
	<u>(1,010,005)</u>	<u>(754,006)</u>	<u>(388,552)</u>	<u>(259,604)</u>

(\*) TL 175,998 fair value gains of financial instruments are recognized at foreign exchange gains (30 September 2017: TL 20,821 fair value losses).

### NOTE 18 - TAXATION ON INCOME

	30 September 2018	31 December 2017
<u>Assets Related with Current Taxes</u>		
Prepaid taxes and funds	9,015	11,215
	<u>9,015</u>	<u>11,215</u>
	30 September 2018	31 December 2017
<u>Current tax liability</u>		
Current corporate tax provision	29,984	51,342
Less: Prepaid taxes and funds	(13,564)	(47,617)
	<u>16,420</u>	<u>3,725</u>
	1 January - 30 September 2018	1 January - 30 September 2017
<u>Tax (expense) / income recognized in profit or loss</u>		
Current tax (expense)	(29,984)	(56,533)
Deferred tax (expense) / income relating to the origination and reversal of temporary differences, net	(294,594)	(93,604)
Total tax (expense)	<u>(324,578)</u>	<u>(150,137)</u>

## 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 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 September 2018, the rate of 22% is used (31 December 2017: 22%).

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

##### Deferred tax (Continued)

As of 30 September 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 September 2018	31 December 2017
Deferred tax (asset)	(41,660)	(209,957)
Deferred tax liability	1,233,407	1,090,453
Deferred tax (asset) / liability, net	<u>1,191,747</u>	<u>880,496</u>
	30 September 2018	31 December 2017
Deferred tax (assets) / liabilities		
Differences arising from customer contracts and transfer of operational rights	953,605	984,835
Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference	102,670	(100,000)
Provision for employment termination benefits	(1,286)	(4,604)
Provision for doubtful receivables	45,523	19,790
Provision for lawsuits	(37,016)	(32,063)
Provision for unused vacation	(6,144)	(4,962)
Effect of revenue cap adjustments	82,354	50,018
Late penalty payments	(53,043)	(17,244)
Adjustments due to system migration	(39,090)	(39,090)
Carry forward tax losses	(180,863)	(144,143)
Other	325,037	167,959
	<u>1,191,747</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 SEPTEMBER 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 September 2018	1 January - 30 September 2017
Opening balance	880,496	778,961
Charged to statement of profit or loss	294,594	93,604
Charged to other comprehensive income / expense	16,651	-
Closing balance	<u>1,191,747</u>	<u>872,565</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 September 2018, the Group recognized deferred tax assets amounting to TL 822,106 for unused carry forward tax losses amounting to TL 180,863 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 September 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	276,093	270,707
Expiring in 2023	207,899	-
	<u>822,106</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 September 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	298,499	19,886
	<u>1,120,940</u>	<u>842,327</u>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

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#### NOTE 19 - FINANCIAL INSTRUMENTS

##### 19.1 Financial Liabilities

	30 September 2018	31 December 2017
Short-term liabilities	1,917,527	795,658
Short-term portion of long term bonds issued	461,850	20,876
Short-term portion of long-term liabilities	<u>1,878,297</u>	<u>1,122,406</u>
Total short term financial liabilities	4,257,674	1,938,940
Long-term liabilities	3,970,242	3,978,065
Bonds issued	<u>1,174,871</u>	<u>1,291,015</u>
Total long term financial liabilities	5,145,113	5,269,080
Total financial liabilities	<u><u>9,402,787</u></u>	<u><u>7,208,020</u></u>

The financial liabilities are repayable as follows:

	30 September 2018	31 December 2017
To be paid within 1 year	4,257,674	1,938,940
To be paid between 1-2 years	2,976,166	2,044,941
To be paid between 2-3 years	1,340,091	2,183,000
To be paid between 3-4 years	653,022	695,807
To be paid between 4-5 years	175,834	345,332
	<u><u>9,402,787</u></u>	<u><u>7,208,020</u></u>

As of 30 September 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 SEPTEMBER 2018

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#### NOTE 19 - FINANCIAL INSTRUMENTS (Continued)

##### 19.1 Financial Liabilities (Continued)

As of 30 September 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 September 2018	
		Current	Non-current
TL	17.16%	2,626,572	3,970,242
USD (*)	4.92%	1,050,302	-
EUR (*)	3.9%	118,950	-
		<u>3,795,824</u>	<u>3,970,242</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 September 2018 and 31 December 2017, details of bonds issued are as follows:

Currency	Weighted average effective interest rate (*)	30 September 2018	
		Current	Non-current
TL	CPI + 4%-5%	461,850	1,174,871
		<u>461,850</u>	<u>1,174,871</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 September 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 September 2018, the principal valuation of bonds is TL 271,646 (31 December 2017: TL 101,015).

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

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#### NOTE 19 - FINANCIAL INSTRUMENTS (Continued)

##### 19.2 Other Financial Liabilities

	30 September 2018	31 December 2017
Other current financial liabilities	50,760	30,009
Other non-current financial liabilities	379,954	279,657
	<u>430,714</u>	<u>309,666</u>

The other financial liabilities are repayable as follows:

	30 September 2018	31 December 2017
To be paid within 1 year	50,760	30,009
To be paid between 1-2 years	51,850	27,663
To be paid between 2-3 years	52,941	27,349
To be paid between 3-4 years	54,095	27,020
To be paid between 4-5 years	35,767	26,677
To be paid between 5+ years	185,301	170,948
	<u>430,714</u>	<u>309,666</u>

As of 30 September 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 September 2018	
		Current	Non-current
EUR	4.70%	50,760	379,954
		<u>50,760</u>	<u>379,954</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

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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 September 2018 and 31 December 2017 are as follows:

	30 September 2018				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	44,379	68,285	740,453	129,770	(607)
Cross currency swap	174,595	17,000	1,164,018	518,587	-
	<u>218,974</u>	<u>85,285</u>	<u>1,904,471</u>	<u>648,357</u>	<u>(607)</u>
	31 December 2017				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
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 September 2018 and 31 December 2017, movements of fair value of derivative financial instruments are as follows:

	1 January- 30 September 2018	1 January- 30 September 2017
Opening balance	42,257	3,886
Derivative financial (liabilities) / assets at fair value designated through income / expense	122,006	(40,981)
Derivative financial instruments at fair value designated through other comprehensive income / expense (*)	483,487	-
Total derivative financial (liabilities) / assets	<u>647,750</u>	<u>(37,095)</u>

(\*) TL 483,487 is netted off with TL 407,800 foreign currency losses and recognised before tax at other comprehensive income.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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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 September 2018 and 31 December 2017 is disclosed below:

	30 September 2018	31 December 2017
Assets	137,501	5,672
Liabilities (-)	(1,635,680)	(1,516,462)
<b>Net foreign currency balance sheet position</b>	<b>(1,498,179)</b>	<b>(1,510,790)</b>
Off-balance sheet derivative financial instruments position	740,453	1,590,483
<b>Net foreign currency balance sheet and off-balance sheet position</b>	<b>(757,726)</b>	<b>79,693</b>
Cash flow hedging	1,164,018	-
<b>Net foreign currency position after cash flow hedging</b>	<b>406,292</b>	<b>79,693</b>

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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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 September 2018 and 31 December 2017 is disclosed below:

	30 September 2018		
	Total	USD	EUR
	TL equivalent	TL equivalent	TL equivalent
Cash and cash equivalents	137,222	120,822	16,400
Trade receivables	279	276	3
<b>Total assets</b>	<b>137,501</b>	<b>121,098</b>	<b>16,403</b>
Financial liabilities (*)	(1,169,252)	(1,050,302)	(118,950)
Other financial liabilities	(430,714)	-	(430,714)
Trade payables	(35,714)	(34,360)	(1,354)
<b>Total liabilities</b>	<b>(1,635,680)</b>	<b>(1,084,662)</b>	<b>(551,018)</b>
Net foreign currency asset / (liability) position of off-balance sheet derivative	740,453	147,680	592,773
<b>Net foreign currency asset / (liability) position</b>	<b>(757,726)</b>	<b>(815,884)</b>	<b>58,158</b>
Cash flow hedging	1,164,018	1,164,018	-
<b>Net foreign currency position after cash flow hedging</b>	<b>406,292</b>	<b>348,134</b>	<b>58,158</b>
	31 December 2017		
	Total	USD	EUR
	TL equivalent	TL equivalent	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>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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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 September 2018</b>	
	<b>Profit / Loss</b>	
	<b><u>Appreciation of foreign currency</u></b>	<b><u>Depreciation of foreign currency</u></b>
Change in USD against TL by 20%		
USD net assets / liabilities	(192,713)	192,713
Hedged items (-)	262,340	(262,340)
<b>USD net effect</b>	<b><u>69,627</u></b>	<b><u>(69,627)</u></b>
Change in EUR against TL by 20%		
EUR net assets / liabilities	(106,923)	106,923
Hedged items (-)	118,555	(118,555)
<b>EUR net effect</b>	<b><u>11,632</u></b>	<b><u>(11,632)</u></b>
	<b>1 January - 30 September 2017</b>	
	<b>Profit / Loss</b>	
	<b><u>Appreciation of foreign currency</u></b>	<b><u>Depreciation of foreign currency</u></b>
Change in USD against TL by 20%		
USD net assets / liabilities	(206,804)	206,804
Hedged items (-)	271,427	(271,427)
<b>USD net effect</b>	<b><u>64,623</u></b>	<b><u>(64,623)</u></b>
Change in EUR against TL by 20%		
EUR net assets / liabilities	(70,284)	70,284
<b>EUR net effect</b>	<b><u>(70,284)</u></b>	<b><u>70,284</u></b>



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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

As of 30 September 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 SEPTEMBER 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, derivative instruments are the only item that is recognized at fair value. The fair value of derivative 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 SEPTEMBER 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.

	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 September 2018	31 December 2017				
Derivatives	647,750	42,257	Level 2	Market Value	-	-
Deposits and guarantees given	241,324	205,134	-	CPI	-	-
Deposits and guarantees received	(1,482,152)	(1,140,458)	-	CPI	-	-
Financial assets	7,883,183	6,438,431	-	CPI	-	-

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

	30 September 2018	31 December 2017
Cash at banks	112,904	148,987
<i>Demand deposits</i>	110,311	137,580
<i>Time deposits</i>	2,593	11,407
Repurchase agreements	136,437	23,763
	<u>249,341</u>	<u>172,750</u>

As at 30 September 2018, TL 76,976 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 at 30 September 2018 repurchase agreements consist of short term USD and EUR balances with original maturities between 1-3 days (31 December 2017: 1-3 days). The weighted average effective interest rates of repurchase agreements are 6.5% and 2%, respectively as at 30 September 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 SEPTEMBER 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:

	1 January - 30 September 2018	1 January - 30 September 2017
Adjustments related to interest (income) / expense based on revenue cap regulation	(23,475)	434
Adjustments related to financial income from service concession arrangements (Note 8)	(1,030,713)	(665,392)
Adjustments related to revaluation differences arising from deposits	112,143	53,791
	<u>(942,045)</u>	<u>(611,167)</u>

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

	1 January - 30 September 2018	1 January - 30 September 2017
Net collections from financial assets related to service concession arrangements	1,073,419	756,892
<i>CAPEX reimbursements</i>	598,728	443,780
<i>WACC reimbursements</i>	474,691	316,942
<i>Prior period tariff adjustments</i>	-	(3,830)
	<u>1,073,419</u>	<u>756,892</u>

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

	1 January - 30 September 2018	1 January - 30 September 2017
Capital expenditures related to service concession arrangements	(1,357,719)	(1,301,897)
	<u>(1,357,719)</u>	<u>(1,301,897)</u>

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

Applicable starting from 1 October 2018, EMRA has announced that distribution tariff has been increased by 14.1% - 27% and the reactive energy fee has been decreased by 3% for the customer / tariff groups in national tariff.