

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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2019
AND INDEPENDENT AUDITORS' REPORT

Report on Review of Interim Condensed Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Enerjisa Enerji A.Ş. (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2019 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

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



Erdem Tecer, SMMM
Partner

August 6, 2019
İstanbul, Türkiye

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 JUNE 2019

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

ASSETS	Notes	Reviewed / current period 30 June 2019	Audited / prior period 31 December 2018
Current Assets		6,625,910	5,872,184
Cash and Cash Equivalents	23	1,564,549	562,352
Financial Assets	8	876,804	791,117
Trade Receivables	6	2,937,819	3,512,389
<i>Due from Related Parties</i>	5	21,704	130,832
<i>Due from Third Parties</i>		2,916,115	3,381,557
Other Receivables	7	687,799	458,449
<i>Due from Third Parties</i>		687,799	458,449
Derivative Financial Instruments	21	367,108	313,028
Inventory		147,075	147,956
Prepaid Expenses		35,832	71,355
Assets Related with Current Taxes	19	443	8,565
Other Current Assets		8,481	6,973
Non-Current Assets		17,147,420	16,720,626
Other Receivables	7	1,040,021	983,545
<i>Due from Third Parties</i>		1,040,021	983,545
Financial Assets	8	8,763,663	8,503,518
Right of Use Assets	9	166,909	-
Property, Plant and Equipment	10	483,601	358,781
Intangible Assets	11	6,633,244	6,745,195
<i>Goodwill</i>		1,977,127	1,977,127
<i>Other Intangible Assets</i>		4,656,117	4,768,068
Prepaid Expenses		761	2,575
Deferred Tax Assets	19	26,365	2,847
Other Non-Current Assets		32,856	124,165
TOTAL ASSETS		23,773,330	22,592,810

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

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

LIABILITIES	Notes	Reviewed / current period 30 June 2019	Audited / prior period 31 December 2018
Current Liabilities		10,151,279	7,011,907
Short-Term Financial Liabilities	20	2,422,190	998,170
Short-Term Portion of Long Term Financial Liabilities	20	5,012,752	2,435,639
Other Financial Liabilities	20	48,513	44,302
Trade Payables	6	1,872,421	2,480,917
<i>Due to Related Parties</i>	5	148,794	94,217
<i>Due to Third Parties</i>		1,723,627	2,386,700
Payables for Employee Benefits		81,036	43,217
Other Payables	7	155,238	223,902
<i>Due to Third Parties</i>		155,238	223,902
Derivative Financial Instruments	21	15,668	3,582
Deferred Income		13,318	74,752
Income Tax Liability	19	55,525	52,416
Short-Term Provisions		236,242	364,105
<i>Provisions for Employment Benefits</i>		5,639	28,779
<i>Other Short-Term Provisions</i>		230,603	335,326
Other Short-Term Liabilities		238,376	290,905
Non-Current Liabilities		7,287,629	9,281,988
Long-Term Financial Liabilities	20	3,674,685	5,765,047
Other Financial Liabilities	20	325,317	321,720
Other Payables	7	1,782,587	1,693,350
<i>Due to Third Parties</i>		1,782,587	1,693,350
Derivative Financial Instruments	21	-	7,722
Long-Term Provisions		133,178	115,366
<i>Provisions for Employment Benefits</i>		133,178	115,366
Deferred Tax Liabilities	19	1,371,862	1,378,783
TOTAL LIABILITIES		17,438,908	16,293,895

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

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

LIABILITIES	Notes	Reviewed / current period 30 June 2019	Audited / prior period 31 December 2018
Equity		6,334,422	6,298,915
Registered Share Capital	13	1,181,069	1,181,069
Adjustments to Share Capital	13	2,626,532	2,784,755
Total Share Capital		3,807,601	3,965,824
Other Funds		4,340	4,340
Accumulated Other Comprehensive Expenses not to be Reclassified to Profit or Loss in Subsequent Periods		(3,464)	(3,464)
<i>Accumulated Loss on</i>			
<i>Remeasurement of Defined Benefit Plans</i>		(3,464)	(3,464)
Accumulated Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		72,452	23,359
<i>Hedge Reserves</i>		72,452	23,359
Restricted Profit Reserves	13	251,545	216,612
Retained Earnings		1,743,107	1,344,547
Profit for the Period		458,841	747,697
TOTAL LIABILITIES AND EQUITY		23,773,330	22,592,810

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

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

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

	Notes	Reviewed / current period 1 January - 30 June 2019	Reviewed / prior period 1 January - 30 June 2018	Unreviewed / current period 1 April - 30 June 2019	Unreviewed / prior period 1 April - 30 June 2018
Revenue	14	9,327,279	7,807,517	4,843,643	3,746,993
Cost of Sales (-)	15	(6,611,136)	(5,533,882)	(3,427,938)	(2,498,145)
GROSS PROFIT		2,716,143	2,273,635	1,415,705	1,248,848
General Administrative Expenses (-)	16	(991,047)	(837,272)	(485,106)	(422,364)
Other Income from Operating Activities	17	176,891	131,103	68,560	62,112
Other Expenses from Operating Activities (-)	17	(378,281)	(292,939)	(247,306)	(206,552)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)		1,523,706	1,274,527	751,853	682,044
Finance Income	18	76,569	56,175	27,702	24,331
Finance Expense (-)	18	(931,804)	(621,453)	(525,429)	(328,849)
PROFIT BEFORE TAX		668,471	709,249	254,126	377,526
Tax Expense		(209,630)	(210,277)	(92,704)	(121,416)
Current Tax Expense	19	(235,995)	(38,778)	(62,285)	(29,772)
Deferred Tax Income / (Expense)	19	26,365	(171,499)	(30,419)	(91,644)
PROFIT FOR THE PERIOD		458,841	498,972	161,422	256,110
OTHER COMPREHENSIVE INCOME AND EXPENSE					
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		49,093	25,151	43,088	21,583
<i>Gains on Hedges</i>	21	45,019	32,244	35,872	27,784
<i>Income Tax Relating to Other Comprehensive Income</i>	19	4,074	(7,093)	7,216	(6,201)
TOTAL COMPREHENSIVE INCOME		507,934	524,123	204,510	277,693
Earnings per share					
Earnings per share (kr)	13	0.39	0.42	0.14	0.22

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

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

					Accumulated Other Comprehensive Expenses not to be Reclassified to Profit or Loss in Subsequent Periods	Accumulated Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods			
	Share Capital	Adjustment to Share Capital	Restricted Profit Reserves	Other Funds	Accumulated Loss on Remeasurement of Defined Benefit Plans	Hedge Reserves	Retained Earnings	Profit for the Period	Total Equity
Balance as at 1 January 2018 (*)	1,181,069	2,836,364	185,265	4,340	(5,241)	-	690,597	988,009	5,880,403
Transfers (**)	-	(51,609)	36,855	-	-	-	1,002,763	(988,009)	-
Dividend	-	-	-	-	-	-	(354,321)	-	(354,321)
Total comprehensive income	-	-	-	-	-	25,151	-	498,972	524,123
Balance as at 30 June 2018	1,181,069	2,784,755	222,120	4,340	(5,241)	25,151	1,339,039	498,972	6,050,205
Balance as at 1 January 2019	1,181,069	2,784,755	216,612	4,340	(3,464)	23,359	1,344,547	747,697	6,298,915
Transfers (**)	-	(158,223)	34,933	-	-	-	870,987	(747,697)	-
Dividend (***)	-	-	-	-	-	-	(472,427)	-	(472,427)
Total comprehensive income	-	-	-	-	-	49,093	-	458,841	507,934
Balance as at 30 June 2019	1,181,069	2,626,532	251,545	4,340	(3,464)	72,452	1,743,107	458,841	6,334,422

(*) With the decision of the Board of Directors dated 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.

(**) In the statutory financial statements prepared in accordance with the tax procedure law, the loss for previous years amounting to TL 158,223 has been netted off with adjustments to share capital (30 June 2018: TL 51,609).

(***) During the Ordinary General Assembly held on 28 March 2019, it has been resolved to distribute the dividend at the amount of TL 472,427 derived from the Group's distributable earnings at 2018 and distribute the cash dividend beginning from 2 April 2019. Dividends were paid out in cash in April 2019. Dividend paid by the Group per share with a TL 1 (full digit) nominal value is gross TL 0.40 (full digit).

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

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

	Notes	Reviewed / current period 1 January - 30 June 2019	Reviewed / prior period 1 January - 30 June 2018
Cash Flows from Operating Activities		1,548,824	559,279
Profit for the period		458,841	498,972
Profit for the period		458,841	498,972
Adjustments to reconcile net profit for the period		698,764	578,716
Adjustments related to the depreciation and amortization	9, 10, 11	180,670	123,501
Adjustments related to the depreciation of right of use assets	9	33,702	-
Adjustments related to the depreciation of property, plant and equipment	10	32,676	12,126
Adjustments related to the amortization of intangible assets	11	114,292	111,375
Adjustments related to impairment loss		372,490	157,578
Adjustments related to doubtful provision expenses	6, 8	372,490	157,578
Adjustments related to provisions		29,488	141,328
Adjustments related to provisions for employee benefits		26,918	18,945
Adjustments related to legal case provisions		2,570	15,087
Adjustments related to Competition Authority administrative fine provision	12	-	107,296
Adjustments related to interest (income) and expenses, net		826,079	545,528
Adjustments related to interest income	18	(76,569)	(56,175)
Adjustments related to interest expense		902,648	601,703
Adjustments related to unrealized foreign exchange loss		30,539	107,689
Adjustments related to tax expense	19	209,630	210,277
Adjustments related to change in fair value losses / (gains)		4,225	(78,982)
Other adjustments to reconcile profit / (loss)	23	(954,357)	(628,203)
Adjustments related to interest (income) / expense based on revenue cap regulation	17	(5,532)	(15,650)
Adjustments related to financial income from service concession arrangements	14	(972,425)	(674,257)
Adjustments related to revaluation differences arising from deposits and guarantees	17	23,600	61,704
Changes in operating assets and liabilities		(257,954)	(1,264,585)
Adjustments related to (increase) / decrease in trade receivables		103,081	(794,507)
Adjustments related to (increase) / decrease in inventories		878	(75,371)
Adjustments related to (increase) / decrease in other receivables and assets		368,653	(368,615)
Adjustments related to increase / (decrease) in trade payables		(600,457)	8,600
Adjustments related to increase / (decrease) in other payables and expense accruals		(130,109)	(34,692)
Cash generated from operating activities		899,651	(186,897)
Payments related with provisions for employee benefits		(31,872)	(28,687)
Payments related with Competition Authority administrative fine	12	(107,296)	-
Tax payments	19	(224,764)	(6,208)
Payments related to doubtful provision expenses	6	93,594	65,458
Other cash in-flows	23	919,511	715,613
Capital expenditures reimbursements related to service concession arrangements	8	528,764	399,152
WACC reimbursements related to service concession arrangements	8	390,747	316,461
Cash Flows from Investing Activities		(854,764)	(832,195)
Cash used for purchase of tangible and intangible assets		(182,395)	(28,092)
Interest received		91,968	54,394
Other cash out-flows	23	(764,337)	(858,497)
Capital expenditures related to service concession arrangements		(764,337)	(858,497)
Cash Flows from Financing Activities		241,297	215,420
Cash in-flows from borrowings		6,288,952	19,697,216
Cash out-flows for borrowings		(4,779,584)	(18,677,703)
Repayment of of lease liabilities		(42,968)	-
Interest paid		(752,676)	(449,772)
Dividend paid		(472,427)	(354,321)
Increase / (decrease) in cash and cash equivalents		935,357	(57,496)
Cash and cash equivalents at the beginning of the period	23	562,352	172,750
Cash and cash equivalents at the end of the period	23	1,497,709	115,254

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(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 NATURE OF 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. ("BİST") with ticker "ENJSA.E" since 8 February 2018. The Company is registered in Turkey and the address of the headquarters is as follows:

Barbaros Mahallesi, Begonya Sokak, Nida Kule Ataşehir Batı Sit. No: 1/1, Ataşehir / İstanbul, 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 interim condensed consolidated financial statements as of 30 June 2019 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

The Group's operations are carried out only in Turkey.

The Group has 9,958 employees as of 30 June 2019 (31 December 2018: 9,734 employees).

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors of the Company on 6 August 2019. The General Assembly and certain regulatory bodies have the power to amend the consolidated financial statements after the issue.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(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 NATURE OF OPERATIONS OF THE GROUP (Continued)

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 million. 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 million. AYEDAŞ currently operates in Anatolian Side of İstanbul and holds the license that gives the right for distribution of electricity in this province until 31 December 2042 starting from the date of TOR agreement signed with TEDAŞ on 24 July 2006.

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(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 million. 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

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The accompanying interim condensed 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 interim condensed 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 interim condensed consolidated financial statements for the period ended 30 June 2019 are consistent with consolidated financial statements as at 31 December 2018 except the ones disclosed in Note 2.5. Therefore, the interim condensed consolidated financial statements should be read and evaluated together with the annual financial statements prepared by the Group as of 31 December 2018.

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 reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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 interim condensed consolidated statement of comprehensive income.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

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

2.4 Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

In order to allow for the determination of the financial situation and performance trends, the Group's interim condensed 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 nettings and reclassifications are described below:

	Notes	Previously Reported 31 December 2018	Impact of nettings and reclassifications	Restated 31 December 2018
Short Term Other Receivables	a	990,680	(532,231)	458,449
Short Term Deferred Income	a	606,983	(532,231)	74,752
Property, Plant and Equipment	b	365,027	(6,246)	358,781
Intangible Assets	b	6,738,949	6,246	6,745,195

	Notes	Previously Reported 1 January - 30 June 2018	Impact of nettings	Restated 1 January - 30 June 2018
Revenue	c	7,827,028	(19,511)	7,807,517
Cost of sales (-)	c	(5,553,393)	19,511	(5,533,882)

a) The Group has retrospectively offsetted the short term income accruals and short term deferred income by TL 532,231 as at 31 December 2018.

b) The Group has retrospectively reclassified TL 6,246 of property, plant and equipment as intangible assets as at 31 December 2018.

c) The Group has retrospectively netted off the other regions' pass-through distribution related revenue and distribution related costs amounting to TL 19,511 with the amendments of IFRS 15.

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 has applied IFRS 16 Leases standard for the first time on 1 January 2019 by using the simplified modified retrospective approach. The Group has recognized right of use assets for the contracts previously identified as operational leases under IAS 17 on an amount equal to the all lease obligations which has been prepaid or accrued as of 1 January 2019 in the consolidated financial statements. The impact of IFRS 16 on the Group's financial statements as of 30 June 2019 is disclosed in Note 2.11.

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

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

2.6 Changes and Misstatements in Accounting Estimates

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the current period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. No changes have been applied to the accounting estimates of the Group in the current period.

The accounting misstatements which are identified are applied retrospectively and consolidated financial statements of preceding period are restated.

2.7 Going Concern

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

2.8 Seasonality of the Group’s operations

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

2.9 Basis of Consolidation

The details of the Company’s subsidiaries at 30 June 2019 and 31 December 2018 are as follows:

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)		Principal activity
		30 June 2019	31 December 2018	
Başkent Elektrik Dağıtım A.Ş.	Ankara	100	100	Electricity distribution services
Enerjisa Başkent 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	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.

ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

2.9 Basis of Consolidation (Continued)

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:

- 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 interim condensed 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 recognized 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, neither goodwill nor negative goodwill are recognized.

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

2.10 New and Revised International Financial Reporting Standards

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 June 2019 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 2019. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2019 are as follows:

- IFRS 16 Leases (*)
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” (Amendments)
- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements – 2015–2017 Cycle
- Plan Amendment, Curtailment or Settlement” (Amendments to IAS 19)
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)

(*) The Group adopted IFRS 16 by using the exemptions applicable for the transition of the standard as at 1 January 2019 for the first time. The impact of the standard on financial statements of the Group is disclosed in Note 2.11.

The other amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

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

- IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- IFRS 17 - The new Standard for insurance contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

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

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

2.11 Amendments to Accounting Standards and Effects on Consolidated Financial Tables

The Group applied IFRS 16 by using the simplified modified retrospective approach and the new accounting policies related to the adoption of IFRS 16 are disclosed below.

Right-of-use assets

Regarding to the contracts signed before IFRS 16’s initial application date which is 1 January 2019 and for the financial lease contracts in progress as of 1 January 2019, the Group recognises the right-of-use assets by accepting the commencement date of the leases as 1 January 2019 since the Group chose the simplified modified retrospective approach among IFRS 16 rulings.

The Group recognises right-of-use assets at the commencement date of the lease for the contracts signed after 1 January 2019 (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- (a) The amount of lease liabilities recognised,
- (b) Lease payments made at or before the commencement date less any lease incentives received and
- (c) Initial direct costs incurred.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets consist of buildings and vehicles and also are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments which are included in the calculation of lease liability at the commencement date of the lease, are consisted of payments which will be made for right of use of the underlying asset through the lease term and the payments which have not been made at the commencement date are listed below:

- (a) Fixed payments (including in-substance fixed payments) less any lease incentives receivable,
- (b) Variable lease payments that depend on an index or a rate,
- (c) Amounts expected to be paid under residual value guarantees,
- (d) The exercise price of a purchase option reasonably certain to be exercised by the the Group and
- (e) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

2.11 Amendments to Accounting Standards and Effects on Consolidated Financial Tables (Continued)

Lease Liabilities (Continued)

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The Group has used 25% interest rate for TL contracts and 5% interest rate for foreign currency contracts.

After the commencement date Group measures the lease obligation as follows:

- (a) The amount of lease liabilities is increased to reflect the accretion of interest and
- (b) The amount of lease liabilities is reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

There is not any change in the Group's accounting policies in the current period from those mentioned above.

The impacts of the IFRS 16 applications on condensed consolidated statement of financial position and statement of profit or loss, respectively as at and for the period ended 30 June 2019 are disclosed below.

(i) Consolidated Statement of Financial Position

ASSETS	30 June 2019 (Pre-impacts)	IFRS 16 Impacts	30 June 2019 (Post impacts)
Non-Current Assets	16,977,576	169,844	17,147,420
Right of Use Assets	-	166,909	166,909
Deferred Tax Assets	23,430	2,935	26,365
TOTAL ASSETS	23,603,486	169,844	23,773,330
LIABILITIES			
Current Liabilities	10,092,952	58,327	10,151,279
Short Term Portion of Long Term Lease Liabilities	2,363,863	58,327	2,422,190
Non-Current Liabilities	7,165,705	121,924	7,287,629
Long Term Lease Liabilities	3,552,761	121,924	3,674,685
Equity	6,344,829	(10,407)	6,334,422
Profit / (Loss) for the Period	469,248	(10,407)	458,841
TOTAL LIABILITIES AND EQUITY	23,603,486	169,844	23,773,330

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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

2.11 Amendments to Accounting Standards and Effects on Consolidated Financial Tables (Continued)

(ii) Consolidated Statement of Profit or Loss

	30 June 2019 (Pre-impacts)	IFRS 16 Impacts	30 June 2019 (Post impacts)
General Administrative Expenses (-)	(1,002,659)	11,612	(991,047)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)	1,512,094	11,612	1,523,706
Finance Expense (-)	(906,850)	(24,954)	(931,804)
PROFIT / (LOSS) BEFORE TAX	681,813	(13,342)	668,471
Tax (Expense) / Income	(212,565)	2,935	(209,630)
Deferred Tax Income	23,430	2,935	26,365
PROFIT / (LOSS) FOR THE PERIOD	469,248	(10,407)	458,841
TOTAL COMPREHENSIVE INCOME / (EXPENSE)	518,341	(10,407)	507,934
Earnings per share (kr)	0.40		0.39

As of 30 June 2019, with the adoption of IFRS 16, the rent expenses of the Group have decreased by TL 45,314, depreciation and finance expenses have increased by TL 33,702 and TL 24,954 respectively; deferred tax income has increased by TL 2,935.

NOTE 3 - SHARES IN OTHER PARTIES

Subsidiaries

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership (%)	
			30 June 2019	31 December 2018
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	Charging Stations Equipment Services	İstanbul	80	80

Principal Activity	Place of incorporation and operation	Number of subsidiaries owned by the Group	
		30 June 2019	31 December 2018
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	1

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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NOTE 4 - SEGMENT REPORTING

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

The following table contains information on the Group's sales and profit from its operations for the three and six months periods ended 30 June 2019 and 30 June 2018.

1 January - 30 June 2019	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	3,306,821	6,017,317	16,371	(13,230)	9,327,279
Cost of sales (-)	(985,493)	(5,625,643)	-	-	(6,611,136)
Gross profit / (loss)	2,321,328	391,674	16,371	(13,230)	2,716,143
General administrative expenses (-)	(710,853)	(164,775)	(131,188)	15,769	(991,047)
Other income / (expense) from operating activities - net	(222,966)	19,324	4,791	(2,539)	(201,390)
Operating profit / (loss)	1,387,509	246,223	(110,026)	-	1,523,706
Financial income	1,853	266,495	248,721	(440,500)	76,569
Financial expense (-)	(806,292)	(13,068)	(552,944)	440,500	(931,804)
Profit / (loss) before taxation on income	583,070	499,650	(414,249)	-	668,471
Current tax expense (-)	(37,534)	(198,461)	-	-	(235,995)
Deferred tax income / (expense)	(84,276)	90,994	19,647	-	26,365
Net profit / (loss) for the period	461,260	392,183	(394,602)	-	458,841

(*) TL 103,474 out of TL 180,670 of depreciation and amortization expenses represents amortization expenses of intangible assets (Note 11), 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
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NOTE 4- SEGMENT REPORTING (Continued)

1 January - 30 June 2018	Distribution	Retail	Unallocated (*)	Eliminations (**)	Total
Revenue	2,772,123	5,034,520	13,006	(12,132)	7,807,517
Cost of sales (-)	(806,614)	(4,727,268)	-	-	(5,533,882)
Gross profit / (loss)	1,965,509	307,252	13,006	(12,132)	2,273,635
General administrative expenses (-)	(581,916)	(136,170)	(132,740)	13,554	(837,272)
Other income / (expense) from operating activities - net	(29,623)	(131,149)	358	(1,422)	(161,836)
Operating profit / (loss)	1,353,970	39,933	(119,376)	-	1,274,527
Financial income	2,261	150,829	97,054	(193,969)	56,175
Financial expense (-)	(493,336)	(2,702)	(319,384)	193,969	(621,453)
Profit / (loss) before taxation on income	862,895	188,060	(341,706)	-	709,249
Current tax expense (-)	(18,812)	(19,966)	-	-	(38,778)
Deferred tax income / (expense)	(159,484)	(32,710)	20,695	-	(171,499)
Net profit / (loss) for the period	684,599	135,384	(321,011)	-	498,972

(*) TL 103,474 out of TL 123,501 of depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 11), 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.

(**) The Group netted of pass-through distribution related revenue and distribution related costs amounting to TL 1,893,435 within the Retail segment after the amendments of IFRS 15, which has been previously eliminated in consolidated level.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4- SEGMENT REPORTING (Continued)

1 April - 30 June 2019	Distribution	Retail	Unallocated (*)	Eliminations	Total
Revenue	1,618,024	3,222,478	8,856	(5,715)	4,843,643
Cost of sales (-)	(410,064)	(3,017,874)	-	-	(3,427,938)
Gross profit / (loss)	1,207,960	204,604	8,856	(5,715)	1,415,705
General administrative expenses (-)	(348,868)	(79,592)	(63,662)	7,016	(485,106)
Other income / (expense) from operating activities - net	(158,197)	(18,668)	(580)	(1,301)	(178,746)
Operating profit / (loss)	700,895	106,344	(55,386)	-	751,853
Financial income	1,509	141,126	143,165	(258,098)	27,702
Financial expense (-)	(454,236)	(6,363)	(322,928)	258,098	(525,429)
Profit / (loss) before taxation on income	248,168	241,107	(235,149)	-	254,126
Current tax expense (-)	(26,118)	(36,167)	-	-	(62,285)
Deferred tax income / (expense)	(25,468)	(15,356)	10,405	-	(30,419)
Net profit / (loss) for the period	196,582	189,584	(224,744)	-	161,422

(*) TL 52,023 out of TL 96,817 of depreciation and amortization expenses, represents amortization expenses of intangible assets, which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019**

(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)

1 April - 30 June 2018	Distribution	Retail	Unallocated (*)	Eliminations (**)	Total
Revenue	1,489,243	2,257,573	7,056	(6,879)	3,746,993
Cost of sales (-)	(383,378)	(2,114,767)	-	-	(2,498,145)
Gross profit / (loss)	1,105,865	142,806	7,056	(6,879)	1,248,848
General administrative expenses (-)	(298,367)	(66,499)	(65,072)	7,574	(422,364)
Other income / (expense) from operating activities - net	(24,558)	(119,626)	439	(695)	(144,440)
Operating profit / (loss)	782,940	(43,319)	(57,577)	-	682,044
Financial income	985	85,874	46,128	(108,656)	24,331
Financial expense (-)	(276,825)	(1,483)	(159,197)	108,656	(328,849)
Profit / (loss) before taxation on income	507,100	41,072	(170,646)	-	377,526
Current tax expense (-)	(11,502)	(18,270)	-	-	(29,772)
Deferred tax income / (expense)	(96,997)	(5,052)	10,405	-	(91,644)
Net profit / (loss) for the period	398,601	17,750	(160,241)	-	256,110

(*) TL 52,023 out of TL 62,067 of depreciation and amortization expenses, represents amortization expenses of intangible assets, 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.

(**) The Group netted of pass-through distribution related revenue and distribution related costs amounting to TL 907,626 within the Retail segment after the amendments of IFRS 15, which has been previously eliminated in consolidated level.

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(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 4- SEGMENT REPORTING (Continued)

The information below includes information about the Group's financial status of its business segments related to the period ended 30 June 2019 and 31 December 2018.

As at 30 June 2019	Distribution	Retail	Unallocated (*)	Eliminations	Total
Segment assets					
Cash and cash equivalents	284,604	136,888	1,143,057	-	1,564,549
Trade receivables	1,380,618	2,133,139	5,553	(581,491)	2,937,819
Inventories	145,148	1,927	-	-	147,075
Derivative instruments	363,677	-	3,431	-	367,108
Financial assets	9,641,029	-	(562)	-	9,640,467
Right of use assets	115,386	45,930	5,593	-	166,909
Property, plant and equipment	425,644	62,236	2,721	(7,000)	483,601
Intangible assets	363	39,214	6,593,667	-	6,633,244
Deferred tax assets	-	26,365	-	-	26,365
Other receivables and assets	1,508,632	2,140,896	2,857,393	(4,700,728)	1,806,193
Total assets	13,865,101	4,586,595	10,610,853	(5,289,219)	23,773,330
Segment liabilities					
Financial liabilities	6,181,605	49,101	5,473,099	(594,178)	11,109,627
Other financial liabilities	373,830	-	-	-	373,830
Trade payables	682,419	1,768,713	2,780	(581,491)	1,872,421
Derivative instruments	13,469	2,199	-	-	15,668
Deferred tax liabilities	449,522	-	922,340	-	1,371,862
Other payables and liabilities	2,856,896	2,077,886	1,867,268	(4,106,550)	2,695,500
Total liabilities	10,557,741	3,897,899	8,265,487	(5,282,219)	17,438,908

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 11). The majority of bank borrowings under unallocated part represent loans utilized for the acquisitions of distribution and retail business. 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.

(*) As at 30 June 2019, the Group has recorded an impairment provision of TL 562 for its financial assets in accordance with IFRS 9 Financial Instruments.

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NOTE 4- SEGMENT REPORTING (Continued)

As at 31 December 2018	Distribution	Retail	Unallocated (*)	Eliminations	Total
Segment assets					
Cash and cash equivalents	261,559	300,696	97	-	562,352
Trade receivables	1,289,687	2,539,979	36,637	(353,914)	3,512,389
Inventories	145,851	2,105	-	-	147,956
Derivative instruments	313,028	-	-	-	313,028
Financial assets	9,299,871	-	(5,236)	-	9,294,635
Property, plant and equipment	306,241	57,008	2,532	(7,000)	358,781
Intangible assets	709	47,307	6,697,179	-	6,745,195
Deferred tax assets	-	2,847	-	-	2,847
Other receivables and assets	1,373,926	1,197,935	1,902,406	(2,818,640)	1,655,627
Total assets	12,990,872	4,147,877	8,633,615	(3,179,554)	22,592,810
Segment liabilities					
Financial liabilities	5,502,238	-	4,081,190	(384,572)	9,198,856
Other financial liabilities	366,022	-	-	-	366,022
Trade payables	1,566,252	1,255,813	12,766	(353,914)	2,480,917
Derivative instruments	8,732	2,572	-	-	11,304
Deferred tax liabilities	369,342	67,475	941,966	-	1,378,783
Other payables and liabilities	2,197,434	2,155,726	938,921	(2,434,068)	2,858,013
Total liabilities	10,010,020	3,481,586	5,974,843	(3,172,554)	16,293,895

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 11). The majority of bank borrowings under unallocated part represent loans utilized for the acquisitions of distribution and retail business. 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.

(*) As at 31 December 2018, the Group has recorded an impairment provision of TL 5,236 for its financial assets in accordance with IFRS 9 Financial Instruments.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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NOTE 4- SEGMENT REPORTING (Continued)

1 January - 30 June 2019	Distribution	Retail	Unallocated	Eliminations	Total
Cash Flows from Operating Activities	630,097	898,063	20,664	-	1,548,824
Profit for the period	461,260	392,183	(394,602)	-	458,841
Adjustments to reconcile net profit for the period	401,228	(63,551)	361,087	-	698,764
Changes in operating assets and liabilities	(1,214,719)	842,638	114,127	-	(257,954)
Cash generated from operating activities	(352,231)	1,171,270	80,612	-	899,651
Tax payments	(11,068)	(213,588)	(108)	-	(224,764)
Other cash inflows / (outflows)	993,396	(59,619)	(59,840)	-	873,937
Cash Flows from Investing Activities	(910,416)	256,504	249,223	(450,075)	(854,764)
Cash used for purchase of property, plant and equipment and intangible assets	(146,079)	(27,243)	(9,073)	-	(182,395)
Interest received	-	283,747	258,296	(450,075)	91,968
Other cash out-flows (*)	(764,337)	-	-	-	(764,337)
Cash Flows from Financing Activities	297,130	(1,318,375)	812,467	450,075	241,297
Increase in cash and cash equivalents	16,811	(163,808)	1,082,354	-	935,357
Cash and cash equivalents at the beginning of the period	261,559	300,696	97	-	562,352
Cash and cash equivalents at the end of the period (**)	278,370	136,888	1,082,451	-	1,497,709

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

(**) Cash and cash equivalents at the end of the period differs from the statement of financial position due to foreign exchange differences (Note 23).

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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NOTE 4- SEGMENT REPORTING (Continued)

1 January - 30 June 2018	Distribution	Retail	Unallocated	Eliminations	Total
Cash Flows from Operating Activities	811,378	(175,614)	(76,485)	-	559,279
Profit for the period	684,599	135,384	(321,011)	-	498,972
Adjustments to reconcile net profit for the period	148,620	105,385	324,711	-	578,716
Changes in operating assets and liabilities	(761,976)	(421,200)	(81,409)	-	(1,264,585)
Cash generated from operating activities	71,243	(180,431)	(77,709)	-	(186,897)
Tax payments	(59)	(7,518)	1,369	-	(6,208)
Other cash inflows / (outflows)	740,194	12,335	(145)	-	752,384
Cash Flows from Investing Activities	(1,685,776)	111,115	947,007	(204,541)	(832,195)
Restructring effects of companies under common control (*)	(827,279)	-	827,279	-	-
Cash used for purchase of property, plant and equipment and intangible assets	-	(27,700)	(392)	-	(28,092)
Interest received	-	138,815	120,120	(204,541)	54,394
Other cash out-flows (**)	(858,497)	-	-	-	(858,497)
Cash Flows from Financing Activities	917,677	(27,417)	(879,381)	204,541	215,420
Increase in cash and cash equivalents	43,279	(91,916)	(8,859)	-	(57,496)
Cash and cash equivalents at the beginning of the period	16,948	144,250	11,552	-	172,750
Cash and cash equivalents at the end of the period	60,227	52,334	2,693	-	115,254

(*) 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

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NOTE 5 - RELATED PARTY TRANSACTIONS

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

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

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

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

	30 June 2019	31 December 2018
Related Party Bank Balances- Akbank T.A.Ş. (1)		
Demand deposits	32,400	42,061
Time deposits	287,084	289,212
	<u>319,484</u>	<u>331,273</u>

Loans provided by related parties	Original currency	Maturity	30 June 2019	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	TL	1 July 2019	9,800	-
Akbank T.A.Ş. (1)	TL	29 July 2019	314,676	-
Akbank T.A.Ş. (1)	TL	29 July 2019	314,672	-
Akbank T.A.Ş. (1)	USD	5 August 2019	351,850	-
Akbank T.A.Ş. (1)	TL	5 August 2019	238,388	-
Akbank T.A.Ş. (1)	TL	9 September 2019	201,990	-
Akbank T.A.Ş. (1)	TL	9 September 2019	211,900	-
Akbank T.A.Ş. (1)	TL	27 September 2019	378,242	-
Akbank T.A.Ş. (1)	USD	27 September 2019	561,117	-
Akbank T.A.Ş. (1)	TL	9 January 2020	511,486	-
Akbank T.A.Ş. (1)	USD	30 April 2020	32,967	-
Akbank T.A.Ş. (1)	TL	2 June 2020	151,674	-
Akbank T.A.Ş. (1)	TL	2 June 2020	303,749	-
Akbank T.A.Ş. (1)	TL	30 September 2020	10,799	303,000
Akbank T.A.Ş. (1)	TL	8 February 2021	9,609	100,000
Akbank T.A.Ş. (1)	TL	8 February 2021	4,864	50,000
Akbank T.A.Ş. (1)	TL	11 March 2022	29,253	450,000
			<u>3,637,036</u>	<u>903,000</u>

As of 30 June 2019, the interest rates of TL loans utilized from related parties are in the range of 13.51% - 24.15% (31 December 2018: 13.51% - 34.44%). As of 30 June 2019, the interest rate of USD loans utilized from related parties is in the range of 4.88% - 6.27% (31 December 2018: 4.88%).

As of 30 June 2019 and 31 December 2018, the Group has not given any collateral for the loans.

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Loans provided by related parties	Original currency	Maturity	31 December 2018	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	TL	2 January 2019	11,625	-
Akbank T.A.Ş. (1)	TL	2 January 2019	2,606	-
Akbank T.A.Ş. (1)	TL	29 July 2019	315,135	-
Akbank T.A.Ş. (1)	USD	5 August 2019	348,574	-
Akbank T.A.Ş. (1)	TL	9 September 2019	201,650	-
Akbank T.A.Ş. (1)	USD	27 September 2019	529,030	-
Akbank T.A.Ş. (1)	TL	25 October 2019	106,080	-
Akbank T.A.Ş. (1)	TL	25 October 2019	53,253	-
Akbank T.A.Ş. (1)	TL	9 January 2020	32,032	480,000
Akbank T.A.Ş. (1)	TL	2 June 2020	3,882	300,000
Akbank T.A.Ş. (1)	TL	2 June 2020	1,691	150,000
Akbank T.A.Ş. (1)	TL	30 September 2020	10,570	303,000
Akbank T.A.Ş. (1)	TL	5 November 2020	15,810	300,000
Akbank T.A.Ş. (1)	TL	20 May 2021	5,485	150,000
			<u>1,637,423</u>	<u>1,683,000</u>

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

	30 June 2019				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	14,021	222,500	1,538,223	3,431	(9,010)
Cross currency swap	169,595	-	976,036	354,107	-
	<u>183,616</u>	<u>222,500</u>	<u>2,514,259</u>	<u>357,538</u>	<u>(9,010)</u>

	31 December 2018				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	16,993	51,105	397,459	-	(9,379)
Cross currency swap	174,595	-	918,527	312,996	-
	<u>191,588</u>	<u>51,105</u>	<u>1,315,986</u>	<u>312,996</u>	<u>(9,379)</u>

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Balances with Related Parties	30 June 2019	
	Receivables	Payables
	Current	Current
	Trade	Trade
Akbank T.A.Ş. (1)	5,203	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	2	-
Aksigorta A.Ş. (1)	5	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	65	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	26	182
Carrefoursa A.Ş. (1)	13,254	-
Çimsa Çimento Sanayi A.Ş. (1)	292	10
Enerjisa Üretim Santralleri A.Ş. (1)	825	147,415
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	769	-
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	72	-
Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (1)	17	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	1,187
Teknosa İç ve Dış Ticaret A.Ş. (1)	640	-
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (1)	534	-
	<u>21,704</u>	<u>148,794</u>

Balances with Related Parties	31 December 2018	
	Receivables	Payables
	Current	Current
	Trade	Trade
Akbank T.A.Ş. (1)	876	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	67,751	-
Aksigorta A.Ş. (1)	2	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	101	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	-	594
Carrefoursa A.Ş. (1)	2,710	-
Çimsa Çimento Sanayi A.Ş. (1)	57,567	10
Enerjisa Üretim Santralleri A.Ş. (1)	424	92,803
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	306	-
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	98	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	807
Teknosa İç ve Dış Ticaret A.Ş. (1)	245	3
Temsa Global San. ve Tic. A.Ş. (1)	572	-
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (1)	180	-
	<u>130,832</u>	<u>94,217</u>

(*) Includes IT consulting and software fees that are billed to the Group companies by Sabancı DX one of the Group companies.

(**) Includes electricity sales to Sabancı.

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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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:

	<u>1 January - 30 June 2019</u>	<u>1 January - 30 June 2018</u>
Short-term employee benefits	17,016	12,880
Long-term employee benefits	359	511
	<u>17,375</u>	<u>13,391</u>

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 30 June 2019					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	14,011	-	9,245	318,795	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	23,195	-	-	-	-	-
Aksigorta A.Ş. (1)	25	-	-	-	-	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	459	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	21,230	-	-	-	1,084	-
Carrefoursa A.Ş. (1)	38,338	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	17,043	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	147	172,838	-	-	111	1,341
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	2,951	-	-	-	-	-
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	336	-	-	-	-	-
Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (1)	79	-	-	-	-	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	1	-	-	-	5,033	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	2,099	-	-	-	-	-
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (1)	999	-	-	-	-	-
Other	207	-	-	-	-	-
	<u>121,120</u>	<u>172,838</u>	<u>9,245</u>	<u>318,795</u>	<u>6,228</u>	<u>1,341</u>

(*) Includes IT consulting and software fees that are billed to the group companies by Sabancı DX one of the group companies.

(**) Includes electricity sales to Sabancı.

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 30 June 2018					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. (1)	3,125	-	589	187,656	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	50,896	-	-	-	-	-
Aksigorta A.Ş. (1)	14	-	-	-	-	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	298	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	1	-	-	-	673	-
Carrefoursa A.Ş. (1)	30,920	-	-	-	6	-
Çimsa Çimento Sanayi A.Ş. (1)	49,994	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	171	224,405	-	-	318	1,273
Hacı Ömer Sabancı Holding A.Ş. (2) (**)	2,011	-	-	-	785	-
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	238	-	-	-	-	-
Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (1)	51	-	-	-	-	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	-	-	4,723	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	1,051	-	-	-	1	-
Temsa Global San. ve Tic. A.Ş. (1)	1,661	-	-	-	-	-
Other	88	-	-	-	-	-
	<u>140,519</u>	<u>224,405</u>	<u>589</u>	<u>187,656</u>	<u>6,506</u>	<u>1,273</u>

(*) Includes IT consulting and software fees that are billed to the group companies by Sabancı DX one of the group companies.

(**) Includes electricity sales to and rent expenses from Sabancı.

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

6.1 Trade Receivables:

	30 June 2019	31 December 2018
Current Trade Receivables		
Trade receivables	4,904,932	5,086,804
Due from related parties (Note 5)	21,704	130,832
Allowance for doubtful receivables (-)	(1,988,817)	(1,705,247)
	<u>2,937,819</u>	<u>3,512,389</u>

As of 30 June 2019, trade receivables amounting to TL 2,155,200 (31 December 2018: TL 1,866,858) were neither past due nor impaired. Interest is charged at 2% (31 December 2018: 2%) per month on the overdue receivable balances.

As of 30 June 2019, trade receivables amounting TL 782,619 (31 December 2018: TL 1,645,531) were past due but not impaired. The aging analysis of trade receivables past due but not impaired as of 30 June 2019 and 31 December 2018 is as follows:

	30 June 2019	31 December 2018
Up to 1 months	368,509	373,724
1 to 3 months	268,048	232,242
Over 3 months	146,062	1,039,565
	<u>782,619</u>	<u>1,645,531</u>

In accordance with the requirements of IFRS 9 introducing a new impairment model based on expected credit losses, the Group has modified impairment calculation method for trade receivables. The Group recognizes the impairment of trade receivables, weighting the lifetime expected credit losses by default (Probability of Default) for all trade receivables on each customer basis and including non-overdue receivables.

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

6.1 Trade Receivables (Continued):

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

	1 January - 30 June 2019	1 January - 30 June 2018
Opening balance	(1,705,247)	(1,275,873)
Charge for the period	(377,164)	(157,578)
Amounts collected during the period	93,594	65,458
Closing balance	<u>(1,988,817)</u>	<u>(1,367,993)</u>

The Group received guarantee letters amounting to TL 1,009,756 (31 December 2018: TL 834,699) and deposits and guarantees amounting to TL 1,782,587 (31 December 2018: TL 1,693,350) as collateral for its electricity receivables.

6.2 Trade Payables:

	30 June 2019	31 December 2018
<u>Current Trade Payables</u>		
Trade payables	1,723,627	2,386,700
Due to related parties (Note 5)	148,794	94,217
	<u>1,872,421</u>	<u>2,480,917</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 June 2019	31 December 2018
Other Current Receivables		
Income accruals (*)	647,216	419,134
Deposits and guarantees given	381	382
Receivables from personnel	1,624	218
Allowance for other doubtful receivables (-)	(3,123)	(3,123)
Other sundry receivables	41,701	41,838
	<u>687,799</u>	<u>458,449</u>
	30 June 2019	31 December 2018
Other Non-Current Receivables		
Deposits and guarantees given (**)	282,662	273,428
Income accruals (*)	666,547	628,120
Other sundry receivables (***)	90,812	81,997
	<u>1,040,021</u>	<u>983,545</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 are subject to revenue caps. Realized revenue is determined in a way to cover operating expenses and investment requirements related to distribution, transmission 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 revenue to the Group regardless of the consumption level. The under billings or overbillings made by the Group are calculated at every year end and are adjusted through the tariffs to be effective in two years by EMRA. 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 (Note 1) 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.

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

7.1 Other Receivables (Continued):

Movement of allowance for other doubtful receivables is as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
Opening balance	(3,123)	(3,123)
Closing balance	(3,123)	(3,123)

7.2 Other Payables:

	30 June 2019	31 December 2018
Other Current Payables		
Payables to tax authority (*)	18,499	86,918
Deposits received	17,627	16,187
Lighting payables	43,236	43,236
Other	75,876	77,561
	<u>155,238</u>	<u>223,902</u>
Other Non-Current Payables		
Deposits received (**)	1,782,587	1,693,350
	<u>1,782,587</u>	<u>1,693,350</u>

(*) The balance represents the installments made by Ministry for VAT and other taxes related to the year 2018 for BAŞKENT EDAŞ, AYEDAŞ and TOROSLAR EDAŞ according to article of “Tax deferral of debt-compliant taxpayers“ within the scope of “Law No: 6183 amending the Procedure Law on Collection of Public Claims”.

(**) 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.

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NOTE 8 – FINANCIAL ASSETS

	Financial assets	
	30 June 2019	31 December 2018
Within one year	876,804	791,117
1-3 years	2,411,944	2,027,826
3-5 years	2,597,242	1,924,743
More than 5 years	3,754,477	4,550,949
	<u>9,640,467</u>	<u>9,294,635</u>
Current financial assets	876,804	791,117
Non - current financial assets	8,763,663	8,503,518
	<u>9,640,467</u>	<u>9,294,635</u>
	1 January - 30 June 2019	1 January - 30 June 2018
Opening balance	9,294,635	6,438,431
Investments	297,202	784,015
Collections	(919,511)	(715,613)
<i>CAPEX reimbursements</i>	(528,764)	(399,152)
<i>WACC reimbursements</i>	(390,747)	(316,461)
Financial income	972,425	674,257
Fair value difference and other	(8,958)	232,672
Reversal of impairment for financial assets (*)	4,674	-
Closing balance	<u>9,640,467</u>	<u>7,413,762</u>

(*) As of 30 June 2019, the Group has reversed the impairment provision of TL 4,674 for its financial assets which has been recorded as at 31 December 2018 in the amount of TL 5,236 in accordance with the amendments in IFRS 9 Financial Instruments Standard.

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NOTE 9 – RIGHT OF USE ASSETS

	Buildings	Motor vehicles	Total
Cost			
Opening balance as of 1 January 2019	62,025	76,224	138,249
Additions	12,140	50,222	62,362
Closing balance as of 30 June 2019	<u>74,165</u>	<u>126,446</u>	<u>200,611</u>
Accumulated Depreciation			
Opening balance as of 1 January 2019	-	-	-
Charge for the period	(7,455)	(26,247)	(33,702)
Closing balance as of 30 June 2019	<u>(7,455)</u>	<u>(26,247)</u>	<u>(33,702)</u>
Carrying value as of 30 June 2019	<u>66,710</u>	<u>100,199</u>	<u>166,909</u>

Depreciation expense of TL 33,702 are accounted in general administrative expenses (30 June 2018 General administrative expenses: None).

NOTE 10 - PROPERTY, PLANT AND EQUIPMENTS

	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Cost					
Opening balance as of 1 January 2019	238,239	14,760	107,121	42,429	402,549
Additions	66,070	-	82,860	8,566	157,496
Closing balance as of 30 June 2019	<u>304,309</u>	<u>14,760</u>	<u>189,981</u>	<u>50,995</u>	<u>560,045</u>
Accumulated Depreciation					
Opening balance as of 1 January 2019	(26,693)	(3,551)	(13,524)	-	(43,768)
Charge for the period	(17,778)	(2,613)	(12,285)	-	(32,676)
Closing balance as of 30 June 2019	<u>(44,471)</u>	<u>(6,164)</u>	<u>(25,809)</u>	<u>-</u>	<u>(76,444)</u>
Carrying value as of 30 June 2019	<u>259,838</u>	<u>8,596</u>	<u>164,172</u>	<u>50,995</u>	<u>483,601</u>
Cost					
Opening balance as of 1 January 2018	104,736	14,760	44,676	2,050	166,222
Additions	890	-	2,131	9,235	12,256
Transfers from constructions in progress	2,158	-	-	(2,158)	-
Closing balance as of 30 June 2018	<u>107,784</u>	<u>14,760</u>	<u>46,807</u>	<u>9,127</u>	<u>178,478</u>
Accumulated Depreciation					
Opening balance as of 1 January 2018	(5,196)	(370)	(6,596)	-	(12,162)
Charge for the period	(6,735)	(1,342)	(4,049)	-	(12,126)
Closing balance as of 30 June 2018	<u>(11,931)</u>	<u>(1,712)</u>	<u>(10,645)</u>	<u>-</u>	<u>(24,288)</u>
Carrying value as of 30 June 2018	<u>95,853</u>	<u>13,048</u>	<u>36,162</u>	<u>9,127</u>	<u>154,190</u>

	<u>Useful Life</u>
Plant, machinery and equipment	5 years
Motor vehicles	3 years
Furniture and fixtures	5 years

Depreciation expense of TL 30,770 and TL 1,906 are accounted in general administrative expenses and cost of sales, respectively (30 June 2018 General administrative expenses: TL 12,126).

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NOTE 11 - INTANGIBLE ASSETS

	Customer contracts and related relationships	Transfer of operating rights	Goodwill	Computer software	Leasehold improvements	Other intangible assets	Total
Cost							
Opening balance as of 1 January 2019	4,390,673	1,650,121	2,730,031	67,923	3,916	7,407	8,850,071
Additions	-	-	-	2,108	430	12	2,550
Disposals	-	-	-	-	-	(209)	(209)
Closing balance as of 30 June 2019	4,390,673	1,650,121	2,730,031	70,031	4,346	7,210	8,852,412
Accumulated Amortization							
Opening balance as of 1 January 2019	(1,003,587)	(321,696)	(752,904)	(25,179)	(27)	(1,483)	(2,104,876)
Charge for the period	(75,429)	(28,045)	-	(9,510)	(511)	(797)	(114,292)
Closing balance as of 30 June 2019	(1,079,016)	(349,741)	(752,904)	(34,689)	(538)	(2,280)	(2,219,168)
Carrying value as of 30 June 2019	3,311,657	1,300,380	1,977,127	35,342	3,808	4,930	6,633,244
Cost							
Opening balance as of 1 January 2018	4,390,673	1,650,121	2,730,031	36,545	-	5,397	8,812,767
Additions	-	-	-	4,522	-	4,150	8,672
Closing balance as of 30 June 2018	4,390,673	1,650,121	2,730,031	41,067	-	9,547	8,821,439
Accumulated Amortization							
Opening balance as of 1 January 2018	(851,479)	(265,141)	-	(6,763)	-	(2,119)	(1,125,502)
Charge for the period	(75,429)	(28,045)	-	(7,251)	-	(650)	(111,375)
Closing balance as of 30 June 2018	(926,908)	(293,186)	-	(14,014)	-	(2,769)	(1,236,877)
Carrying value as of 30 June 2018	3,463,765	1,356,935	2,730,031	27,053	-	6,778	7,584,562

Amortization expense of TL 114,096 and TL 196 are accounted are in general administrative expenses and cost of sales, respectively (30 June 2018: General administrative expenses TL 111,375).

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

On 31 March 2006 BAŞKENT EDAŞ, 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 BAŞKENT EDAŞ 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.

The Group recognized TL 3,997 under other intangible assets, in connection with E-şarj purchase price amounting to TL 4,000. TL 200 portion of this price which was accounted as contingent liabilities for 13 months following the purchase transaction is paid to the shareholders in accordance with agreement conditions on 31 May 2019.

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NOTE 11 - INTANGIBLE ASSETS (Continued)

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

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

As of 30 June 2019, there is no impairment on goodwill (31 December 2018: TL 752,904).

NOTE 12 - COMMITMENT AND CONTINGENCIES

30 June 2019	TL Equivalent	TL	EUR
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	8,070	7,798	272
- Collateral	8,070	7,798	272
B. Total amount of CPM given against the subsidiaries included in full consolidation	1,821,418	1,821,418	-
- Collateral	1,821,418	1,821,418	-
Total	1,829,488	1,829,216	272

31 December 2018	TL Equivalent	TL	EUR
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	7,778	7,778	-
- Collateral	7,778	7,778	-
B. Total amount of CPM given against the subsidiaries included in full consolidation	1,701,231	1,701,231	-
- Collateral	1,701,231	1,701,231	-
Total	1,709,009	1,709,009	-

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.

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 started an investigation against our electricity distribution and incumbent retail company in the Istanbul 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 announced its short decision on 9 August 2018 and imposed Istanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Enerjisa Istanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. a total administrative fine in the amount of TL 143,062. The reasoned decision of the investigation initiated by the Competition Board notified to the subsidiaries on 7 February 2019. As a consequence, the Group recognized a corresponding provision expense of TL 107,296 in the consolidated financial statements as of 31 December 2018, after a discount of 25% applied to the fine in case the payment is made within 30 days as of the submission date of the reasoned decision. The board decided that there is no need to impose an administrative fine to Enerjisa Enerji A.Ş.. The administrative fine in the total amount of TL 107,296 was paid by the aforementioned companies on 7 March 2019. Accordingly, İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. has initiated a lawsuit regarding the cancellation of the Competition Authority’s decision within 13th Administrative Court of Ankara on 5 April 2019 with the file number 2019/660 E.

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NOTE 12 - COMMITMENT AND CONTINGENCIES (Continued)

Competition Board Investigation (Continued)

Enerjisa Istanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Başkent Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. have initiated the lawsuits regarding the cancellation of the Competition Authority's decision within 2nd Administrative Court of Ankara on 4 April 2019 with the file number 2019/641 E.

Energy Sales Agreements

Distribution and retail companies signed Energy Sales Agreements ("ESA") with EÜAŞ in order to obtain their energy needs during the year. These energy sales agreements have been established based on regulated prices. During the year, 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.

NOTE 13 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

13.1 Share Capital:

Shareholders	30 June 2019		31 December 2018	
	Share (%)	TL	Share (%)	TL
Hacı Ömer Sabancı Holding A.Ş.	40	472,427.6	40	472,427.6
DD Turkey Holdings S.A.R.L. (E.ON)	40	472,427.6	40	472,427.6
Other	20	236,213.8	20	236,213.8
	100	1,181,069	100	1,181,069
Adjustment to share capital (*)		2,626,532		2,784,755
Total share capital		<u>3,807,601</u>		<u>3,965,824</u>

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 prepared in accordance with the tax procedure law, the loss for previous years in amount of TL 158,223 has been netted off with adjustments to share capital (30 June 2018: TL 51,609).

As at 30 June 2019, the capital of the Company comprises 118,106,897 thousand (31 December 2018: 118,106,897 thousand) registered ordinary shares of TL 0.01 (full digit) each (31 December 2018: TL 0.01 each (full digit)).

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NOTE 13 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

13.2 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 year.

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Profit for the period	458,841	498,972	161,422	256,110
Weighted average shares (*)	118,106,896,712	118,106,896,712	118,106,896,712	118,106,896,712
Earnings per share (kr)	0.39	0.42	0.14	0.22

(*) For the period ended 30 June 2019 and 30 June 2018, 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.

13.3 Restricted Profit Reserves:

	30 June 2019	31 December 2018
Restricted Profit Reserves	251,545	216,612
	<u>251,545</u>	<u>216,612</u>

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.

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NOTE 14 – REVENUE

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Revenue from electricity sales and services provided	8,342,421	7,127,408	4,333,553	3,374,590
<i>Retail sales revenue</i>	5,785,712	4,851,960	3,100,764	2,161,128
<i>Regulated revenue</i>	5,229,664	4,287,617	2,787,987	1,596,785
<i>Liberalised revenue</i>	556,048	564,343	312,777	564,343
<i>Retail service revenue</i>	222,313	177,582	116,872	93,078
<i>Distribution lighting sales revenue</i>	134,181	103,257	57,065	45,660
<i>Distribution service revenue</i>	1,704,827	1,625,576	861,000	894,828
<i>Transmission revenue</i>	495,388	369,033	197,852	179,896
Financial income from service concession arrangements	972,425	674,257	502,107	368,859
Other income	12,433	5,852	7,983	3,544
	<u>9,327,279</u>	<u>7,807,517</u>	<u>4,843,643</u>	<u>3,746,993</u>

NOTE 15- COST OF SALES

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Electricity purchases	(6,106,031)	(5,164,598)	(3,228,505)	(2,318,105)
<i>Retail energy purchases</i>	(5,622,612)	(4,727,120)	(3,016,400)	(2,114,619)
<i>Distribution related energy purchases (*)</i>	(483,419)	(437,478)	(212,105)	(203,486)
System usage fee (**)	(495,388)	(369,033)	(197,852)	(179,896)
Depreciation and amortization expenses	(2,102)	-	(1,050)	-
Other	(7,615)	(251)	(531)	(144)
	<u>(6,611,136)</u>	<u>(5,533,882)</u>	<u>(3,427,938)</u>	<u>(2,498,145)</u>

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

(**) Includes pass-through of transmission revenue.

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NOTE 16 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
General administrative expenses (-)	(991,047)	(837,272)	(485,106)	(422,364)
	<u>(991,047)</u>	<u>(837,272)</u>	<u>(485,106)</u>	<u>(422,364)</u>

Details of general administrative expenses are as follows:

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Payroll and employee benefit expenses	(475,185)	(367,957)	(236,234)	(189,656)
Depreciation and amortization expenses (Note 9, 10, 11)	(178,568)	(123,501)	(95,769)	(62,067)
Material expenses	(59,391)	(51,924)	(28,334)	(24,089)
Fleet management expenses	(52,318)	(58,395)	(26,547)	(32,968)
Outsourcing expenses	(27,090)	(39,973)	(17,975)	(30,447)
Rent expenses	(10,175)	(11,165)	(3,006)	(3,242)
Legal and lawsuit provision expenses	(30,197)	(34,275)	(6,057)	(21,042)
Consulting expenses	(7,459)	(9,999)	(4,014)	(5,448)
Repair and maintenance expenses	(28,925)	(25,211)	(13,878)	(13,856)
Duties, taxes and levies	(18,736)	(32,659)	(7,826)	(6,958)
Travel expenses	(9,952)	(9,292)	(5,401)	(5,075)
Insurance expenses	(10,532)	(8,536)	(5,526)	(4,667)
Other expenses	(82,519)	(64,385)	(34,539)	(22,849)
	<u>(991,047)</u>	<u>(837,272)</u>	<u>(485,106)</u>	<u>(422,364)</u>

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NOTE 17 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

17.1 Other Income From Operating Activities:

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Power theft penalties	62,332	32,349	32,529	14,041
Late payment interest income from electricity receivables	81,762	45,137	41,826	22,578
Rent and advertisement income	12,686	8,645	9,675	4,571
Interest income related to revenue cap regulation - net	5,532	15,650	3,026	7,825
Valuation differences arising from deposits and guarantees	-	-	(8,500)	-
Reversal of impairment provision on financial assets (Note 8) (*)	4,674	-	-	-
Income from derivative financial instruments - net	7,317	-	(11,666)	-
Other income	2,588	29,322	1,670	13,097
	<u>176,891</u>	<u>131,103</u>	<u>68,560</u>	<u>62,112</u>

(*) As of 30 June 2019, the Group has reversed the impairment provision of TL 4,674 for its financial assets which has been recorded as at 31 December 2018 in the amount of TL 5,236 in accordance with the amendments in IFRS 9 Financial Instruments Standard.

17.2 Other Expenses From Operating Activities:

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Provision for doubtful receivables - net (Note 6)	(283,570)	(92,120)	(186,597)	(43,775)
Valuation differences arising from deposits and guarantees	(23,600)	(61,704)	(23,600)	(35,326)
Competition Authority administrative fine (Note 12)	-	(107,296)	-	(107,296)
Foreign exchange losses from operating activities	(7,573)	(15,900)	(5,429)	(12,865)
Penalty expenses	(41,911)	(293)	(18,837)	(293)
Losses from derivative financial instruments - net	-	(5,327)	-	(1,871)
Other expenses	(21,627)	(10,299)	(12,843)	(5,126)
	<u>(378,281)</u>	<u>(292,939)</u>	<u>(247,306)</u>	<u>(206,552)</u>

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NOTE 18 – FINANCE INCOME AND EXPENSES

18.1 Finance Income:

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Interest income	76,569	56,175	27,702	24,331
	<u>76,569</u>	<u>56,175</u>	<u>27,702</u>	<u>24,331</u>

18.2 Finance Expenses:

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Interest expenses of borrowings	(817,807)	(601,703)	(458,197)	(316,985)
Foreign exchange gains / (losses) - net	(24,411)	(15,293)	(13,879)	(9,537)
Bank commission expenses	(89,586)	(4,457)	(53,353)	(2,327)
	<u>(931,804)</u>	<u>(621,453)</u>	<u>(525,429)</u>	<u>(328,849)</u>

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NOTE 19 – TAXATION ON INCOME

	30 June 2019	31 December 2018
<u>Current assets related with current taxes</u>		
Prepaid taxes and funds	443	8,565
	<u>443</u>	<u>8,565</u>
	30 June 2019	31 December 2018
<u>Current tax liability</u>		
Current corporate tax provision	235,995	85,949
Less: Prepaid taxes and funds	(180,470)	(33,533)
	<u>55,525</u>	<u>52,416</u>
	1 January - 30 June 2019	1 January - 30 June 2018
<u>Tax expense recognized in profit or loss</u>		
Current tax expense	(235,995)	(38,778)
Deferred tax income / (expense) relating to the origination and reversal of temporary differences, net	26,365	(171,499)
Total tax expense	<u>(209,630)</u>	<u>(210,277)</u>

Corporate tax

The Group is subject to Turkish corporate taxes. A provision is made in the accompanying interim condensed consolidated 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 2019 is 22% (31 December 2018: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was applied as 22% in 2019 (31 December 2018: 22%). The companies apply 22% (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.

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NOTE 19 – TAXATION ON INCOME (Continued)

Corporate tax (Continued)

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

Income withholding tax

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

Deferred tax

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

For calculation of deferred tax assets and liabilities as of 30 June 2019, the rate of 22% is used (2018: 22%).

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

	30 June 2019	31 December 2018
Deferred tax (asset)	(26,365)	(2,847)
Deferred tax liability	1,371,862	1,378,783
Deferred tax (asset) / liability, net	<u>1,345,497</u>	<u>1,375,936</u>

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NOTE 19 – TAXATION ON INCOME (Continued)

Deferred tax (Continued)

	30 June 2019	31 December 2018
<u>Deferred tax (assets) / liabilities</u>		
Differences arising from customer contracts and transfer of operational rights	922,299	943,116
Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference	246,654	246,484
Provision for employment termination benefits	(822)	(3,145)
Provision for doubtful receivables	8,604	7,929
Provision for lawsuits	(47,874)	(47,081)
Provision for unused vacation	(8,799)	(6,745)
Effect of revenue cap adjustments	310,436	254,646
Late payment penalties	(35,276)	(63,790)
Adjustments due to system migration	(39,090)	(39,090)
Carry forward tax losses	(175,238)	(116,432)
Other	164,603	200,044
	<u>1,345,497</u>	<u>1,375,936</u>

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

	1 January - 30 June 2019	1 January - 30 June 2018
Opening balance	1,375,936	880,496
Charged to statement of profit or loss	(26,365)	171,499
Charged to other comprehensive income / expense	(4,074)	7,093
Closing balance	<u>1,345,497</u>	<u>1,059,088</u>

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

At 30 June 2019, the Group recognized deferred tax assets amounting to TL 175,238 for unused carry forward tax losses amounting to TL 796,537, since it was considered as probable that there would be sufficient taxable income in the subsequent periods to utilize such assets based on the forecasts made (31 December 2018: TL 116,432 and TL 529,238 respectively).

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NOTE 19 - TAXATION ON INCOME (Continued)

Deferred tax (Continued)

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

	30 June 2019	31 December 2018
Expiring in 2019	177,300	177,786
Expiring in 2020	-	-
Expiring in 2021	78,456	77,184
Expiring in 2022	275,110	274,268
Expiring in 2023	-	-
Expiring in 2024	265,671	-
	<u>796,537</u>	<u>529,238</u>

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

	30 June 2019	31 December 2018
Expiring in 2019	-	-
Expiring in 2020	77,323	77,323
Expiring in 2021	191,541	191,541
Expiring in 2022	-	-
Expiring in 2023	564,866	564,866
Expiring in 2024	387,529	-
	<u>1,221,259</u>	<u>833,730</u>

NOTE 20 - FINANCIAL INSTRUMENTS

20.1 Financial Liabilities:

	30 June 2019	31 December 2018
Short-term borrowings	2,422,190	998,170
Short-term portion of long term lease liabilities	58,327	-
Short-term portion of long term bonds issued	539,918	533,563
Short-term portion of long-term borrowings	4,414,507	1,902,076
Total short term financial liabilities	<u>7,434,942</u>	<u>3,433,809</u>
Long-term borrowings	2,213,000	4,453,001
Lease liabilities	121,924	-
Bonds issued	1,339,761	1,312,046
Total long term financial liabilities	<u>3,674,685</u>	<u>5,765,047</u>
Total financial liabilities	<u>11,109,627</u>	<u>9,198,856</u>

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NOTE 20 - FINANCIAL INSTRUMENTS (Continued)

20.1 Financial Liabilities (Continued):

The borrowings and bonds issued are repayable as follows:

	30 June 2019	31 December 2018
To be paid within 1 year	7,376,615	3,433,809
To be paid between 1-2 years	2,279,593	3,773,000
To be paid between 2-3 years	631,545	1,363,446
To be paid between 3-4 years	641,623	432,416
To be paid between 4-5 years	-	196,185
	<u>10,929,376</u>	<u>9,198,856</u>

As of 30 June 2019 and 31 December 2018, the Group has not given any collateral for the loans obtained.

As of 30 June 2019 and 31 December 2018, details of short and long term financial borrowings in terms of interest and currencies are as follows:

Currency	Weighted average effective interest rate	30 June 2019	
		Current	Non-current
TL	18.48%	5,751,376	2,213,000
USD (*)	4.93%	972,009	-
EUR (*)	3.99%	113,312	-
		<u>6,836,697</u>	<u>2,213,000</u>

Currency	Weighted average effective interest rate	31 December 2018	
		Current	Non-current
TL	19.05%	1,863,300	4,453,001
USD (*)	4.92%	932,640	-
EUR (*)	3.99%	104,306	-
		<u>2,900,246</u>	<u>4,453,001</u>

(*) Foreign currency risks associated with the USD and EUR denominated borrowings of the Group are fully hedged through cross currency swap instruments.

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NOTE 20 - FINANCIAL INSTRUMENTS (Continued)

20.1 Financial Liabilities (Continued):

As of 30 June 2019 and 31 December 2018, details of bonds issued are as follows:

Currency	Weighted average effective interest rate (*)	30 June 2019	
		Current	Non-current
TL	CPI + 4%-5%	539,918	1,339,761
		<u>539,918</u>	<u>1,339,761</u>

Currency	Weighted average effective interest rate (*)	31 December 2018	
		Current	Non-current
TL	CPI + 4%-5%	533,563	1,312,046
		<u>533,563</u>	<u>1,312,046</u>

(*) As of 30 June 2019, the interest is CPI-indexed variable interest and the annual real coupon rate varies from 4% to 5% (31 December 2018: 4% - 5%).

As of 30 June 2019, the principal valuation of bonds is TL 499,053 (31 December 2018: TL 460,761).

As of 30 June 2019 and 31 December 2018, details of lease liabilities are as follows:

	30 June 2019	31 December 2018
<u>Short term lease liabilities</u>		
Buildings	21,396	-
Vehicles	36,931	-
	<u>58,327</u>	<u>-</u>

	30 June 2019	31 December 2018
<u>Long term lease liabilities</u>		
Buildings	50,451	-
Vehicles	71,473	-
	<u>121,924</u>	<u>-</u>

The lease liabilities are repayable as follows:

	30 June 2019	31 December 2018
To be paid within 1 year	58,327	-
To be paid between 1-2 years	55,524	-
To be paid between 2-3 years	42,712	-
To be paid between 3-4 years	12,514	-
To be paid between 4-5 years	11,174	-
	<u>180,251</u>	<u>-</u>

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NOTE 20 - FINANCIAL INSTRUMENTS (Continued)

20.2 Other Financial Liabilities:

	30 June 2019	31 December 2018
Other current financial liabilities	48,513	44,302
Other non-current financial liabilities	325,317	321,720
	<u>373,830</u>	<u>366,022</u>

The other financial liabilities are repayable as follows:

	30 June 2019	31 December 2018
To be paid within 1 year	48,513	44,302
To be paid between 1-2 years	49,663	45,232
To be paid between 2-3 years	50,693	46,191
To be paid between 3-4 years	39,376	47,203
To be paid between 4-5 years	28,041	25,272
To be paid between 5+ years	157,544	157,822
	<u>373,830</u>	<u>366,022</u>

As of 30 June 2019 and 31 December 2018, details of short and long term other financial liabilities in terms of currencies are as follows:

Currency	Weighted average effective interest rate	30 June 2019	
		Current	Non-current
EUR	4.70%	48,513	325,317
		<u>48,513</u>	<u>325,317</u>

Currency	Weighted average effective interest rate	31 December 2018	
		Current	Non-current
EUR	4.70%	44,302	321,720
		<u>44,302</u>	<u>321,720</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.

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NOTE 21 – DERIVATIVE INSTRUMENTS

The Group utilizes forward exchange contracts in order to mitigate foreign exchange rate risk arising from feed-in-tariff cost (“FIT”), unit-price investment expenditures, foreign currency denominated other financial liabilities and time deposits. Furthermore, in order to mitigate the foreign exchange risk arising from foreign currency denominated bank loans, the Group entered into cross currency swap transactions. The details and fair values of the agreements as of 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	61,330	263,843	2,081,317	4,355	(15,668)
Cross currency swap	169,595	17,000	1,087,398	362,753	-
	<u>230,925</u>	<u>280,843</u>	<u>3,168,715</u>	<u>367,108</u>	<u>(15,668)</u>

	31 December 2018				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	24,345	66,918	531,458	-	(11,304)
Cross currency swap	174,595	17,000	1,021,003	313,028	-
	<u>198,940</u>	<u>83,918</u>	<u>1,552,461</u>	<u>313,028</u>	<u>(11,304)</u>

As of 30 June 2019 and 30 June 2018, movements of fair value of derivative financial instruments are as follows:

	1 January- 30 June 2019	1 January- 30 June 2018
Opening balance	301,724	42,257
Derivative financial (liabilities) / assets at fair value designated through income / expense	(3,832)	96,649
Derivative financial (liabilities) / assets at fair value designated through other comprehensive income / expense (*)	53,548	166,905
Total derivative financial (liabilities) / assets	<u>351,440</u>	<u>305,811</u>

(*) Fair value differences amounting to TL 53,548 is netted off with the foreign exchange losses from borrowings amounting to TL 75,369 and foreign exchange gains from time deposits amounting to TL 66,840, and the net amount, TL 45,019, is accounted to other comprehensive income before tax (30 June 2018: TL 32,244).

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NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 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 program 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.

22.1.1 Foreign currency risk management

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 at the reporting date is disclosed below:

	30 June 2019		
	Total TL equivalent	USD TL equivalent	EUR TL equivalent
Cash and cash equivalents (*)	1,417,051	128,201	1,288,850
Trade receivables	1,844	593	1,251
Total assets	1,418,895	128,794	1,290,101
Financial liabilities (**)	(1,085,321)	(972,009)	(113,312)
Other financial liabilities	(373,830)	-	(373,830)
Trade payables	(102,823)	(98,401)	(4,422)
Total liabilities	(1,561,974)	(1,070,410)	(491,564)
Net foreign currency asset / (liability) position of off-balance sheet derivative	937,427	352,960	584,467
Net foreign currency asset / (liability) position	794,348	(588,656)	1,383,004
Cash flow hedging	(56,492)	976,036	(1,032,528)
Net foreign currency position after cash flow hedging	737,856	387,380	350,476

(*) The Group has forward exchange contracts in order to mitigate foreign exchange rate risk associated with EUR time deposits in equivalent of TL 1,258,445.

(**) The Group has forward exchange and cross currency swap instruments in order to mitigate foreign currency risks associated with the USD and EUR denominated loans.

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NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued):

22.1.1 Foreign currency risk management (Continued)

	31 December 2018		
	Total TL equivalent	USD TL equivalent	EUR TL equivalent
Cash and cash equivalents	235,579	200,979	34,600
Trade receivables	4,772	761	4,011
Total assets	240,351	201,740	38,611
Financial liabilities (*)	(1,036,946)	(932,640)	(104,306)
Other financial liabilities	(366,022)	-	(366,022)
Trade payables	(117,079)	(102,817)	(14,262)
Total liabilities	(1,520,047)	(1,035,457)	(484,590)
Net foreign currency asset / (liability) position of off-balance sheet derivative	531,458	128,075	403,383
Net foreign currency asset / (liability) position	(748,238)	(705,642)	(42,596)
Cash flow hedging	1,021,003	918,527	102,476
Net foreign currency position after cash flow hedging	272,765	212,885	59,880

(*) The Group has forward exchange and cross currency swap instruments in order to mitigate foreign currency risks associated with the USD and EUR denominated loans.

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

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. A positive number indicates an increase in profit or loss before taxation on income where the TL strengthens against the relevant currency.

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

NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued):

22.1.1 Foreign currency risk management (Continued)

	1 January - 30 June 2019	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 20%		
USD net assets / liabilities	(188,323)	188,323
Hedged items (-)	265,799	(265,799)
USD net effect	77,476	(77,476)
Change in EUR against TL by 20%		
EUR net assets / liabilities	159,707	(159,707)
Hedged items (-)	(89,612)	89,612
EUR net effect	70,095	(70,095)
	1 January - 30 June 2018	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 20%		
USD net assets / liabilities	(262,145)	262,145
Hedged items (-)	312,032	(312,032)
USD net effect	49,887	(49,887)
Change in EUR against TL by 20%		
EUR net assets / liabilities	(81,445)	81,445
Hedged items (-)	78,452	(78,452)
EUR net effect	(2,993)	2,993

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NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued):

22.1.2 Interest rate risk management

As of 30 June 2019 and 31 December 2018, the Group has no floating 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.

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.

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 financial liabilities with fixed interest rate are considered to approximate their carrying values. The fair values of financial liabilities with variable interest rates are considered to be equivalent to the carrying amount due to the expectation that the floating interest rate will change accordingly with the market interest rates.

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

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

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NOTE 22 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

22.1 Financial risk factors (Continued):

22.1.2 Interest rate risk management (Continued)

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 interim condensed consolidated statement of financial position, 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 Group has also deposits and guarantees received and financial assets that are subject to inflation indexation.

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

Financial assets / (Financial liabilities)	Fair value / revalued amount		Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2019	31 December 2018				
Derivative financial instruments	351,440	301,724	Level 2	Market Value	-	-
Deposits and guarantees given	282,662	273,428	-	CPI	-	-
Deposits and gurantees received	(1,782,587)	(1,693,350)	-	CPI	-	-
Financial assets	9,640,467	9,294,635	-	CPI	-	-

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NOTE 23 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

	30 June 2019	31 December 2018
Cash at banks	1,564,549	562,352
<i>Demand deposits</i>	124,637	140,347
<i>Time deposits</i>	1,439,912	422,005
Cash and cash equivalents at the statement of financial position	<u>1,564,549</u>	<u>562,352</u>
Foreign exchange differences	(66,840)	-
Cash and cash equivalents at cash flow statement	<u>1,497,709</u>	<u>562,352</u>

As at 30 June 2019, TL 118,156 of the Group’s demand deposits are blocked at different banks (31 December 2018: TL 92,870). 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 June 2019 time deposits consist of short term TL 21,524, EUR 196,509 and USD 21,950 balances (31 December 2018: TL 186,943, EUR 5,700 and USD 38,150) with maturities between 1-89 days (31 December 2018: 1-5 days). The weighted average effective interest rates of TL, EUR and USD time deposits are 19.32%, 1.21% and 3.50% respectively as at 30 June 2019 (31 December 2018: weighted average effective interest rate 23.07%, 1.25% and 4.00%, respectively).

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

	1 January - 30 June 2019	1 January - 30 June 2018
Adjustments related to interest (income) / expense based on revenue cap regulation (Note 17)	(5,532)	(15,650)
Adjustments related to financial income from service concession arrangements (Note 8)	(972,425)	(674,257)
Adjustments related to revaluation differences arising from deposits (Note 17)	23,600	61,704
	<u>(954,357)</u>	<u>(628,203)</u>

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

	1 January - 30 June 2019	1 January - 30 June 2018
Net collections from financial assets related to service concession arrangements	919,511	715,613
<i>Capital expenditure reimbursements (Note 8)</i>	528,764	399,152
<i>WACC reimbursements (Note 8)</i>	390,747	316,461
	<u>919,511</u>	<u>715,613</u>

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NOTE 23 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

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

	1 January - 30 June 2019	1 January - 30 June 2018
Capital expenditures related to service concession arrangements	(764,337)	(858,497)
	<u>(764,337)</u>	<u>(858,497)</u>

NOTE 24 - EVENTS AFTER THE REPORTING DATE

- Applicable starting from 1 July 2019, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been increased between 16.7% – 18.8% and distribution tariff has been increased by 7.3%.
- Applicable starting from 1 July 2019, EMRA has announced that interest will be charged 2.5% per month on the overdue receivable balances.