ENERJİSA ENERJİ A.Ş. AND
ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 31 MARCH 2019

ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 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	Unaudited / current period 31 March 2019	Audited / prior period 31 December 2018
Current Assets		**7,502,664**	**6,404,415**
Cash and Cash Equivalents	22	1,825,379	562,352
Financial Assets	8	933,828	791,117
Trade Receivables	6	2,793,936	3,512,389
Due from Related Parties	*5*	*13,775*	*130,832*
Due from Third Parties		*2,780,161*	*3,381,557*
Other Receivables	7	1,337,152	990,680
Due from Third Parties		*1,337,152*	*990,680*
Derivative Financial Instruments	20	425,833	313,028
Inventory		132,654	147,956
Prepaid Expenses		44,272	71,355
Assets Related with Current Taxes	18	2,991	8,565
Other Current Assets		6,619	6,973
Non-Current Assets		**16,918,452**	**16,720,626**
Other Receivables	7	1,190,214	983,545
Due from Third Parties		*1,190,214*	*983,545*
Financial Assets	8	8,411,106	8,503,518
Property, Plant and Equipment	9	519,488	365,027
Right of Use Assets		*132,383*	-
Other Tangible Assets		*387,105*	*365,027*
Intangible Assets	10	6,684,888	6,738,949
Goodwill		*1,977,127*	*1,977,127*
Other Intangible Assets		*4,707,761*	*4,761,822*
Prepaid Expenses		922	2,575
Deferred Tax Assets	18	45,913	2,847
Other Non-Current Assets		65,921	124,165
TOTAL ASSETS		**24,421,116**	**23,125,041**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 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	Unaudited / current period 31 March 2019	Audited / prior period 31 December 2018
Current Liabilities		**9,635,570**	**7,544,138**
Short-Term Financial Liabilities	19	2,010,356	998,170
Short-Term Portion of Long Term Financial Liabilities	19	3,905,916	2,435,639
Other Financial Liabilities	19	45,330	44,302
Trade Payables	6	1,611,681	2,480,917
Due to Related Parties	*5*	*24,894*	*94,217*
Due to Third Parties		*1,586,787*	*2,386,700*
Payables for Employee Benefits		59,397	43,217
Other Payables	7	710,978	223,902
Due to Related Parties	*5*	*472,427*	-
Due to Third Parties		*238,551*	*223,902*
Derivative Financial Instruments	20	36,231	3,582
Deferred Income		542,933	606,983
Income Tax Liability	18	169,776	52,416
Short-Term Provisions		252,241	364,105
Provisions for Employment Benefits		*8,389*	*28,779*
Other Short-Term Provisions		*243,852*	*335,326*
Other Short-Term Liabilities		290,731	290,905
Non-Current Liabilities		**8,655,634**	**9,281,988**
Long-Term Financial Liabilities	19	5,127,060	5,765,047
Other Financial Liabilities	19	321,190	321,720
Other Payables	7	1,714,027	1,693,350
Due to Third Parties		*1,714,027*	*1,693,350*
Derivative Financial Instruments	20	236	7,722
Long-Term Provisions		124,914	115,366
Provisions for Employment Benefits		*124,914*	*115,366*
Deferred Tax Liabilities	18	1,368,207	1,378,783
TOTAL LIABILITIES		**18,291,204**	**16,826,126**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 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	Unaudited / current period 31 March 2019	Audited / prior period 31 December 2018
Equity		**6,129,912**	**6,298,915**
Registered Share Capital	12	1,181,069	1,181,069
Adjustments to Share Capital	12	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)
Accumulated Loss on Remeasurement of Defined Benefit Plans		*(3,464)*	*(3,464)*
Accumulated Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		29,364	23,359
Hedge Reserves		*29,364*	*23,359*
Restricted Profit Reserves	12	253,781	216,612
Retained Earnings		1,740,871	1,344,547
Profit for the Period		297,419	747,697
TOTAL LIABILITIES AND EQUITY		**24,421,116**	**23,125,041**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 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	Unaudited / current period 1 January - 31 March 2019	Unaudited / prior period 1 January - 31 March 2018
Revenue	13	4,483,636	4,060,524
Cost of Sales (-)	14	(3,183,198)	(3,035,737)
GROSS PROFIT		**1,300,438**	**1,024,787**
General Administrative Expenses (-)	15	(511,802)	(414,908)
Other Income from Operating Activities	16	114,192	68,991
Other Expenses from Operating Activities (-)	16	(130,975)	(83,352)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)		**771,853**	**595,518**
Finance Income	17	48,867	31,844
Finance Expense (-)	17	(406,375)	(295,639)
PROFIT BEFORE TAX		**414,345**	**331,723**
Tax Expense		**(116,926)**	**(88,861)**
Current Tax Expense	18	(173,710)	(9,006)
Deferred Tax Income / (Expense)	18	56,784	(79,855)
PROFIT FOR THE PERIOD		**297,419**	**242,862**
OTHER COMPREHENSIVE INCOME AND EXPENSE			
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		**6,005**	**3,568**
Gains on Hedges	*20*	*9,147*	*4,460*
Income Tax Relating to Other Comprehensive Income	*18*	*(3,142)*	*(892)*
TOTAL COMPREHENSIVE INCOME		**303,424**	**246,430**
Earnings per share			
Earnings per share (kr)	12	0.25	0.21

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019

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

	Share Capital	Adjustment to Share Capital	Restricted Profit Reserves	Other Funds	Accumulated Other Comprehensive Expenses not to be Reclassified to Profit or Loss in Subsequent Periods: Accumulated Loss on Remeasurement of Defined Benefit Plans	Accumulated Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods: 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)	31,814	-	-	-	1,007,804	(988,009)	-
Dividend	-	-	-	-	-	-	(354,321)	-	(354,321)
Total comprehensive income	-	-	-	-	-	3,568	-	242,862	246,430
Balance as at 31 March 2018	**1,181,069**	**2,784,755**	**217,079**	**4,340**	**(5,241)**	**3,568**	**1,344,080**	**242,862**	**5,772,512**
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)	37,169	-	-	-	868,751	(747,697)	-
Dividend (**)	-	-	-	-	-	-	(472,427)	-	(472,427)
Total comprehensive income	-	-	-	-	-	6,005	-	297,419	303,424
Balance as at 31 March 2019	**1,181,069**	**2,626,532**	**253,781**	**4,340**	**(3,464)**	**29,364**	**1,740,871**	**297,419**	**6,129,912**

(*) In the statutory financials recorded 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 (31 March 2018: TL 51,609).

(**) At 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 nominal value is gross TL 0.40.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 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	Unaudited / current period 1 January - 31 March 2019	Unaudited / prior period 1 January - 31 March 2018
Cash Flows from Operating Activities		**704,798**	**(103,661)**
Profit for the period		**297,419**	**242,862**
Profit for the period		297,419	242,862
Adjustments to reconcile net profit for the period		**220,323**	**232,599**
Adjustments related to the depreciation and amortization	9,10	83,853	61,434
Adjustments related to the depreciation of property, plant and equipment	9	27,344	6,128
Adjustments related to the amortization of intangible assets	10	56,509	55,306
Adjustments related to impairment loss		138,868	86,476
Adjustments related to provisions		32,039	15,422
Adjustments related to provisions for employee benefits		16,220	9,664
Adjustments related to legal case provisions		15,819	5,758
Adjustments related to interest (income) and expenses, net		346,976	255,004
Adjustments related to interest income	17	(48,867)	(31,844)
Adjustments related to interest expense	17	395,843	286,848
Adjustments related to unrealized foreign exchange loss		20,839	30,206
Adjustments related to tax expense	18	116,926	88,861
Adjustments related to change in fair value losses / (gains)		(37,854)	(17,959)
Other adjustments to reconcile profit / (loss)	22	(481,324)	(286,845)
Adjustments related to interest (income) / expense based on revenue cap regulation	16	(2,506)	(7,825)
Adjustments related to financial income from service concession arrangements	13	(470,318)	(305,398)
Adjustments related to revaluation differences arising from deposits and guarantees	16	(8,500)	26,378
Changes in operating assets and liabilities		**(115,694)**	**(886,272)**
Adjustments related to (increase) / decrease in trade receivables		574,851	(556,045)
Adjustments related to (increase) / decrease in inventories		15,303	(51,324)
Adjustments related to (increase) / decrease in other receivables and current assets		(480,236)	450,376
Adjustments related to increase / (decrease) in trade payables		(861,651)	(561,168)
Adjustments related to increase / (decrease) in other payables and expense accruals		636,039	(168,111)
Cash generated from operating activities		**402,048**	**(410,811)**
Payments related with provisions for employee benefits		(26,688)	(29,300)
Payments related with other provisions		(107,296)	-
Tax payments	18	(50,776)	(6,580)
Other cash in-flows	22	487,510	343,030
Capital expenditures reimbursements related to service concession arrangements	8	280,342	191,335
WACC reimbursements related to service concession arrangements	8	207,168	151,695
Cash Flows from Investing Activities		**(671,899)**	**(469,042)**
Cash used for purchase of tangible and intangible assets		(58,685)	(11,688)
Interest received		61,599	31,844
Other cash out-flows	22	(674,813)	(489,198)
Capital expenditures related to service concession arrangements		(674,813)	(489,198)
Cash Flows from Financing Activities		**1,201,841**	**478,556**
Cash in-flows from borrowings		3,352,823	7,747,557
Cash out-flows for borrowings		(1,658,510)	(6,958,091)
Interest paid		(473,799)	(310,910)
Increase / (decrease) in cash and cash equivalents before effect of exchange rate changes		1,234,740	(94,147)
Effect of exchange rate changes on cash and cash equivalents		28,287	-
Increase / (decrease) in cash and cash equivalents		1,263,027	(94,147)
Cash and cash equivalents at the beginning of the period	22	562,352	172,750
Cash and cash equivalents at the end of the period	**22**	**1,825,379**	**78,603**

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

(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

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

The Company is registered to the Capital Markets Board ("CMB") and its shares are publicly traded in Borsa Istanbul A.Ş. ("BIST") with ticker "ENJSA.E" since 8 February 2018. 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 consolidated financial statements as of 31 March 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 9,713 employees as of 31 March 2019 (31 December 2018: 9,734 employees).

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

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.

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.

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 31 March 2019 are consistent with consolidated financial statements as at 31 December 2018 except the ones disclosed in Note 2.5. Therefore, the interim condensed 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.

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 Group does not have any material reclassifications and adjustments in current period.

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 31 March 2019 is disclosed in Note 2.11.

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

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. No material misstatement has been observed in order to restate the financial statements of the Group in the current period.

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.

(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)

2.9 Basis of Consolidation

The details of the Company's subsidiaries at 31 March 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
		31 March 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.

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:

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

2.9 Basis of Consolidation (Continued)

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the 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.

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 consolidated financial statements as at 31 March 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

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted.

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

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

Transition to IFRS 16:

The Group adopted IFRS 16 using the simplified modified retrospective approach. The Group elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group therefore did not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group elected to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (personal computers, office equipment) that are considered of low value.

The impacts of the IFRS 16 applications on statement of financial position and statement of profit or loss, respectively as at and for the period ended 31 March 2019 are disclosed below is disclosed in Note 2.11.

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

2.10 New and Revised International Financial Reporting Standards (Continued)

The new standards, amendments and interpretations (Continued)

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

- 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 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.

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

2.11 Amendments to Accounting Standarts and Effects on Consolidated Financial Tables

The Group applied IFRS 16 Leases for the period beginning from 1 January 2019 and IFRS 15 Revenue from Contracts with Customers for the period beginning from 1 January 2018 and disclosed the impacts of the standards on financial position of the Group below.

IFRS 16 Leases

The Group applied IFRS 16 using the simplified modified retrospective for the period starting from 1 January 2019. In accordance with the mentioned method, no impact on the retained earnings of the Group emerged as of 1 January 2019.

In the application of IFRS 16, the Group recognized lease liabilities which have been previously accounted as "operating lease" under the IAS 17 Leases standard. Mentioned liabilities has measured at the present value of the remaining lease payments and has been reduced using the alternative borrowing rate of lessee as of 1 January 2019. The weighted average borrowing rate applied to lease liabilities is 25% as at 1 January 2019.

The impacts of the IFRS 16 applications on statement of financial position and statement of profit or loss, respectively as at and for the period ended 31 March 2019 are disclosed below.

(i) Consolidated Statement of Financial Position

ASSETS	31 March 2019 (Pre-impacts)	IFRS 16 Impacts	31 March 2019 (Post impacts)
Current Assets	**16,785,121**	**133,331**	**16,918,452**
Tangible Assets	387,105	132,383	519,488
Right of Use Assets	-	*132,383*	*132,383*
Deferred Tax Assets	44,965	948	45,913
TOTAL ASSETS	**24,287,785**	**133,331**	**24,421,116**
LIABILITIES			
Current Liabilities	**9,565,273**	**70,297**	**9,635,570**
Short Term Financial Liabilities	1,940,059	70,297	2,010,356
Non-Current Liabilities	**8,588,807**	**66,827**	**8,655,634**
Long Term Financial Liabilites	5,060,233	66,827	5,127,060
Equity	**6,133,705**	**(3,793)**	**6,129,912**
Profit /(Loss) for the Period	301,212	(3,793)	297,419
TOTAL LIABILITIES AND EQUITY	**24,287,785**	**133,331**	**24,421,116**

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

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

(ii) Consolidated Statement of Profit or Loss

	31 March 2019 (Pre-impacts)	IFRS 16 Impacts	31 March 2019 (Post impacts)
General Administrative Expenses (-)	(516,225)	4,423	(511,802)
OPERATING PROFIT BEFORE FINANCE INCOME/ (EXPENSE)	**767,430**	**4,423**	**771,853**
Finance expense (-)	(397,211)	(9,164)	(406,375)
PROFIT BEFORE TAX	**419,086**	**(4,741)**	**414,345**
Tax (Expense) / Income	**(117,874)**	**948**	**(116,926)**
Deferred Tax Income	55,836	948	56,784
PROFIT FOR THE PERIOD	**301,212**	**(3,793)**	**297,419**
TOTAL COMPREHENSIVE INCOME	**307,217**	**(3,793)**	**303,424**
Earnings per share (kr)	0.26		0.25

As of 31 March 2019, with the adoption of IFRS 16, the rent expenses of the Group have decreased by TL 18,674, depreciation and finance expenses have increased by TL 14,251 and TL 9,164 respectively; deferred tax income has increased by TL 948.

IFRS 15-Revenue from Contracts with Customers

The Group applied IFRS 15 Revenue from Contracts with Customers and accounted by using a modified retrospective approach with the cumulative effect on the transition date of 1 January 2018.

The impacts of the IFRS 15 applications on statement of profit or loss for the period ended 31 March 2018 are disclosed below.

The Group netted off pass-through of other regions’ distribution related revenue and distribution related costs amounting to TL 9,779 with the amendment to IFRS 15.

	1 January - 31 March 2018 (Pre-impacts)	IFRS 15 Impacts	1 January - 31 March 2018 (Post-impacts)
Revenue	4,070,303	(9,779)	4,060,524
Cost of Sales (-)	(3,045,516)	9,779	(3,035,737)
GROSS PROFIT	**1,024,787**	**-**	**1,024,787**
PROFIT FOR THE PERIOD	**242,862**	**-**	**242,862**
OTHER COMPREHENSIVE INCOME	**246,430**	**-**	**246,430**
Earnings per share			
Earnings per share (kr)	0.21		0.21

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NOTE 3 - SHARES IN OTHER PARTIES

Subsidiaries

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership (%) 31 March 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	Electric Vehicles and Charging Stations Equipment Services	İstanbul	80	80

Principal Activity	Place of incorporation and operation	Number of subsidiaries owned by the Group 31 March 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

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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 period ended 31 March 2019 and 31 March 2018.

1 January - 31 March 2019	**Distribution**	**Retail**	**Unallocated (*)**	**Eliminations**	**Total**
Revenue	1,688,797	2,794,839	7,515	(7,515)	4,483,636
Cost of sales (-)	(575,429)	(2,607,769)	-	-	(3,183,198)
Gross profit / (loss)	**1,113,368**	**187,070**	**7,515**	**(7,515)**	**1,300,438**
General administrative expenses (-)	(367,846)	(85,183)	(67,526)	8,753	(511,802)
Other income / (expense) from operating activities - net	(58,908)	37,992	5,371	(1,238)	(16,783)
Operating profit / (loss)	**686,614**	**139,879**	**(54,640)**	**-**	**771,853**
Financial income	344	125,369	105,556	(182,402)	48,867
Financial expense (-)	(352,056)	(6,705)	(230,016)	182,402	(406,375)
Profit / (loss) before taxation on income	**334,902**	**258,543**	**(179,100)**	**-**	**414,345**
Current tax expense (-)	(11,416)	(162,294)	-	-	(173,710)
Deferred tax income / (expense)	(58,808)	106,350	9,242	-	56,784
Net profit / (loss) for the period	**264,678**	**202,599**	**(169,858)**	**-**	**297,419**

(*) TL 51,451 out of TL 83,853 depreciation and amortization expenses represents amortization expenses of intangible assets (Note 10), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

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NOTE 4- SEGMENT REPORTING (Continued)

1 January - 31 March 2018	Distribution	Retail	Unallocated (*)	Eliminations (**)	Total
Revenue	1,282,880	2,776,947	5,950	(5,253)	4,060,524
Cost of sales (-)	(423,236)	(2,612,501)	-	-	(3,035,737)
Gross profit / (loss)	**859,644**	**164,446**	**5,950**	**(5,253)**	**1,024,787**
General administrative expenses (-)	(283,549)	(69,671)	(67,668)	5,980	(414,908)
Other income / (expense) from operating activities - net	(2,030)	(11,523)	(81)	(727)	(14,361)
Operating profit / (loss)	**574,065**	**83,252**	**(61,799)**	**-**	**595,518**
Financial income	1,276	64,955	50,926	(85,313)	31,844
Financial expense (-)	(219,546)	(1,219)	(160,187)	85,313	(295,639)
Profit / (loss) before taxation on income	**355,795**	**146,988**	**(171,060)**	**-**	**331,723**
Current tax expense (-)	(7,310)	(1,696)	-	-	(9,006)
Deferred tax income / (expense)	(62,487)	(27,658)	10,290	-	(79,855)
Net profit / (loss) for the period	**285,998**	**117,634**	**(160,770)**	**-**	**242,862**

(*) TL 51,451 out of TL 61,434 depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 10), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

(**) The Group netted of pass-through distribution related revenue and distribution related costs amounting to TL 985,809 within the Retail segment after the amendments of IFRS 15, which has been previously eliminated in consolidated level.

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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 31 March 2019 and 31 December 2018.

As at 31 March 2019	Distribution	Retail	Unallocated (*)	Eliminations	Total
Segment assets					
Cash and cash equivalents	236,778	334,671	1,253,930	-	1,825,379
Trade receivables	1,372,421	1,891,162	15,464	(485,111)	2,793,936
Inventories	130,437	2,213	4	-	132,654
Derivative instruments	424,471	1,362	-	-	425,833
Financial assets	9,345,496	-	(562)	-	9,344,934
Property, plant and equipment	410,718	107,982	7,788	(7,000)	519,488
Intangible assets	563	39,615	6,644,710	-	6,684,888
Deferred tax assets	-	45,913	-	-	45,913
Other receivables and assets	2,301,380	1,884,162	2,672,305	(4,209,756)	2,648,091
Total assets	**14,222,264**	**4,307,080**	**10,593,639**	**(4,701,867)**	**24,421,116**
Segment liabilities					
Financial liabilities	6,104,511	46,599	5,265,582	(373,360)	11,043,332
Other financial liabilities	366,520	-	-	-	366,520
Trade payables	884,770	1,200,641	11,381	(485,111)	1,611,681
Derivative instruments	2,867	-	33,600	-	36,467
Deferred tax liabilities	431,270	4,192	932,745	-	1,368,207
Other payables and liabilities	3,206,073	2,460,372	2,034,948	(3,836,396)	3,864,997
Total liabilities	**10,996,011**	**3,711,804**	**8,278,256**	**(4,694,867)**	**18,291,204**

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 10). The majority of bank borrowings under unallocated part represent loans utilized for the acquisitions of distribution and retail 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 March 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	62,493	3,293	(7,000)	365,027
Intangible assets	709	41,822	6,696,418	-	6,738,949
Deferred tax assets	-	2,847	-	-	2,847
Other receivables and assets	1,906,157	1,197,935	1,902,406	(2,818,640)	2,187,858
Total assets	**13,523,103**	**4,147,877**	**8,633,615**	**(3,179,554)**	**23,125,041**
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	2,729,665	2,155,726	938,921	(2,434,068)	3,390,244
Total liabilities	**10,542,251**	**3,481,586**	**5,974,843**	**(3,172,554)**	**16,826,126**

(*) The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 10). The majority of bank borrowings under unallocated part represent loans utilized for the acquisitions of distribution and retail 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.

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NOTE 4- SEGMENT REPORTING (Continued)

1 January - 31 March 2019	Distribution	Retail	Unallocated (*)	Eliminations	Total
Cash Flows from Operating Activities	**135,251**	**549,486**	**20,061**	**-**	**704,798**
Profit for the period	264,678	202,599	(169,858)	-	297,419
Adjustments to reconcile net profit for the period	98,961	(48,400)	169,762	-	220,323
Changes in operating assets and liabilities	(685,139)	549,216	20,229	-	(115,694)
Cash generated from operating activities	(321,500)	703,415	20,133	-	402,048
Tax payments	(4,612)	(46,164)	-	-	(50,776)
Other cash inflows / (outflows)	461,363	(107,765)	(72)	-	353,526
Cash Flows from Investing Activities	**(705,003)**	**118,060**	**105,980**	**(190,936)**	**(671,899)**
Cash used for purchase of property, plant and equipment and intangible assets	(30,534)	(21,299)	(6,852)	-	(58,685)
Interest received	344	139,359	112,832	(190,936)	61,599
Other cash out-flows (*)	(674,813)	-	-	-	(674,813)
Cash Flows from Financing Activities	**542,625**	**(633,571)**	**1,101,851**	**190,936**	**1,201,841**
Increase / (decrease) in cash and cash equivalents before effect of exchange rate changes	(27,127)	33,975	1,227,892	-	1,234,740
Effect of exchange rate changes on cash and cash equivalents	2,346	-	25,941	-	28,287
Increase in cash and cash equivalents	(24,781)	33,975	1,253,833	-	1,263,027
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	**236,778**	**334,671**	**1,253,930**	**-**	**1,825,379**

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

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NOTE 4- SEGMENT REPORTING (Continued)

1 January - 31 March 2018	Distribution	Retail	Unallocated (*)	Eliminations	Total
Cash Flows from Operating Activities	**93,196**	**(104,630)**	**(92,227)**	**-**	**(103,661)**
Profit for the period	285,998	117,634	(160,770)	-	242,862
Adjustments to reconcile net profit for the period	64,805	14,391	153,403	-	232,599
Changes in operating assets and liabilities	(582,701)	(222,068)	(81,503)	-	(886,272)
Cash generated from operating activities	(231,898)	(90,043)	(88,870)	-	(410,811)
Tax payments	(314)	(6,200)	(66)	-	(6,580)
Other cash inflows / (outflows)	325,408	(8,387)	(3,291)	-	313,730
Cash Flows from Investing Activities	**(1,315,202)**	**64,751**	**873,881**	**(92,472)**	**(469,042)**
Restructring effects of companies under common control (*)	(827,279)	-	827,279	-	-
Cash used for purchase of property, plant and equipment and intangible assets	-	(11,535)	(153)	-	(11,688)
Interest received	1,275	76,286	46,755	(92,472)	31,844
Other cash out-flows (**)	(489,198)	-	-	-	(489,198)
Cash Flows from Financing Activities	**1,207,069**	**(31,728)**	**(789,257)**	**92,472**	**478,556**
Increase in cash and cash equivalents	(14,937)	(71,607)	(7,603)	-	(94,147)
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	**2,011**	**72,643**	**3,949**	**-**	**78,603**

(*) 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.

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

NOTE 5 - RELATED PARTY TRANSACTIONS

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

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

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

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

Related Party Bank Balances- Akbank T.A.Ş. (1)	31 March 2019	31 December 2018
Demand deposits	17,409	42,061
Time deposits	233,250	54,150
Repurchase agreements	229,761	235,062
	480,420	331,273

			31 March 2019	
Loans provided by related parties	Original currency	Maturity	Current liabilities	Non-current liabilities
Akbank T.A.Ş. (1)	TL	10 June 2019	152,074	-
Akbank T.A.Ş. (1)	TL	29 July 2019	298,906	-
Akbank T.A.Ş. (1)	TL	29 July 2019	304,231	-
Akbank T.A.Ş. (1)	USD	5 August 2019	347,916	-
Akbank T.A.Ş. (1)	TL	5 August 2019	226,444	-
Akbank T.A.Ş. (1)	TL	9 September 2019	201,283	-
Akbank T.A.Ş. (1)	TL	9 September 2019	201,802	-
Akbank T.A.Ş. (1)	TL	27 September 2019	359,291	-
Akbank T.A.Ş. (1)	USD	27 September 2019	554,992	-
Akbank T.A.Ş. (1)	TL	9 January 2020	494,924	-
Akbank T.A.Ş. (1)	TL	2 June 2020	8,033	150,000
Akbank T.A.Ş. (1)	TL	2 June 2020	15,931	300,000
Akbank T.A.Ş. (1)	TL	30 September 2020	345	303,000
Akbank T.A.Ş. (1)	TL	8 February 2021	3,623	100,000
Akbank T.A.Ş. (1)	TL	8 February 2021	1,811	50,000
Akbank T.A.Ş. (1)	TL	11 March 2022	5,485	450,000
			3,177,091	1,353,000

As of 31 March 2019, the interest rates of TL intercompany loans utilized are in the range of 13.51% - 24.15% (31 December 2018: 13.51% - 34.44%). As of 31 March 2019, the interest rate of USD related party loans utilized is 4.88% (31 December 2018: 4.88%).

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

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

			31 December 2018	
Loans provided by related parties	Original currency	Maturity	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
			1,637,423	1,683,000

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

	31 March 2019				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	17,350	268,116	1,791,824	2,474	(36,489)
Cross currency swap	174,595	-	982,690	401,898	-
	191,945	268,116	2,774,514	404,372	(36,489)

	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	-
	191,588	51,105	1,315,986	312,996	(9,379)

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

	31 March 2019		
	Receivables	Payables	
	Current	Current	Non-current
Balances with Related Parties	Trade	Trade	Non-trading
Akbank T.A.Ş. (1)	2,556	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	18	-	-
Aksigorta A.Ş. (1)	2	-	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	89	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	-	242	-
Carrefoursa A.Ş. (1)	8,174	-	-
Çimsa Çimento Sanayi A.Ş. (1)	192	10	-
DD Turkey Holdings S.A.R.L. (2) (*)	-	-	188,971
Enerjisa Üretim Santralleri A.Ş. (1)	808	22,711	-
Hacı Ömer Sabancı Holding A.Ş. (2) (*)	559	-	188,971
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	67	-	-
Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (1)	15	-	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (**)	-	1,748	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	543	-	-
Temsa Global San. ve Tic. A.Ş. (1)	568	1	-
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (1)	184	-	-
Other (*)	-	182	94,485
	13,775	24,894	472,427

	31 December 2018		
	Receivables	Payables	
	Current	Current	Non-current
Balances with Related Parties	Trade	Trade	Non-trading
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	-	-
	130,832	94,217	-

(*) Short-term trade receivables and payables include the billings of the Group related to electricity sales to one of the shareholders, Sabancı. Non-trading payables include dividends to be paid out to shareholders.

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

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Key management compensation

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

	1 January - 31 March 2019	1 January - 31 March 2018
Short-term employee benefits	12,411	8,619
Long-term employee benefits	226	860
	12,637	9,479

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 March 2019					
Transactions with Related Parties	Electricity sales	Electricity purchases	Interests received	Interests paid	General administrative expenses	Other income
Akbank T.A.Ş. (1)	6,941	-	7,054	126,826	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	23,286	-	-	-	-	-
Aksigorta A.Ş. (1)	11	-	-	-	-	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	267	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	-	-	-	-	638	-
Carrefoursa A.Ş. (1)	15,951	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. (1)	7,711	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	56	38,738	-	21	42	671
Hacı Ömer Sabancı Holding A.Ş. (2)	1,460	-	-	-	-	-
Philip Morris Sabancı Pazarlama Satış A.Ş. (1)	182	-	-	-	-	-
Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (1)	43	-	-	-	-	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	1	-	-	-	3,261	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	1,045	-	-	-	-	-
Temsa Global San. ve Tic. A.Ş. (1)	3,917	-	-	-	-	-
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (1)	448	-	-	-	-	-
Other	5	-	-	-	-	-
	61,324	38,738	7,054	126,847	3,941	671

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

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NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 March 2018					
Transactions with Related Parties	Electricity sales	Electricity purchases	Interests received	Interests paid	General administrative expenses	Other income
Akbank T.A.Ş. (1)	442	-	-	92,911	93	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. (1)	16,210	-	-	-	-	-
Aksigorta A.Ş. (1)	8	-	-	-	-	-
Avivasa Emeklilik ve Hayat A.Ş. (1)	138	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (1)	2	-	-	-	-	-
Carrefoursa A.Ş. (1)	15,247	-	-	-	6	-
Çimsa Çimento Sanayi A.Ş. (1)	14,615	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. (1)	787	184,425	-	-	161	-
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (1)	2	-	-	-	-	-
Hacı Ömer Sabancı Holding A.Ş. (2)	771	-	-	-	-	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") (1) (*)	-	-	-	-	3,234	-
Teknosa İç ve Dış Ticaret A.Ş. (1)	625	-	-	-	-	-
Temsa Global San. ve Tic. A.Ş. (1)	870	-	-	-	-	-
	49,717	184,425	-	92,911	3,494	-

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

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

6.1 Trade Receivables:

Current Trade Receivables	31 March 2019	31 December 2018
Trade receivables	4,582,381	5,086,804
Due from related parties (Note 5)	13,775	130,832
Allowance for doubtful receivables (-)	(1,802,220)	(1,705,247)
	2,793,936	3,512,389

As of 31 March 2019, trade receivables amounting TL 1,580,353 (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 31 March 2019, trade receivables amounting TL 1,213,583 (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 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019	31 December 2018
Up to 1 months	439,119	373,724
1 to 3 months	234,569	232,242
Over 3 months	539,895	1,039,565
	1,213,583	1,645,531

In accordance with 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.

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

6.1 Trade Receivables (Continued):

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

	1 January - 31 March 2019	1 January - 31 March 2018
Opening balance	(1,705,247)	(1,275,873)
Charge for the period	(143,542)	(86,476)
Amounts collected during the period	46,569	38,131
Closing balance	(1,802,220)	(1,324,218)

The Group received guarantee letters amounting to TL 1,029,705 (31 December 2018: TL 834,699) and deposits and guarantees amounting to TL 1,714,027 (31 December 2018: TL 1,693,350) as collateral for its electricity receivables.

6.2 Trade Payables:

Current Trade Payables	31 March 2019	31 December 2018
Trade payables	1,586,787	2,386,700
Due to related parties (Note 5)	24,894	94,217
	1,611,681	2,480,917

Trade payables mainly arise from the Group's electricity purchases from Elektrik Üretim A.Ş. ("EÜAŞ") and Enerji Piyasaları İşletme A.Ş. ("EPİAŞ"). 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:

Other Current Receivables	31 March 2019	31 December 2018
Income accruals (*)	1,220,659	951,365
Deposits and guarantees given	59,834	382
Receivables from personnel	3,612	218
Allowance for other doubtful receivables (-)	(3,123)	(3,123)
Other sundry receivables	56,170	41,838
	1,337,152	990,680

Other Non-Current Receivables	31 March 2019	31 December 2018
Deposits and guarantees given (**)	271,717	273,428
Income accruals (*)	830,965	628,120
Other sundry receivables (***)	87,532	81,997
	1,190,214	983,545

(*) 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 - 31 March 2019	1 January - 31 March 2018
Opening balance	(3,123)	(3,123)
Closing balance	(3,123)	(3,123)

7.2 Other Payables:

Other Current Payables	31 March 2019	31 December 2018
Due to related parties (Note 5)	472,427	-
Payables to tax authority (*)	27,304	86,918
Deposits received	17,788	16,187
Lighting payables	43,236	43,236
Other	150,223	77,561
	710,978	223,902

Other Non-Current Payables	31 March 2019	31 December 2018
Deposits received (**)	1,714,027	1,693,350
	1,714,027	1,693,350

(*) 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 deferment 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	
	31 March 2019	31 December 2018
Within one year	933,828	791,117
1-3 years	2,245,926	2,027,826
3-5 years	2,708,668	1,924,743
More than 5 years	3,456,512	4,550,949
	9,344,934	9,294,635
Current financial assets	933,828	791,117
Non - current financial assets	8,411,106	8,503,518
	9,344,934	9,294,635

	1 January - 31 March 2019	1 January - 31 March 2018
Opening balance	9,294,635	6,438,431
Investments	62,817	124,690
Collections	(487,510)	(343,030)
CAPEX reimbursements	*(280,342)*	*(191,335)*
WACC reimbursements	*(207,168)*	*(151,695)*
Financial income	470,318	305,398
Reversal of impairment for financial assets (*)	4,674	-
Closing balance	9,344,934	6,525,489

(*) The Group has cancelled 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.

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 9 - PROPERTY, PLANT AND EQUIPMENTS

	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Right of use assets	Total
Cost						
Opening balance as of 1 January 2019	203,303	40,438	153,781	42,413	-	439,935
IFRS 16 effects	-	-	-	-	146,634	146,634
Additions	14,992	-	17,470	4,058	-	36,520
Disposals	(1,349)	-	-	-	-	(1,349)
Closing balance as of 31 March 2019	216,946	40,438	171,251	46,471	146,634	621,740
Accumulated Depreciation						
Opening balance as of 1 January 2019	(26,323)	(29,685)	(18,900)	-	-	(74,908)
IFRS 16 effects	-	-	-	-	(14,251)	(14,251)
Charge for the period	(4,907)	(1,018)	(7,168)	-	-	(13,093)
Closing balance as of 31 March 2019	(31,230)	(30,703)	(26,068)	-	(14,251)	(102,252)
Carrying value as of 31 March 2019	185,716	9,735	145,183	46,471	132,383	519,488

	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Right of use assets	Total
Cost						
Opening balance as of 1 January 2018	97,691	40,438	54,318	2,035	-	194,482
Additions	26	-	2,285	3	-	2,314
Disposals	(256)	-	-	-	-	(256)
Transfers from constructions in progress	2,035	-	-	(2,035)	-	-
Closing balance as of 31 March 2018	99,496	40,438	56,603	3	-	196,540
Accumulated Depreciation						
Opening balance as of 1 January 2018	(5,903)	(26,488)	(8,032)	-	-	(40,423)
Charge for the period	(4,063)	(562)	(1,503)	-	-	(6,128)
Disposals	139	-	-	-	-	139
Closing balance as of 31 March 2018	(9,827)	(27,050)	(9,535)	-	-	(46,412)
Carrying value as of 31 March 2018	89,669	13,388	47,068	3	-	150,128

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

Depreciation expense of TL 26,458 and TL 886 are accounted in general administrative expenses and cost of sales, respectively (31 March 2018 General administrative expenses: TL 6,128).

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NOTE 10 - 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	1,152	-	70,301	8,842,278
Additions	-	-	-	4,936	3,205	1	8,142
Disposals	-	-	-	-	-	(5,694)	(5,694)
Closing balance as of 31 March 2019	4,390,673	1,650,121	2,730,031	6,088	3,205	64,608	8,844,726
Accumulated Amortization							
Opening balance as of 1 January 2019	(1,003,587)	(321,696)	(752,904)	(1,150)	-	(23,992)	(2,103,329)
Charge for the period	(37,506)	(13,945)	-	(4,101)	-	(957)	(56,509)
Closing balance as of 31 March 2019	(1,041,093)	(335,641)	(752,904)	(5,251)	-	(24,949)	(2,159,838)
Carrying value as of 31 March 2019	3,349,580	1,314,480	1,977,127	837	3,205	39,659	6,684,888

	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 2018	4,390,673	1,650,121	2,730,031	1,152	-	42,047	8,814,024
Additions	-	-	-	-	-	7,129	7,129
Closing balance as of 31 March 2018	4,390,673	1,650,121	2,730,031	1,152	-	49,176	8,821,153
Accumulated Amortization							
Opening balance as of 1 January 2018	(851,479)	(265,141)	-	(1,150)	-	(8,958)	(1,126,728)
Charge for the period	(37,506)	(13,945)	-	-	-	(3,855)	(55,306)
Closing balance as of 31 March 2018	(888,985)	(279,086)	-	(1,150)	-	(12,813)	(1,182,034)
Carrying value as of 31 March 2018	3,501,688	1,371,035	2,730,031	2	-	36,363	7,639,119

Amortization expense of TL 56,343 and TL 166 are accounted are in general administrative expenses and cost of sales, respectively (31 March 2018: General administrative expenses TL 55,306).

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

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 10 - INTANGIBLE ASSETS (Continued)

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

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

As of 31 March 2019, there is no impairment on goodwill (31 March 2018: None).

NOTE 11 - COMMITMENT AND CONTINGENCIES

31 March 2019	TL Equivalent	TL	EUR
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	8,128	7,865	263
- Collateral	*8,128*	*7,865*	*263*
B. Total amount of CPM given against the subsidiaries included in full consolidation	2,167,392	2,167,392	-
- Collateral	*2,167,392*	*2,167,392*	-
Total	2,175,520	2,175,257	263

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	2,110,028	2,110,028	-
- Collateral	*2,110,028*	*2,110,028*	-
Total	2,117,806	2,117,806	-

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 11 - 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 EPİAŞ. 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 12 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

12.1 Share Capital:

	31 March 2019		31 December 2018	
Shareholders	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		3,807,601		3,965,824

It has been decided by the Board of Directors of the Company to make a capital reduction pursuant to Article 474 of the Turkish Commercial Code in order to recover the deficit in the carry forward-losses in the statement of financial position with the decision numbered 14 taken on 30 November 2016. As a result of this transaction, the capital account has been deducted from previous years' losses and no change has occurred in total equity.

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

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

In the statutory financials recorded in accordance with the tax procedure law, the loss for previous years in amount of TL 158,223 has been netted off with adjustments to share capital (31 March 2018: TL 58,209). As at 31 March 2019, the capital of the Company comprising 118,106,897 thousand (31 December 2018: 118,106,897 thousand) registered ordinary shares of TL 0.01 each (31 December 2018: TL 0.01 each).

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.
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NOTE 12 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

12.2 Earnings per share:

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

	1 January - 31 March 2019	1 January - 31 March 2018
Profit for the period	297,419	242,862
Weighted average shares (*)	118,106,896,712	118,106,896,712
Earnings per share (kr)	0.25	0.21

(*) For the period ended 31 March 2019 and 31 March 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.

12.3 Restricted Profit Reserves:

	31 March 2019	31 December 2018
Restricted Profit Reserves	253,781	216,612
	253,781	216,612

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 13 – REVENUE

	1 January - 31 March 2019	1 January - 31 March 2018
Revenue from electricity sales and services provided	4,008,868	3,752,818
Retail sales revenue	*2,684,948*	*2,690,832*
Regulated revenue	*2,441,677*	*2,323,950*
Liberalised revenue	*243,271*	*366,882*
Retail service revenue	*105,441*	*84,504*
Distribution lighting sales revenue	*77,116*	*57,597*
Distribution service revenue	*843,827*	*730,748*
Transmission revenue	*297,536*	*189,137*
Financial income from service concession arrangements	470,318	305,398
Customer solutions revenue	4,450	2,308
	4,483,636	4,060,524

NOTE 14 - COST OF SALES

	1 January - 31 March 2019	1 January - 31 March 2018
Electricity purchases	(2,877,526)	(2,846,493)
Retail energy purchases	*(2,606,212)*	*(2,612,501)*
Distribution related energy purchases (*)	*(271,314)*	*(233,992)*
System usage fee (**)	(297,536)	(189,137)
Depreciation and amortization expenses	(1,052)	-
Other	(7,084)	(107)
	(3,183,198)	(3,035,737)

(*) Includes theft/loss and lighting related electricity purchases.
(**) Includes pass-through of transmission revenue.

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NOTE 15 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 March 2019	1 January - 31 March 2018
General administrative expenses (-)	(511,802)	(414,908)
	(511,802)	(414,908)

Details of general administrative expenses are as follows:

	1 January - 31 March 2019	1 January - 31 March 2018
Payroll and employee benefit expenses	(238,951)	(178,301)
Depreciation and amortization expenses (Note 9, 10)	(82,801)	(61,434)
Material expenses	(31,057)	(27,835)
Fleet management expenses	(25,771)	(25,427)
Outsourcing expenses	(9,115)	(9,526)
Rent expenses	(7,169)	(7,923)
Legal and lawsuit provision expenses	(30,001)	(13,233)
Consulting expenses	(3,445)	(4,551)
Repair and maintenance expenses	(15,047)	(11,355)
Duties, taxes and levies	(10,910)	(25,701)
Travel expenses	(4,551)	(4,217)
Insurance expenses	(5,006)	(3,869)
IT expenses	(7,194)	(8,200)
Other expenses	(40,784)	(33,336)
	(511,802)	(414,908)

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NOTE 16 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

16.1 Other Income From Operating Activities:

	1 January - 31 March 2019	1 January - 31 March 2018
Power theft penalties	29,803	18,308
Late payment interest income from electricity receivables	39,936	22,559
Rent and advertisement income	3,011	4,074
Interest income related to revenue cap regulation - net	2,506	7,825
Valuation differences arising from deposits and guarantees	8,500	-
Income from doubtful receivables provision - net (Note 6)	4,674	-
Income from derivative financial instruments - net	9,979	-
Other income	15,783	16,225
	114,192	68,991

16.2 Other Expenses From Operating Activities:

	1 January - 31 March 2019	1 January - 31 March 2018
Provision for doubtful receivables - net (Note 6)	(96,973)	(48,345)
Valuation differences arising from deposits and guarantees	-	(26,378)
Foreign exchange losses from operating activities	(2,144)	-
Penalty expenses	(23,074)	-
Losses from derivative financial instruments - net	-	(3,456)
Other expenses	(8,784)	(5,173)
	(130,975)	(83,352)

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NOTE 17 - FINANCE INCOME AND EXPENSES

17.1 Finance Income:

	1 January - 31 March 2019	1 January - 31 March 2018
Interest income	48,867	31,844
	48,867	31,844

17.2 Finance Expenses:

	1 January - 31 March 2019	1 January - 31 March 2018
Interest expenses of borrowings	(359,610)	(284,718)
Foreign exchange gains / (losses) - net	(10,532)	(8,791)
Bank commission expenses	(36,233)	(2,130)
	(406,375)	(295,639)

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NOTE 18 - TAXATION ON INCOME

Current assets related with current taxes	31 March 2019	31 December 2018
Prepaid taxes and funds	2,991	8,565
	2,991	8,565

Current tax liability	31 March 2019	31 December 2018
Current corporate tax provision	173,710	85,949
Less: Prepaid taxes and funds	(3,934)	(33,533)
	169,776	52,416

Tax expense recognized in profit or loss	1 January - 31 March 2019	1 January - 31 March 2018
Current tax expense	(173,710)	(9,006)
Deferred tax expense relating to the origination and reversal of temporary differences, net	56,784	(79,855)
Total tax expense	(116,926)	(88,861)

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 18 - 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 31 March 2019, the rate of 22% is used (2018: 22%).

As of 31 March 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%.

	31 March 2019	31 December 2018
Deferred tax (asset)	(45,913)	(2,847)
Deferred tax liability	1,368,207	1,378,783
Deferred tax (asset) / liability, net	1,322,294	1,375,936

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NOTE 18 - TAXATION ON INCOME (Continued)

Deferred tax (Continued)

Deferred tax (assets) / liabilities	31 March 2019	31 December 2018
Differences arising from customer contracts and transfer of operational rights	932,704	943,116
Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference	230,023	246,484
Provision for employment termination benefits	(817)	(3,145)
Provision for doubtful receivables	36,092	7,929
Provision for lawsuits	(50,550)	(47,081)
Provision for unused vacation	(7,734)	(6,745)
Effect of revenue cap adjustments	311,891	254,646
Late payment penalties	(33,229)	(63,790)
Adjustments due to system migration	(39,090)	(39,090)
Carry forward tax losses	(178,270)	(116,432)
Other	121,274	200,044
	1,322,294	1,375,936

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

	1 January - 31 March 2019	1 January - 31 March 2018
Opening balance	1,375,936	880,496
Charged to statement of profit or loss	(56,784)	79,855
Charged to other comprehensive income / expense	3,142	892
Closing balance	1,322,294	961,243

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 31 March 2019, the Group recognized deferred tax assets amounting to TL 178,270 for unused carry forward tax losses amounting to TL 810,319 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 18 - TAXATION ON INCOME (Continued)

Deferred tax (Continued)

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

	31 March 2019	31 December 2018
Expiring in 2019	177,786	177,786
Expiring in 2020	-	-
Expiring in 2021	78,456	77,184
Expiring in 2022	273,285	274,268
Expiring in 2023	280,792	-
Expiring in 2024	-	-
	810,319	529,238

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

	31 March 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	104,407	-
	938,137	833,730

NOTE 19 - FINANCIAL INSTRUMENTS

19.1 Financial Liabilities:

	31 March 2019	31 December 2018
Short-term borrowings	1,940,059	998,170
Lease liabilities	70,297	-
Short-term portion of long term bonds issued	512,136	533,563
Short-term portion of long-term borrowings	3,393,780	1,902,076
Total short term financial liabilities	5,916,272	3,433,809
Long-term borrowings	3,758,000	4,453,001
Lease liabilities	66,827	-
Bonds issued	1,302,233	1,312,046
Total long term financial liabilities	5,127,060	5,765,047
Total financial liabilities	11,043,332	9,198,856

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NOTE 19 - FINANCIAL INSTRUMENTS (Continued)

19.1 Financial Liabilities (Continued):

The borrowings and bonds issued are repayable as follows:

	31 March 2019	31 December 2018
To be paid within 1 year	5,845,975	3,433,809
To be paid between 1-2 years	3,768,483	3,773,000
To be paid between 2-3 years	667,860	1,363,446
To be paid between 3-4 years	429,182	432,416
To be paid between 4-5 years	194,708	196,185
	10,906,208	9,198,856

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

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

	Weighted average effective	31 March 2019	
Currency	interest rate	Current	Non-current
TL	18.77%	4,258,022	3,758,000
USD (*)	4.92%	967,708	-
EUR (*)	3.99%	108,109	-
		5,333,839	3,758,000

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

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

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NOTE 19 - FINANCIAL INSTRUMENTS (Continued)

19.1 Financial Liabilities (Continued):

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

Currency	Weighted average effective interest rate (*)	31 March 2019 Current	31 March 2019 Non-current
TL	CPI + 4%-5%	512,136	1,302,233
		512,136	1,302,233

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

(*) As of 31 March 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 31 March 2019, the principal valuation of bonds is TL 447,203 (31 December 2018: TL 460,761).

The lease liabilities are repayable as follows:

	31 March 2019	31 December 2018
To be paid within 1 year	70,297	-
To be paid between 1-2 years	27,258	-
To be paid between 2-3 years	20,172	-
To be paid between 3-4 years	10,810	-
To be paid between 4-5 years	8,587	-
	137,124	-

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NOTE 19 - FINANCIAL INSTRUMENTS (Continued)

19.2 Other Financial Liabilities:

	31 March 2019	31 December 2018
Other current financial liabilities	45,330	44,302
Other non-current financial liabilities	321,190	321,720
	366,520	366,022

The other financial liabilities are repayable as follows:

	31 March 2019	31 December 2018
To be paid within 1 year	45,330	44,302
To be paid between 1-2 years	47,639	45,232
To be paid between 2-3 years	48,621	46,191
To be paid between 3-4 years	37,700	47,203
To be paid between 4-5 years	26,779	25,272
To be paid between 5+ years	160,451	157,822
	366,520	366,022

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

	Weighted average	31 March 2019	
Currency	effective interest rate	Current	Non-current
EUR	4.70%	45,330	321,190
		45,330	321,190

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

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 20 – DERIVATIVE INSTRUMENTS

The Group utilizes forward exchange contracts in order to mitigate foreign exchange rate risk arising from feed-in-tariff cost ("FIT"). Furthermore, in order to mitigate the foreign exchange risk arising from foreign currency denominated bank loans, the Group entered into forward exchanges, cross currency swaps and foreign exchange swap transactions. The details and fair values of the agreements as of 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	59,576	294,293	2,194,896	10,212	(36,467)
Cross currency swap	174,595	17,000	1,090,110	415,621	-
	234,171	311,293	3,285,006	425,833	(36,467)

	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	-
	198,940	83,918	1,552,461	313,028	(11,304)

As of 31 March 2019 and 31 March 2018, movements of fair value of derivative financial instruments are as follows:

	1 January-31 March 2019	1 January-31 March 2018
Opening balance	301,724	42,257
Derivative financial (liabilities) / assets at fair value designated through income / expense	37,854	33,151
Derivative financial (liabilities) / assets at fair value designated through other comprehensive income / expense (*)	49,788	33,416
Total derivative financial (liabilities) / assets	389,366	108,824

(*) TL 49,788 is netted off with TL 40,641 foreign currency losses; and TL 9,147 is recognized before tax at other comprehensive income (31 March 2018: TL 4,460).

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NOTE 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management 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.

21.1.1 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.

		31 March 2019	
	Total TL equivalent	**USD TL equivalent**	**EUR TL equivalent**
Cash and cash equivalents	1,486,065	104,957	1,381,108
Trade receivables	5,090	904	4,186
Total assets	**1,491,155**	**105,861**	**1,385,294**
Financial liabilities (*)	(1,075,817)	(967,708)	(108,109)
Other financial liabilities	(366,520)	-	(366,520)
Trade payables	(27,283)	(24,028)	(3,255)
Total liabilities	**(1,469,620)**	**(991,736)**	**(477,884)**
Net foreign currency asset / (liability) position of off-balance sheet derivative	820,844	335,318	485,526
Net foreign currency asset / (liability) position	**842,379**	**(550,557)**	**1,392,936**
Cash flow hedging	(283,944)	982,690	(1,266,634)
Net foreign currency position after cash flow hedging	**558,435**	**432,133**	**126,302**

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

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

21.1 Financial risk factors (Continued):

21.1.1 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**

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

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

21.1 Financial risk factors (Continued):

21.1.1 Foreign currency risk management (Continued)

	1 January - 31 March 2019 Profit / Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
Change in USD against TL by 20%		
USD net assets / liabilities	(177,175)	177,175
Hedged items (-)	263,602	(263,602)
USD net effect	**86,427**	**(86,427)**
Change in EUR against TL by 20%		
EUR net assets / liabilities	181,482	(181,482)
Hedged items (-)	(156,222)	156,222
EUR net effect	**25,260**	**(25,260)**

	1 January - 31 March 2018 Profit / Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
Change in USD against TL by 20%		
USD net assets / liabilities	(241,908)	241,908
Hedged items (-)	247,931	(247,931)
USD net effect	**6,023**	**(6,023)**
Change in EUR against TL by 20%		
EUR net assets / liabilities	(77,905)	77,905
Hedged items (-)	46,768	(46,768)
EUR net effect	**(31,137)**	**31,137**

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

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

21.1 Financial risk factors (Continued):

21.1.2 Interest rate risk management

As of 31 March 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 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

21.1 Financial risk factors (Continued):

21.1.2 Interest rate risk management (Continued)

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

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**
	31 March 2019	**31 December 2018**				
Derivatives	389,366	301,724	Level 2	Market Value	-	-
Deposits and guarantees given	271,717	273,428	-	CPI	-	-
Deposits and gurantees received	(1,714,027)	(1,693,350)	-	CPI	-	-
Financial assets	9,344,934	9,294,635	-	CPI	-	-

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NOTE 22 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

	31 March 2019	31 December 2018
Cash at banks	1,595,539	327,290
Demand deposits	*105,693*	*140,347*
Time deposits	*1,489,846*	*186,943*
Repurchase agreements	229,840	235,062
	1,825,379	562,352

As at 31 March 2019, TL 98,136 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 31 March 2019 time deposits consist of short term TL 236,689 and EUR 198,338 balances with maturities between 1-180 days. The weighted average effective interest rates of TL and EUR time deposits are 20.50% and 1.24% respectively as at 31 March 2019 (31 December 2018: TL 186,943, weighted average effective interest rate 23.10%).

As of 31 March 2019 repurchase agreements consist of short term USD and EUR balances with original maturities between 3-137 days (31 December 2018: 1-5 days). The weighted average effective interest rates of USD and EUR repurchase agreements are 3.25% and 1.39% respectively as at 31 March 2019 (31 December 2018: USD and EUR respectively, 4.00% and 1.25%).

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

	1 January - 31 March 2019	1 January - 31 March 2018
Adjustments related to interest (income) / expense based on revenue cap regulation (Note 16)	(2,506)	(7,825)
Adjustments related to financial income from service concession arrangements (Note 8)	(470,318)	(305,398)
Adjustments related to revaluation differences arising from deposits (Note 16)	(8,500)	26,378
	(481,324)	(286,845)

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

	1 January - 31 March 2019	1 January - 31 March 2018
Net collections from financial assets related to service concession arrangements	487,510	343,030
Capital expenditure reimbursements (Note 8)	*280,342*	*191,335*
WACC reimbursements (Note 8)	*207,168*	*151,695*
	487,510	343,030

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NOTE 22 - 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 - 31 March 2019	1 January - 31 March 2018
Capital expenditures related to service concession arrangements	(674,813)	(489,198)
	(674,813)	(489,198)

NOTE 23 - EVENTS AFTER THE REPORTING DATE

- Applicable starting from 1 April 2019, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been decreased between 2.0% – 3.9% and distribution tariff has been increased by 11.1%.
- CFO Sascha Bibert will leave his position effective as of 31 May 2019. The CFO succession will be announced later on.