Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

Carve-out Consolidated Financial Statements for the year ended 31 December 2019 and Independent Auditor's Report

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aydem Yenilenebilir Enerji Anonim Şirketi :

Report on the Audit of the Carve-out Consolidated Financial Statements

1) Qualified Opinion

We have audited the accompanying carve-out consolidated financial statements of Aydem Yenilenebilir Enerji A.Ş. (the "Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the carve-out consolidated statement of financial position as at 31 December 2019, 31 December 2018 and 31 December 2017, and the carve-out consolidated statement of profit or loss and other comprehensive income, carve-out consolidated statement of changes in equity and carve-out consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters specified in the basis for qualified opinion section of our report, the accompanying carve-out consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, 31 December 2018 and 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

2) Basis for Qualified Opinion

The Group has borrowings which are obtained from several banks amounting to TL 5,899,742,368 and TL 4,098,299,097, respectively as of 31 December 2018 and 31 December 2017 which has been used to finance investments. As of 31 December 2018 and 31 December 2017, these loans were not paid at due dates. The re-financing process related to these borrowings was completed as of 18 July 2019 and a new repayment schedule was agreed with the banks and a revised loan agreement was signed. However, since the revised loan agreement was obtained after the balance sheet dates, the loan balance amounting to TL 5,371,747,276 and TL 1,265,896,190 respectively as of 31 December 2018 and 31 December 2017 presented under the long term borrowings in the carve out consolidated statement of financial position should be reclassified to short-term borrowings in accordance with "IAS 1 Presentation of Financial Statements". The accompanying carve out consolidated financial statements do not include this reclassification.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the carve-out consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the carve-out consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the carve-out consolidated financial statements of the current period. These matters were addressed in the context of our audit of the carve-out consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the carve-out consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the carve-out consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying carve-out consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of power plants	
Power plants are 93.3% of total assets of the Group as at 31 December 2019. The Group measures power plants using the revaluation method as stated in Note 2.8 in the carve-out consolidated financial statements, therefore management makes estimates and uses assumptions to determine those fair values. The fair value is measured, as explained in note 2.8 to the carve-out consolidated financial statements, based on appraisal reports by independent and external valuators. For the valuations, estimates are made of the expected future cash flows taking into account the related risks. Detailed explanations on property, plant and equipment are given in Note 8 and Note 2.8 of the financial statements. Because the valuation of power plants is complex and highly dependent on estimates and assumptions, and also because of the magnitude of the amounts involved, we consider the valuation of power plants as a key audit matter.	Among the other audit procedures we performed, we assessed the qualifications, competencies and independence of the professional appraisers engaged by the management. We have evaluated the appropriateness of the information and assumptions used in the valuations. This includes the estimates by the external appraisal firms (such as the market price, production volume and discount rate). For this assessment within our audit work, we involved valuation experts of a firm which is in our audit network. We assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the power plants. In addition, we have assessed the appropriateness of the disclosures in the financial statements and explanatory notes regarding the above-mentioned accounting policy, estimates used and the valuation methodology.

Key Audit Matter	How our audit addressed the key audit matter
Preparation of Carve-out financial statements	
As explained in Note 2.2, after the restructuring undertaken in 2019, the main and sole activity of the Group became renewable energy generation. In order to present the consolidated financial position and the results of operations solely of the renewable energy generation comparatively for the years 2017, 2018 and 2019, the Group has prepared the consolidated financial statements on a carve-out basis. Accordingly, the former subsidiaries of the Group whose main activities were not the renewable energy have been excluded from the accompanying carve-out consolidated financial statements. Additionally, the Company has terminated its operations in the power plant construction business in 2019 by selling the assets of the business to third parties and also sold the solar panel production business to a subsidiary of its ultimate parent through a spin-off transaction. Since these were not previously reportable segments, some assumptions and judgements are used for the allocation of items relating to the financial position and income statement based on the accounting records of the Company. Detailed explanations on the assumptions and judgements used for the allocation of the items regarding the power plant construction and solar panel production businesses are given in Note 2.2 of the carve-out consolidated financial statements. Because the consolidated financial position of the Group and its consolidated financial performance and its consolidated cash flows are dependent on the assumptions and judgements used and the effect of the carved-out businesses are material to the carve-out consolidated financial statements, we consider this as a key audit matter.	Among the other audit procedures we performed, we assessed the appropriateness of the units to be excluded from the carve-out combined financial statements. We have evaluated the appropriateness of the assumptions and judgements used in the allocation of assets, liabilities, equity, income expenses and cash flows among the units. We have tested whether the items allocated to carved-out units are actually related to businesses other than renewable energy business.This includes; tracing the items to the cost/profit centers in the accounting system, background checks for the customers and suppliers to ensure which businesses they relate to, and invoice testing as to the nature of the items. In addition, we have assessed whether the following information is sufficiently disclosed in the carve-out consolidated financial statements and explanatory notes : • The fact that the financial statements are carve-out financial statements, • The reason why carve-out financial statements are prepared, • The basis for determining which 'units' are included in the carve-out financial statements, • The basis of preparation of the carve-out financial statements, the assumptions and judgement used for the allocation and, • The comprehensive related party disclosures.

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4) Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

5) Auditor's responsibilities for the audit of the carve-out consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the carve-out consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Onur Ünal, SMMM
Partner

26 February 2020
İstanbul, Turkey

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Carve-out Consolidated Statement of Financial Position
as at 31 December 2019, 31 December 2018 and 31 December 2017
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Audited Current Year 31 December 2019	Audited Prior Year 31 December 2018	Audited Prior Year 31 December 2017
ASSETS				
Current Assests				
Cash and Cash Equivalents	*27*	136,532,816	161,151,205	34,529,330
Financial Assets	*26*	-	1,963,996	5,565,897
Trade Receivables		90,314,140	120,889,082	75,352,568
- Due from Related Parties	*4*	-	*49,480,223*	*20,362,451*
- Due from Third Parties	*5*	*90,314,140*	*71,408,859*	*54,990,117*
Other Receivables		16,628,926	39,080,295	57,429,098
- Due from Related Parties	*4*	-	*35,508,192*	*56,105,648*
- Due from Third Parties	*6*	*16,628,926*	*3,572,103*	*1,323,450*
Inventories	*7*	19,718,568	10,228,315	17,378,954
Other Current Assets	*13*	42,486,736	166,853,623	56,558,114
Total Current Assets		**305,681,186**	**500,166,516**	**246,813,961**
Non-Current Assets				
Other Receivables		1,635,999	1,174,774	1,176,961
- Other Receivables due from Third Parties	*6*	*1,635,999*	*1,174,774*	*1,176,961*
Investments Accounted by the Equity Method	*28*	38,830,648	25,283,315	36,455,256
Property, Plant and Equipments	*8,1*	9,554,670,542	8,378,023,271	6,808,842,849
Right of Use Assets	*8,2*	12,341,040	-	-
Intangible Assets		309,326,710	314,591,307	322,087,399
- Other Intangible Assets	*9*	*309,326,710*	*314,591,307*	*322,087,399*
Other Non-current Assets	*13*	19,930,663	35,383,348	128,963,635
Deferred Tax Assets	*22*	-	219,841	378,678
Total Non-Current Assets		**9,936,735,602**	**8,754,675,856**	**7,297,904,778**
TOTAL ASSETS		**10,242,416,788**	**9,254,842,372**	**7,544,718,739**

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

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Audited Current Year 31 December 2019	Audited Prior Year 31 December 2018	Audited Prior Year 31 December 2017
LIABILITIES				
Current Liabilities				
Financial Liabilities	*23*	281,164,935	528,008,100	1,263,151,441
Lease Liabilities	*23*	3,271,208	20,527,126	9,875,742
Trade Payables		73,198,259	104,870,570	94,495,890
- Due to Related Parties	*4*	*13,022,145*	*10,373,866*	*2,723,662*
- Due to Third Parties	*5*	*60,176,114*	*94,496,704*	*91,772,228*
Other Payables		146,126,371	505,594,544	127,421,888
- Due to Related Parties	*4*	*72,643,488*	*421,864,667*	*40,409,810*
- Due to Third Parties	*6*	*73,482,883*	*83,729,877*	*87,012,078*
Liabilities for Employee Benefits	*12*	1,018,762	1,332,544	2,242,277
Current Provisions		14,713,603	13,346,715	9,284,333
- Short-term Provisions for Employee Benefits	*11*	*2,775,902*	*2,657,638*	*2,555,509*
- Other Short-term Provisions	*11*	*11,937,701*	*10,689,077*	*6,728,824*
Other Current Liabilities	*13*	35,232,490	92,558,957	8,854,394
Total Current Liabilities		**554,725,628**	**1,266,238,556**	**1,515,325,965**
Non-Current Liabilities				
Financial Liabilities	*23*	4,082,834,299	5,371,747,276	2,839,040,362
Lease Liabilities	*23*	8,930,893	1,705,714	17,365,885
Other Payables		124,959,498	129,640,000	197,728,005
- Due to Related Parties	*4*	*60,139,498*	-	*3,268,005*
- Due to Third Parties	*6*	*64,820,000*	*129,640,000*	*194,460,000*
Non-current Provisions		8,521,011	4,870,175	4,337,074
- Long-Term Provisions for Employee Benefits	*12*	*8,521,011*	*4,870,175*	*4,337,074*
Deferred Tax Liabilities	*22*	1,042,019,285	725,714,939	622,636,977
Total Non-current Liabilities		**5,267,264,986**	**6,233,678,104**	**3,681,108,303**
Total Liabilities		**5,821,990,614**	**7,499,916,660**	**5,196,434,268**

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

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	**Audited** **Current Year** **31 December 2019**	**Audited** **Prior Year** **31 December 2018**	**Audited** **Prior Year** **31 December 2017**
EQUITY				
Paid-in Capital	*14*	700,000,000	133,772,880	300,000,000
Share Premium	*14*	1,310,500,000	-	-
Effect of Business Combination of Entities Under Common Control	*31*	49,474,498	292,507,120	126,280,000
Other Comprenhensive Income that will not be reclassified to profit or loss in subsequent periods		4,620,361,898	3,613,386,396	2,715,023,660
- Gains on Revaluation of Property, Plant and Equipment		*4,620,295,700*	*3,612,145,159*	*2,713,551,314*
- Actuarial Gains/(Losses) on Defined Benefit Plans		*66,198*	*1,241,237*	*1,472,346*
Other Comprenhensive Income that may be reclassified to profit or loss in subsequent periods		49,255,423	36,337,289	35,939,108
- Other Comprenhensive Income of Shares from Investments Accounted by the Equity Method not to be classified to Profit (Loss)		*49,255,423*	*36,337,289*	*35,939,108*
Effect of Carve-out Transactions	*2.4*	217,330,952	(195,211,948)	(98,849,067)
Restricted Reserves	*14*	1,523,866	1,523,866	1,523,866
Accumulated Losses		(1,956,908,153)	(691,585,471)	(489,084,101)
Net Loss for the Year		(571,112,310)	(1,488,530,966)	(309,981,095)
Equity Attributable to Equity Holders of the Parent		**4,420,426,174**	**1,702,199,166**	**2,280,852,371**
Total Non-controlling Interests	*29*	-	**52,726,546**	**67,432,100**
Total Equity		**4,420,426,174**	**1,754,925,712**	**2,348,284,471**
Total Equity and Liabilities		**10,242,416,788**	**9,254,842,372**	**7,544,718,739**

The accompanying notes form an integral part of these carve-out consolidated financial statements

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Carve-out Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2019, 31 December 2018 and 31 December 2017
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Audited Current Year 2019	Audited Prior Year 2018	Audited Prior Year 2017
Profit or Loss Statement				
Revenue	*15*	1,197,000,764	813,002,888	716,159,027
Cost of Sales (-)	*16*	(438,938,553)	(448,895,986)	(548,337,306)
Gross Profit		**758,062,211**	**364,106,902**	**167,821,721**
General Administrative Expenses (-)	*17*	(88,165,407)	(60,628,307)	(43,842,618)
Selling and Marketing Expenses (-)		(651,984)	(517,859)	(536,763)
Other Income	*19*	8,860,972	6,137,119	9,614,896
Other Expenses (-)	*19*	(6,394,559)	(8,016,163)	(1,608,521)
Operating Profit		**671,711,233**	**301,081,692**	**131,448,715**
Gains from Investing Activities	*21*	84,296,559	-	-
Losses from Investing Activities (-)	*21*	-	-	(18,243,940)
Loss of Investment Accounted Under Equity Method (-)	*28*	(1,540,190)	(13,486,874)	(8,509,882)
Net Investing Activity Gain / (Loss)		**82,756,369**	**(13,486,874)**	**(26,753,822)**
Finance Income	*20*	31,338,067	27,372,956	20,409,064
Finance Expense (-)	*20*	(1,319,633,373)	(1,981,319,530)	(504,711,969)
Net Finance Expense		**(1,288,295,306)**	**(1,953,946,574)**	**(484,302,905)**
Loss Before Tax		**(533,827,704)**	**(1,666,351,756)**	**(379,608,012)**
Tax Income / (Expense)		**(41,571,436)**	**150,687,314**	**62,045,597**
- Current Tax Expense (-)	*22*	(12,336,441)	(164,295)	-
- Deferred Tax Expense / Income	*22*	(29,234,995)	150,851,609	62,045,597
Net Loss for the Year		**(575,399,140)**	**(1,515,664,442)**	**(317,562,415)**
Loss Attibutable To:				
Non-controlling Interests		(4,286,830)	(27,133,476)	(7,581,320)
Equity Holders of the Parent		**(571,112,310)**	**(1,488,530,966)**	**(309,981,095)**
Earnings (Loss) per share				
- Earnings (Loss) Per Share	*30*	**(0.04)**	**(0.22)**	**(10.44)**
Other Comprehensive Income				
- that will not be Reclassified to Profit or Loss in Subsequent Periods		1,223,441,680	1,016,353,630	(499,159,007)
- Increases(Decreases) in Property, Plant and Equipments Revaluation		1,532,820,405	*1,268,907,975*	*(624,712,265)*
- Actuarial Gains/(Losses) on Defined Benefit Plans	*11.4*	(3,518,305)	*1,534,063*	*763,506*
Tax Related to Other Comprehensive Income that will not be Reclassified to Profit or Loss	*22*	(305,860,420)	*(254,088,408)*	*124,789,752*
- that may be Reclassified to Profit or Loss in Subsequent Periods		15,087,524	2,314,934	-
- Shares of Other Comprehensive Income of an Associate	*28*	15,087,524	*2,314,934*	-
Other Comprehensive Income / (Loss)		**1,238,529,204**	**1,018,668,564**	**(499,159,007)**
Total Comprehensive Income / (Loss)		**663,130,064**	**(496,995,878)**	**(816,721,422)**
Total Comprehensive Income / (Loss) Attibutable To:				
Non-controlling Interests		(4,286,830)	(14,705,554)	(5,707,160)
Equity Holders of the Parent		**667,416,894**	**(482,290,324)**	**(811,014,262)**

The accompanying notes form an integral part of these carve-out consolidated financial statements

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Paid-in Capital	Share Premium	Merger of Entities Under Common Control	Other Comprehensive Income not to be Reclassified to Profit or (Loss)	Other Comprehensive Income of Shares from Investments Accounted by the Equity Method not to be Reclassified to Profit or (Loss)	Effect of Carve-out Transactions	Restricted Reserves	Accumulated Losses	Net Loss for the Year	Equity Holders of the Parent	Total Non-Controlling Interests	Total Equity
Balance as of 1 January 2017	**272,200,000**	-	**38,712,305**	**3,338,484,319**	**37,963,846**	**(114,549,857)**	**1,523,866**	**(522,514,662)**	**(91,021,669)**	**2,960,798,148**	**73,139,260**	**3,033,937,408**
Transfers	-	-	-	-	-	-	-	(91,021,669)	91,021,669	-	-	-
Capital Increase	27,800,000	-	-	-	-	-	-	-	-	27,800,000	-	27,800,000
Effect of Business Combination of Entities Under Common Control (Note 31)	-	-	87,567,695	-	-	-	-	-	-	87,567,695	-	87,567,695
Effect of Carve-out Transactions (Note 2.2)	-	-	-	-	-	15,700,790	-	-	-	15,700,790	-	15,700,790
Total Comprehensive Income	-	-	-	**(623,460,659)**	**(2,024,738)**	-	-	**124,452,230**	**(309,981,095)**	**(811,014,262)**	**(5,707,160)**	**(816,721,422)**
Net Loss for the Year	-	-	-	-	-	-	-	-	***(309,981,095)***	***(309,981,095)***	***(7,581,320)***	***(317,562,415)***
Other Comprehensive Income	-	-	-	***(623,460,659)***	***(2,024,738)***	-	-	***124,452,230***	-	***(501,033,167)***	***1,874,160***	***(499,159,007)***
Gains / (Losses) on Revaluation of Property, Plant and Equipment	-	-	-	*(498,863,408)*	-	-	-	-	-	*(498,863,408)*	*(906,404)*	*(499,769,812)*
Depreciation Transfers Related to Revaulation of Property, Plant and Equipment	-	-	-	*(125,226,302)*	*(2,024,738)*	-	-	*124,452,230*	-	*(2,798,810)*	*2,798,810*	-
Actuarial Gains / (Losses) on Defined Benefit Plans	-	-	-	*629,051*	-	-	-	-	-	*629,051*	*(18,246)*	*610,805*
Balance as of 31 December 2017	**300,000,000**	-	**126,280,000**	**2,715,023,660**	**35,939,108**	**(98,849,067)**	**1,523,866**	**(489,084,101)**	**(309,981,095)**	**2,280,852,371**	**67,432,100**	**2,348,284,471**
Transfers	-	-	-	-	-	-	-	(309,981,095)	309,981,095	-	-	-
Effect of Carve-out Transactions (Note 2.2)	-	-	-	-	-	(96,362,881)	-	-	-	(96,362,881)	-	(96,362,881)
Effect of Business Combination of Entities Under Common Control (Note 31)	**(166,227,120)**	-	**166,227,120**				-					
Total Comprehensive Income	-	-	-	**898,362,736**	**398,181**	-	-	**107,479,725**	**(1,488,530,966)**	**(482,290,324)**	**(14,705,554)**	**(496,995,878)**
Net Loss for the Year	-	-	-	-	-	-	-	-	***(1,488,530,966)***	***(1,488,530,966)***	***(27,133,476)***	***(1,515,664,442)***
Other Comprehensive Income	-	-	-	***898,362,736***	***398,181***	-	-	***107,479,725***	-	***1,006,240,642***	***12,427,922***	***1,018,668,564***
Gains on revaluation of Property, Plant and Equipment	-	-	-	*1,005,474,264*	*2,314,934*	-	-	-	-	*1,007,789,198*	*9,652,116*	*1,017,441,314*
Depreciation Transfers Related to Revaulation of Property, Plant and Equipment	-	-	-	*(108,352,765)*	*(1,916,753)*	-	-	*107,479,725*	-	*(2,789,793)*	*2,789,793*	-
Actuarial Gains/(Losses) on Defined Benefit Plans	-	-	-	*1,241,237*	-	-	-	-	-	*1,241,237*	*(13,987)*	*1,227,250*
Balance as of 31 December 2018	**133,772,880**	-	**292,507,120**	**3,613,386,396**	**36,337,289**	**(195,211,948)**	**1,523,866**	**(691,585,471)**	**(1,488,530,966)**	**1,702,199,166**	**52,726,546**	**1,754,925,712**
Transfers	-	-	-	-	-	-	-	(1,488,530,966)	1,488,530,966	-	-	-
Capital Increase	399,950,000	-	-	-	-	-	-	-	-	399,950,000	-	399,950,000
Share Premium	-	1,310,500,000	-	-	-	-	-	-	-	1,310,500,000	-	1,310,500,000
Effect of Business Combination of Entities Under Common Control (Note 31)	166,277,120	-	(243,032,622)	-	-	-	-	-	-	(76,755,502)	-	(76,755,502)
Acquisition of Non Controlling Interest (Note 31)	-	-	-	-	-	-	-	4,572,716	-	4,572,716	(48,439,716)	(43,867,000)
Effect of Sales of Subsidiaries	-	-	-	(86,021,005)	-	-	-	86,021,005	-	-	-	-
Effect of Carve-out Transactions (Note 2.2)	-	-	-	-	-	412,542,900	-	-	-	412,542,900	-	412,542,900
Total Comprehensive Income	-	-	-	**1,092,996,507**	**12,918,134**	-	-	**132,614,563**	**(571,112,310)**	**667,416,894**	**(4,286,830)**	**663,130,064**
Net Loss for the Year	-	-	-	-	-	-	-		***(571,112,310)***	***(571,112,310)***	***(4,286,830)***	***(575,399,140)***
Other Comprehensive Income	-	-	-	***1,092,996,507***	***12,918,134***	-	-	***132,614,563***	-	***1,238,529,204***	-	***1,238,529,204***
Gains on revaluation of Property, Plant and Equipment	-	-	-	*1,226,256,324*	15,087,524	-	-	-	-	1,241,343,848	-	1,241,343,848
Depreciation Transfers Related to Revaulation of Property, Plant and Equipment	-	-	-	*(130,445,173)*	(2,169,390)	-	-	132,614,563	-	-	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	-	-	-	*(2,814,644)*	-	-	-	-	-	(2,814,644)	-	(2,814,644)
Balance as of 31 December 2019	**700,000,000**	**1,310,500,000**	**49,474,498**	**4,620,361,898**	**49,255,423**	**217,330,952**	**1,523,866**	**(1,956,908,153)**	**(571,112,310)**	**4,420,426,174**	-	**4,420,426,174**

The accompanying notes form an integral part of these carve-out consolidated financial statements

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Audited Current Period 1 January - 31 December 2019	Audited Prior Period 1 January - 31 December 2018	Audited Prior Period 1 January - 31 December 2017
Operating Activities				
Profit / (Loss) for the Period		**(575,399,140)**	**(1,515,664,442)**	**(317,562,415)**
Adjustment to Reconcile Net Income / (Loss)				
Adjustment Related to Tax Income / (Expense)	22	41,571,436	(150,687,314)	(62,045,597)
Adjustment Related to Litigation Provisions	11	1,472,359	3,730,001	1,131,682
Adjustment Related to Amortization and Depreciation	8-9	296,033,748	236,276,161	254,011,321
Adjustment Related to Severance Pay and Unused Vacation Pay Liability Provisions		3,032,987	3,094,883	2,482,061
Adjustment Related to Income or (Loss) of Investments Accounted Under Equity Method	28	1,540,190	13,486,874	8,509,882
Adjustment Related to Provisions for Doubtful Receivables	5-19	(1,707,879)	1,084,060	84,184
Adjustment Related to Fair Value			306,813	-
Adjustment Related to Impairment on Inventory Properties	6	-	-	-
Adjustment Related to Exchanges Differences		670,254,244	1,362,799,625	197,594,516
Adjustment Related to Incomes / (Losses) of Rediscount, Net		(1,854,050)	(207,952)	(2,544,005)
Adjustment Related to Incomes / (Expenses) of Interest, Net		590,014,305	572,096,588	174,581,535
Adjustment Related to Gains of Sales of Subsidiaries, Net	21	(84,296,559)	-	-
Adjustment to Related to Interest Incomes / Expenses from Related Parties	20	1,823,488	4,716,090	95,946,306
Working Capital Adjustments				
Adjustment Related to Increase / (Decrease) in Restricted Accounts		1,208,718	3,845,085	(4,679,531)
Adjustment Related to Increase / (Decrease) in Trade Receivables		32,282,821	(46,974,164)	(23,687,064)
Adjustment Related to Increase / (Decrease) in the Inventories		(9,490,253)	7,150,639	12,716,228
Changes in Financial Investments		755,278	(243,184)	(512,094)
Adjustment Related to Increse / (Decrease) in Other Receivables and Other Payables		403,411	18,567,046	(31,535,606)
Adjustment Related to Increse / (Decrease) in Other Current Assests and Short-term Liabilities		113,997,298	(22,023,590)	(20,421,164)
Changes in Other Non-Current Assets and Long-term Liabilities		15,452,685	93,580,287	(23,965,111)
Adjustment Related to Increase / (Decrease) in Trade Payables		(29,818,261)	10,936,222	(13,439,029)
Adjustment Related to Increase / (Decrease) in Liabilities for Employee Benefits		(313,782)	(909,733)	767,291
Taxes Paid	22	(12,336,441)	(4,731,651)	-
Other Cash Inflow (Outflow)		(42,670,047)	-	-
Employee Termination Benefit Paid	11	(2,782,192)	(1,232,403)	(1,515,683)
A. CASH FLOWS FROM OPERATING ACTIVITIES		**1,009,174,364**	**588,995,941**	**245,917,707**
B. CASH FLOWS FROM INVESTING ACVTIVITIES		**72,520,494**	**(583,329,201)**	**(453,399,369)**
Interest Received	20	4,790,540	13,811,319	12,258,305
Inflow Related to Sales of Subsidiaries	2.4	205,650,393	-	-
Acquisition of a subsidiary, net of cash acquired	31	(5,500,000)	-	-
Inflow Related to Sales of Tangible and Intangible Assets	8-9	87,095,927	62,312	776,273
Outflow Raleted to Purchase of Tangible and Intangible Assets	8-9	(154,696,366)	(529,114,827)	(401,613,947)
Outflow Related to Payment of Debts to the Privatization Administration		(64,820,000)	(68,088,005)	(64,820,000)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		**(1,518,856,147)**	**217,318,016**	**189,491,877**
Cash Inflow Related to Proceeds from Borrowings		458,210,684	954,611,544	885,587,556
Cash Outflow Related to Repayment of Borrowings		(2,687,385,638)	(885,200,750)	(571,531,393)
Cash Outflow Related to Lease Liabilities		(22,232,840)	(5,008,787)	(25,561,429)
Acquisition of Non Controlling Interest	31	(48,153,830)	-	-
Cash Inflow / (Outflow) Related to Repayment of Related Party, net		(349,221,179)	378,186,852	(85,225,972)
Interest received from Related Party, net	20	(1,823,488)	-	-
Increase in Share Premium	14	1,310,500,000	-	-
Increase in Share Capital	14	399,950,000	-	27,800,000
Interest Paid		(578,699,856)	(225,270,843)	(41,576,885)
D. CASH FLOWS FROM CARVE OUT TRANSACTIONS	2.2	412,542,900	(96,362,881)	15,700,790
NET INCREASE / (DECREASE) CASH AND CASH EQUIVALENTS (A+B+C+D)		**(24,618,389)**	**126,621,875**	**(2,288,995)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	27	**161,151,205**	**34,529,330**	**36,818,325**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERİOD (A+B+C+D+E)	27	**136,532,816**	**161,151,205**	**34,529,330**

The accompanying notes form an integral part of these carve-out consolidated financial statements

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

1. Organization and nature of operations of the Group

Aydem Yenilenebilir Enerji Anonim Şirketi ("Aydem Yenilenebilir" or the Company) was established on 6 July 1995 as Bereket Enerji Üretim Otoprodüktör Grubu Sanayi ve Ticaret Anonim Şirketi. The Company first changed its corporate name as Bereket Enerji Üretim Anonim Şirketi on 21 May 2004 and then on 27 December 2019, the Company has changed again its corporate name as Aydem Yenilenebilir Enerji Anonim Şirketi. Aydem Yenilenebilir is a carve-out of certain subsidiaries and business units of the Company (the "renewable energy generation business"). See Note 2.2 on Principles of Carve-Out.

Aydem Yenilenebilir was established to generate electricity from local renewable sources. The Group installed its first hydroelectric power plant ("HPP") on the Bereket Çayı stream and continues to generate electricity with hydro, wind ("WPP"), bioenergy ("BIO") and geothermal ("GPP") in different regions of the country.

The address of the registered office of the Group is as follows:

Adalet Mah. Hasan Gönüllü Bulvarı No:15/1 Merkezefendi, Denizli.

As of 31 December 2019, 2018 and 2017, the Group's subsidiaries ("subsidiaries") and their main business activities are as follows:

Subsidiaries	**Location**	**Main Activities**	**Ownership Percentage**		
			31 December 2019	**31 December 2018**	**31 December 2017**
Bereket Jeotermal Enerji Üretim A.Ş. ("Kızıldere") / GPP	Sarayköy/Denizli	Electricity generation and household heating service by geothermal energy	- (*)	100%	100%
Karhes Elektrik Üretim A.Ş. ("Karhes") / HPP	Dereli/Giresun	Electricity generation by hydropower	- (*) (1)	74.00%	74.00%
Arnaz RES Elektrik Üretim A.Ş. ("Arnaz") / WPP	Banaz/Uşak	Electricity generation from wind power	- (*) (1) (2)	99.12%	99.12%
Arova RES Elektrik Üretim A.Ş. ("Arova") / WPP	Armutlu/Yalova	Electricity generation from wind power	- (*) (1)	99.00%	99.00%
Söke RES Elektrik Üretim A.Ş. ("Söke") / WPP	Söke/Aydın	Electricity generation from wind power	- (*) (1)	99.00%	99.00%
Fırat Elektrik Üretim ve Ticaret A.Ş. ("Fırat") / HPP	Reşadaiye/Tokat	Electricity generation by hydropower	- (*) (2)	100%	100%
Akış Enerji Yatırım Üretim ve Ticaret A.Ş. ("Akış") / WPP	Kuşadası/Aydın	Electricity generation from wind power	- (****)	100%	100%
Hacim Enerji Yatırım Üretim ve Ticaret A.Ş. (Hacim") / WPP	Geyve/Sakarya	Electricity generation from wind power	- (****)	100%	100%
Ey-Tur Enerji Elektrik Üretim ve Ticaret Ltd. Şti. ("Ey-tur") /HPP	Kağızman/Kars	Electricity generation by hydropower	100%	100%	100%
Başat Elektrik Üretim ve Ticaret Ltd. Şti. ("Başat") / HPP	Üzümlü/Erzincan	Electricity generation by hydropower	100%	100%	100%
Düzce Aksu Elektrik Üretim A.Ş. ("Aksu") / HPP	Gölyaka/Düzce	Electricity generation by hydropower	- (**)	-	-
Göktaş HES Elektrik Üretim A.Ş. ("Göktaş") / HPP	Adana	Electricity generation by hydropower	- (*****)	-	-
Sarı Perakende Enerji Satış ve Ticaret A.Ş. ("Sarı Perakende")	İzmir	Trading of electricity	100% (***)	-	-

As of 31 December 2019, 2018 and 2017, the Company's associates and its main business activity is as follows:

Associate	**Location**	**Main Activities**	**Ownership Percentage**		
			31 December 2019	**31 December 2018**	**31 December 2017**
Yalova RES Elektrik Üretim A.Ş. ("Yalova") / WPP	Karacabey/ Bursa	Electricity generation using wind energy source	50.00%	50.00%	50.00%

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

1 Organization and nature of operations of the Group (continued)

(*) In accordance with the reorganization of the Group undertaken in 2019, these former subsidiaries have been merged under the legal entity of Aydem Yenilenebilir on 28 June 2019. Since the related subsidiaries have already been consolidated in prior years, these mergers had no effect on the consolidated financial statements except for the acquisition of the non-controlling interests relating to Karhes, Arnaz, Arova and Söke.

(**) Aksu which was under common control with the Company have been acquired and merged under the legal entity of Aydem Yenilenebilir as at 28 June 2019. This transaction has been evaluated as merger of entities under common control and Aksu has been consolidated restrospectively for all periods presented via pooling of interest method (Note 31).

(***) Sarı Perakende which was under common control with the Company have been acquired as a subsidiary as at 31 July 2019. This transaction has been evaluated as merger of entities under common control and Sarı Perakende has been consolidated restrospectively for all periods presented via pooling of interest method (Note 31).

(****) Akış and Hacim have been sold to third parties in 2019 (Note 2.4 - viii)

(*****) Göktaş HPP which was an asset of the Company has been transferred to Göktaş HES Elektrik Üretim A.Ş. ("Göktaş"), owned by Aydem Holding A.Ş,.through a spin-off. In 2019, Göktaş HES Elektrik Üretim A.Ş. has been acquired and merged with the Company. This transaction has been evaluated as merger of entities under common control and Göktaş has been consolidated restrospectively for all periods presented via pooling of interest method (Note 31).

(1) The Company acquired the non-controlling shares at Karhes, Arnaz, Arova, Söke. The percentage of shares acquired are 26%, 0.88%, 0.50% and 1% for Karhes, Arnaz, Arova, Söke, respectively (Note 31)

(2) Before merger which detailed in Note * above, Fırat has been sold to Arnaz.

At these carve-out consolidated financial statements, Aydem Yenilenebilir, its subsidiaries and its associate are referred to as "the Group".

As of 31 December 2019, 2018 and 2017, the number of employees of the Company and its consolidated subsidiaries and associates is as shown in the table below.

The Company, its subsidiaries and associate	**31 December 2019**	**31 December 2018**	**31 December 2017**
Aydem Yenilenebilir	537	290	309
Kızıldere	-	26	27
Karhes	-	31	40
Arnaz	-	24	23
Arova	-	24	23
Söke	-	14	17
Fırat	-	20	2
Akış	-	1	1
Hacim	-	1	1
Ey-Tur	-	4	4
Başat	-	1	-
Göktaş	-	32	-
Düzce	-	49	50
Yalova	10	17	17
Sarı Perakende	1	1	1
Total	**548**	**535**	**515**

Laws / regulations affecting the business activities

The Group is subject to the regulations and comminques issued by the Energy Market (EMRA) and obliged to carry out electricity generation and sales activities in accordance with the Electricity Market Law No.6446 dated 14 March 2013.

The carve-out consolidated financial statements prepared as of 31 December 2019 were authorized for publication by the Board of Directors on 19 February 2020. The General Assembly have the right to amend the annual carve-out consolidated financial statements.

2 Basis of Presentation of Carve-out Consolidated Financial Statements

2.1 Basic principles of presentation

The carve-out consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Group also prepares consolidated financial statements in accordance with Turkish Financial Reporting Standards (TFRS) the latest of which were issued as of and for the year ended 31 December 2018. The Group will prepare consolidated financial statements in accordance with TFRS as of and for the year ended 31 December 2019 as well.

The carve-out consolidated financial statements have been prepared on a historical cost basis, except for power plants classified as property, plant and equipment that have been measured at fair value.

The Group and its subsidiaries and associate maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The carve-out consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions except for the revaluated power plants, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS.

2.2. Basis of preparation of carve-out financial statements

After the restructuring of the Group in 2019, the main and sole activity of Aydem Yenilenebilir became the renewable energy generation. Aydem Yenilenebilir has terminated its operations in the power plant construction business in 2019 by selling the assets of the business to third parties and transferred the solar panel production business to a subsidiary of its ultimate parent through a spin-off transaction. In order to present the consolidated financial position and the results of operations solely of the renewable energy generation comparatively for the years 2017, 2018 and 2019, the Group management decided to prepare the consolidated financial statements on a carve-out basis.

Accordingly, the former subsidiaries of the Group; Yatağan Termik Enerji Üretim A.Ş. ("Yatağan"), Çates Elektrik Üretim A.Ş. ("Çates"), Panobel Elektrik Gereçleri A.Ş. ("Panobel"), Bereket Havacılık A.Ş. ("Havacılık"), MNA Enerji Üretim Mühendislik Sanayi ve Ticaret A.Ş. ("MNA") and Temiz Enerji Teknolojileri Araştırma ve Geliştirme A.Ş. ("Temiz") whose main activities were not the renewable energy have been excluded from and have not been consolidated in the accompanying carve-out consolidated financial statements. These subsidiaries have been transferred to Aydem Holding and its subsidiaries which are under common control.

Additionally, the solar panel production ("Parla") and construction business ("EPS") which were operating under Aydem Yenilenebilir legal entity have been excluded from the carve-out consolidated financial statements through the allocation of items relating to the financial position and income statement based on the accounting records of the Company. All revenues and costs as well as assets and liabilities which can be directly associated with these businesses are excluded from the carve-out consolidated financial statements. Since these were not previously reportable segments, some assumptions are used for the allocation and thus any difference between assets and liabilities transferred and the income statement items other than directly identifiable revenues and expenses, is recognised in carve-out consolidated statement of changes in equity.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

Below are the assumptions and judgements used for the allocation of items regarding the Parla and EPS businesses:

- Cash and cash equivalents could not be allocated among the businesses and all cash outstanding is included in the carve-out consolidated financial statements.
- The carrying values of all trade and other receivables related to Parla and EPS have been identified and excluded from carve-out consolidated financial statements.
- The carrying values of all inventories related to Parla and EPS have been identified and excluded from carve-out consolidated financial statements.
- The carrying values of all property, plant and equipments and intangible assets of Parla and EPS have been identified and excluded from carve-out consolidated financial statements.
- The carrying values of all trade and other payables due to third parties have been identified and excluded from carve-out consolidated financial statements.
- Assets and financial liabilities arising from financial lease transactions related to Parla business have been identified and exluded from carve-out consolidated financial statements.
- Tax balances and charges could not be allocated among the businesses and therefore are all included in the carve-out consolidated financial statements.
- All revenues and cost of sales related to Parla and EPS businesses have been identified through the cost/profit centers in the accounting system and excluded from carve-out consolidated financial statements.
- The difference between the identified assets and liabilities of Parla and EPS businesses in excess of the identified accumulated profit or loss has been recognized in the “Effect of Carve-out Transactions” under equity which amounts to TL 217,330,952 as of December 31, 2019 (31 December 2018: 195,211,948, 31 December 2017: 98,849,067).
- Since cash and cash equivalents could not be allocated among the businesses and all cash outstanding is included in the carve-out consolidated financial statements, cash flows relating to the Parla and EPS businesses has been recognized as the “Cash Flows from Carve-out Transactions” in the Carve-out Consolidated Statement of Cash Flows which amounts to TL 412,542,900 as of 31 December 2019 (31 December 2018: (96,362,881), 31 December 2017: 15,700,790).

The carve-out consolidated financial statements of the renewable energy generation business could differ if it had operated as an independent standalone entity.

2.3 Functional and presentation currency

The Group has presented its carve-out consolidated financial statements in TL, which is the functional currency of the Company and its subsidiaries and affiliates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.4 Basis of Consolidation

The carve-out consolidated financial statements comprise the financial statements of the Company and its subsidiaries except for Yatağan, Çates, Panobel, Havacılık, MNA, Temiz which were carved-out as explained in Note 2.2 as at 31 December 2018 and 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

• Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
• Exposure, or rights, to variable returns from its involvement with the investee
• The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

• The contractual arrangement(s) with the other vote holders of the investee
• Rights arising from other contractual arrangements
• The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group 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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(i) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.4 Basis of consolidation (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

ii) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries except for Yatağan, Çates, Panobel, Havacılık, MNA, Temiz which were carved-out as explained in Note 2.2 are included in the carve-out consolidated financial statements from the date that control commences until the date that control ceases.

iii) Associates:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.Associates are accounted for equity method in the consolidated financial statements. Under equity method, investment in an associate is initially recognised at cost. After initial recognition, Group's share of the profit or loss of the investee, is recorded to the financial statements by increasing or decreasing the net book value. Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.4 Basis of consolidation (continued)

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss within operating profit when the associate's main course of business is renewable enegy generation and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

iv) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:
- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

v) Partial share purchase and sale transactions with non-controlling interests

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Accordingly, in the case of additional share purchases from and sales to non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the subsidiary in proportion to the acquired interest is recognized in equity. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

vi) Acquisition of companies under common control

For the accounting of business combinations under common control, assets and liabilities subject to business combination are included in the carve-out consolidated financial statements with carrying values of historical IFRS financial statements which were prepared for the purpose of consolidation of the ultimate parents' consolidated financial statements. The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Effect of Business Combination of Entities Under Common Control".

vii) Eliminations

During the preparation of the carve-out consolidated financial statements, unrealized gains and losses arising from intra-group transactions transactions between entities included in the carve-out consolidated financial statements, intra-group balances and intra-group transactions are eliminated. Gains and losses arising from the transactions between the associate and the parent company and the consolidated subsidiaries of the parent company and jointly controlled entities are offset against the parent company's interest in the associate. Unrealized losses are eliminated in the same manner as unrealized gains, unless there is evidence of impairment.

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

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.4 Basis of consolidation (continued)

viii) Loss of control

Upon the loss of control, except for the carve-out accounting, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Below are the details of the sale of subsidiary transactions realized in 2019:

Akış:

On 31 July 2019, Aydem Yenilenebilir signed a share sale agreement to sell its 100% shares at Akış to a third party for TL 137,578,723. As of 31 July 2019, share transfer has been completed. The positive difference between the related sale price and the net asset derecognized is recognized as income from investment activities in the consolidated statement of profit or loss and other comprehensive income.

Sales price	137,578,723
Derecognized net assets	(112,696,499)
Gain on sale of shares of subsidiaries	**24,882,224**

Hacim:

On 20 August 2019, Aydem Yenilenebilir signed a share sale agreement to sell its 100% shares at Hacim to a third party for TL 68,071,670. As of 20 August 2019, share transfer has been completed. The positive difference between the related sale price and the net asset derecognized is recognized as income from investment activities in the consolidated statement of profit or loss and other comprehensive income.

Sales price	68,071,670
Derecognized net assets	(8,657,335)
Gain on sale of shares of subsidiaries	**59,414,335**
Total gain on sale of shares of subsidiaries (Note 21)	**84,296,559**

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.5 Going Concern

The Group prepares its carve-out consolidated financial statements on the assumption that the business will continue its operations in the foreseeable future. As of 31 December 2019, the Group has accumulated losses amounting to TL 1,956,908,153 and net loss for the period of TL 571,112,310. On the other hand, the Group has operating profit amounting to TL 756,007,792, the Group has earned TL 1,031,258,686 cash and TL 1,052,041,540 of income before interest, tax and depreciation from operating activities. In addition, as of 31 December 2019, short term liabilities exceeded current assets by TL 249,044,442 (31 December 2018: TL 766,072,040, 31 December 2017: TL 1,268,512,004).

The Group generates electricity sales income and collects it in less than a month. On the other hand, all payables to be paid within one year are included in short term liabilities. The fact that the Group's receivables turnover rate is high provides an advantage in terms of paying its short-term liabilities on time. As a result of the USD indexed sales realized within the scope of the Group's Feed-in Tariff ("FIT"), the total revenue amount increased significantly in the year which ended on the 31 December 2019 (TL 1,197,000,764 in 2019, TL 813,002,888 in 2018 and TL 716,159,027 in 2017). As of the date 26 June 2019, a total of 11-year (maturity date 2030) term financing was provided under the restructuring agreement signed with creditors, and this has a positive effect on the Group's cash flows.

With the restructuring of financial liabilities, the guarantees provided by the Group to other Group companies were also deactivated and the pledge and mortgage amounts decreased from TL 10,497,661,869 to TL 4,308,854,000 as of 31 December 2019. Within the scope of financial restructuring, the company has increased its pledge of share to %51 after the restructuring, which was previously given 100% to the creditors.

On 27 December 2019, the Aydem Enerji Yatırımları A.Ş., which is Parent Company, has made its capital stronger by providing cash inflows to the Group through a capital increase of TL 399,950,000 and an emission premium of TL 1,310,500,000, and the Group has used these amounts in the payment of its financial debts and reduced its financial liability. In this context, as of 31 December 2018, financial liabilities which was TL 5,899,755,376 decreased to TL 4,363,999,234 as of 31 December 2019. In this sense, the Group's debt to EBITDA ratio at the end of 2019 is 4.1. It is expected to decrease to 3.19 with 2020 principal payments. It is expected that the possible exchange rate effects that the Group will be exposed to in the coming periods will decrease with the related payments. Depending on these indebtedness rates, the net cash position of the company is expected to strengthen by the end of 2020.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.5 Going Concern (continued)

Both having an average collection period of the Group's trade receivables which is formed by electricity sales is less than 29 days and also having a high collection ability creates an advantage in paying short-term liabilities on time. Therefore, the group does not need any financing to fund its working capital.

As of November 2018, Akıncı Hydroelectric Power Plant, which is the second largest hideroelectric power plant ("HPP") of the Group, started its operations and the Group increased its total energy generation capacity to 1,020 MWh. As of 2019, the Group's revenues within the scope of FIT constitute approximately 88% of its total revenues. The Group aims to achieve a net profit for the year 2020 because %65 of the Group costs formed by fixed costs and also because of the loan configurations and the decrease in financing costs. In addition, the income of the group under FIT is expected to continue for at least six years in accordance with the existing agreements.

Within 2020, the company will accelerate the construction of two HPP power plants which is under construction and plans activate them in 2022. In 2020, the company plans to expand its renewable portfolio (HPP, Wind Power Plant, Solar Power Plant etc.), which is subjected to FIT through a non-group purchase method.

As a result of all these developments, the Group will be able to distribute profit by dissolving the accumulated losses of the previous year, together with the net period profits and emission premium to be obtained in 2020 and beyond.

With its institutional structure within the scope of renewable energy, the Group has achieved a stronger and more sustainable structure by terminating all activities which are outside the scope of renewable energy activities and do not generate profit.

The Group management made an assessment of the sustainability of the operations and determined that the Group has sufficient resources to maintain its operations in the near future considering its capacity to generate income, profit and liquidity. The Group management believes that there is no uncertainty about the sustainability of its operations and has prepared its carve-out consolidated financial statements with the assumption that the entity will continue to operate in the foreseeable future.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.6 New and revised standards and comments

The accounting policies adopted in preparation of the carve-out consolidated financial statements as at 31 December 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 January 1, 2019 are as follows:

- **IFRS 16 Leases**

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet 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.

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 recognises 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 recognise 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 recognises 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 approach.

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 (i.e., personal computers, printing and photocopying machines and other office equipment) that are considered of low value.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.6 New and revised standards and comments (continued)

Impact on the carve-out consolidated statement of financial position as at 1 January 2019:

Assets	
Right of use assets	10,440,707
Liabilities	
Lease liabilities	(10,440,707)

The standard is applied for annual periods beginning on or after 1 January 2019.

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.6 New and revised standards and comments (continued)

- **Amendments to IAS 28 Investments in Associates and Joint Ventures (Amendments)**

In October 2017, the IASB issued amendments to IAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

IFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with IAS 28 Investments in Associates and Joint Ventures. In this amendment the IASB clarified that the exclusion in IFRS 9 applies only to interests a company accounts for using the equity method. A company applies IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019.

Overall, the amendments did not have a significant impact on the financial position or performance of the Group.

- **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation clarifies how to apply the recognition and measurement requirements in "IAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

a. whether an entity considers uncertain tax treatments separately;
b. the assumptions an entity makes about the examination of tax treatments by taxation authorities;
c. how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
d. how an entity considers changes in facts and circumstances.

The interpretation did not have a significant impact on financial position or performance of the Group.

- **Annual Improvements – 2015–2017 Cycle**

In December 2017, the IASB announced Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are effective from annual periods beginning on or after 1 January 2019.

The amendments did not have a significant impact on the financial position or performance of the Group.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.6 New and revised standards and comments (continued)

- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

On 7 February 2018, the IASB published Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement". The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. These amendments are applied for annual beginning on or after 1 January 2019.

The interpretation did not have a significant impact on financial position or performance of the Group.

- Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted.

The amendments did not have a significant impact on the financial position or performance of the Group.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.6 New and revised standards and comments (continued)

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 carve-out consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the carve-out 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)
- Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform
- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

Group is in the process of assessing the likely impact of these standards, changes and interpretations on the Group's financial condition and performance.

2.7 Summary of significant accounting policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity,
ii. has significant influence over the reporting entity,
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii. Both entities are joint ventures of the same third party.
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled or jointly controlled by a person identified in (a).
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Property, plant and equipment

Accounting and measurement

The Group, has adopted the revaluation method in accordance with IAS 16 for its entire power plants. Power plants are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Other tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Construction in progress is also stated at cost, net of accumulated impairment losses, if any.

The frequency of revaluations depends on the changes in the fair values of property, plant and equipment subject to revaluation. The Group revalued the property, plant and equipments consisting of the power plant as of 31 December 2019, 31 December 2018 and 31 December 2016. The Renewable Energy Group consist of power plants below:

- Çırakdamı HPP, - Dereli HPP, - Kızıldere GPP, - Arnaz WPP, - Arova WPP, - Söke WPP,
- Bereket I-II HPP, - Dalaman I-V HPP, - Gökyar HPP, - Feslek HPP, - Koyulhisar HPP,
- LFG Bio Power Plant ("BPP"), - Mentaş HPP, - Toros HPP, - Göktaş I-II HPP, - Aksu HPP and
- Akıncı HPP.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated using the straight-line method over property, plant and equipment. Land is not depreciated on the basis that it has an indefinite life. Purchase costs are accounted by separating the land and building components in the purchases of buildings, including land.

The estimated useful lives of the significant property, plant and equipments as of 31 December 2019 are as follows:

	Years
Buildings	5-50
Power plants	20-49

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Repair and maintenance costs are recognised in profit or loss as incurred.

A class of power plant is a grouping of assets of a similar nature and used in an entity's operations and contains land, buildings, machinery and equipments, furniture and fixtures.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Expenses for the repair of property, plant and equipment are normally charged as expense. They are, however, capitalized if they result in an enlargement or substantial improvement of the respective assets.

Intangible assets

Accounting and measurement

Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets comprise rights to operate licenses and computer softwares.

Right to Operate Licences
The HPP operating licences which has been obtained through Transfer of Operating Rights Agreement ("Agreement") with the Privatization Administration and the Electricity Generation Corporation ("EÜAŞ") are accounted as intangible assets (Note 9).

Computer Softwares
Computer softwares are recognized at acquisition cost and amortized on a straight line basis over their estimated useful lives of 3-15 years. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

Goodwill
Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses as described in Note 2.4 (i) above.

Subsequent costs
Subsequent costs are capitalized only if they have an impact that increases the future economic benefits of the intangible assets to which they relate. All other expenditures are recognized in profit or loss when incurred.

Amortization
Intangible assets are recognized in profit or loss on a straight-line basis over their estimated useful lives starting from the date they are ready for use. Right to operate licences are depreciated over the licence which is 49 year and the depreciation starts at the effective date of the agreement.

Amortization methods, useful lives and residual values are reviewed at each reporting date and, where appropriate, adjusted.

The estimated useful lives in the current periods are as follows:

	Years
Right to Operate Licences	49
Computer Softwares	3-15

Revenue recognition

The operations of the Group entities are regulated under Electricity Market Law No. 6446, the Regulation on Electricity Market License of EMRA, the Electricity Market Balancing and Settlement Regulation ("BSR") and other related legislative provisions.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Electricity sales is recognised as revenue at the time of electricity delivery, on an accrual basis. In the case of revenue from feed-in-tariff ("FIT"), sale of electricity is recorded based upon output delivered at rates specified under FIT. In the case of revenue from other than FIT, sale of electricity is again recorded based upon output delivered but at market rates.

The Company identified electricity as a separate performance obligation. Performance obligations identified were evaluated and determined to be satisfied over time and qualified for the invoicing practical expedient since the invoiced amounts reasonably represented the value to customers of performance obligations fulfilled to date. The transaction price is determined based on the price per actual mega-watt output. Billings subject to FIT, invoiced on a monthly basis at the end of the month, where all collection is due on the 25th day of the following month. Other invoices are issued on a monthly basis and payment is typically made upfront as an advance.

General recognition principles

The Group recognizes revenue when it has fulfilled or imposed its obligation of performance by transferring a committed good or service to its customer. An asset is transferred when or when the control of an asset is in the hands of the customer.

The Group includes revenue in its consolidated financial statements in accordance with the following 5 basic principles:

a) Determination of customer contracts
b) Determination of performance obligations in contracts
c) Determination of transaction price in contracts
d) Distribution of transaction price to performance obligations in contracts
e) Revenue recognition when each performance obligation is fulfilled

The Group recognizes a contract with the customer as revenue if the following conditions are met:
a) The parties to the agreement have ratified the agreement (in accordance with written, oral or other commercial practices) and undertake to carry out their own actions,
b) The rights of each party related to the goods or services to be transferred can be defined,
c) The terms of payment for the goods or services to be transferred can be defined,
d) The nature of the contract is commercial in nature,
e) The Group is likely to charge a consideration for goods or services to be transferred to the customer. When assessing whether a charge is likely to be recoverable, the Group considers only the customer's ability to pay that amount at maturity and its intention to do so.

At the beginning of the contract, the Group evaluates the goods or services undertaken in the contract with the customer and defines each commitment to transfer to the customer as a separate performance obligation. The Group also determines at the beginning of the contract whether it has fulfilled each performance obligation over time or at a certain point in time.

When another party is involved in the provision of goods or services to the customer, the Group determines whether the nature of its commitment is an act obligation to provide (principal) the designated goods or services itself or to act as an intermediary (proxy) provided by the other party. The Group is the principal if it controls the goods or services designated before transferring them to the customer. In this case, when it fulfills its performance obligation (or as it does), it receives revenue in the financial statements as much as the gross amount of the price that it expects to deserve for the assigned goods or services transferred. The Group acts as an agent if the performance obligation is provided by another party as an intermediary and does not reflect revenue for the performance obligation in the financial statements.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

In order to determine the transaction price, the Group takes into account the contractual provisions and commercial practices. The transaction price is the amount that the Group expects to be entitled to in return for the transfer of the goods or services it has committed to the customer, except for the amounts collected on behalf of third parties (for example, certain sales taxes).

Pursuant to IFRS 15 at "Revenue from Contracts with Customers" replacing IAS 18, the Group's performance obligations consist of wholesale electricity, ancillary services related to electricity sales. The electricity sold is transmitted to the customer via transmission lines and the customer simultaneously consumes the benefit of the Group's performance. Revenue from electricity sales and ancillary services related to electricity sales is recognized at the time of delivery. IFRS 15 has no material impact on the financial position or performance of the Group due to the Group's operations.

IAS 17 Leases

The Group adopted IFRS 16 using the simplified method of adoption with the date of initial application of 1 January 2019. Until the transition date, the Group applied IAS 17 for the accounting of lease contract as described below.

Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. At initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognized in the Group's consolidated statement of financial position.

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Leasing incentives are accounted as a part of the total rental expenses during the lease period.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financial lease

Leases of property and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are included in the property and equipment at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other current and non-current financial liabilities. The interest element of the finance cost is charged to the consolidated profit or loss statement over the lease period.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Operational lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net off any incentives received from the leassor) are charged to the profit or loss statement on a straight-line basis over the period of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. The following two criteria must be met for a "lease":

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Impairment of non-financial assets

The Group evaluates whether there is any indication for probable impairment on non-financial assets, other than inventories, deferred tax assets and investment properties at each reporting date. If any such indication exists, then the asset's recoverable amount is estimated.

Recoverable amount for goodwill that have indefinite lives, is estimated at the same time for every year. An impairment loss is recognized if the carrying amount of a cash-generating unit (CGU) related with an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less selling costs. Value in use is estimated by discounting future cash flows at the pre-tax discount rate in line with the current market assessments reflecting the time value of money and the risks specific to that asset.

For impairment testing, assets are grouped together into the smallest group of assets or CGUs that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. Subject to an operating segment cap test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Inventories comprise of spare parts required for the maintenance of the machines and equipments, and expensed as they are used. The cost of inventories is determined using the moving weighted average method.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Financial Instruments

Financial assets – Classification and measurement:

Group classified its financial assets as financial assets carried at amortized cost. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets accounted for at amortized cost

Non-derivative financial assets with fixed or determinable payments that are not carried out in an active market and which are non-derivative financial instruments are classified as assets that are accounted for at amortized cost, where management adopts the business model of collecting contractual cash flows and the terms of the contract include interest payments solely on principal and principal at certain dates. They are classified as current assets if their maturities are less than 12 months after the balance sheet date and fixed assets if they are longer than 12 months. Financial assets recognized at amortized cost include "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position.

i. Trade and other receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

ii. Cash and cash equivalents

Cash and cash equivalents include cash held in cash, deposits held in banks and other liquid investments with maturities of 3 months or less. Cash and cash equivalents used in the reporting of cash flows comprise cash and cash equivalents with a maturity of less than 3 months, excluding accrued interest income and blocked deposits. The Group calculates impairment by using the expected credit loss model in cases where cash and cash equivalents are not impaired for a certain reason. The expected credit loss calculation takes into account the past experiences of credit losses as well as the Group's forecasts for the future.

Impairment under IFRS 9 applied after 1 January 2018

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below; - 12- Month ECL: results from default events that are possible within 12 months after reporting date, -Lifetime ECL: results from all possible default events over the expected life of financial instrument. Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly for 12 month ECL measurement if it has not.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Impairment under IAS 39 applied until 31 December 2018

Financial assets or financial asset groups are assessed for indicator of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence of impairment as a result of one or more events occurred after the initial recognition of the financial asset and that loss event has an impact on the estimated future cash flows of the financial assets that can be reliably estimated. For loans and receivables the amount of impairment is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Financial liabilities

Non-derivative financial liabilities of the Group comprised of "borrowings", "trade payables" and "other payables" in the statement of financial position

i. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

In the case of a financial liability modification, any costs or fees occurred regarding these liabilities is deducted from the carrying amount of the liability and amortized during the terms of the modificated loan agreement by being.

If financing costs arising from the loans are associated with acquisition or construction of qualifying assets, they are included in cost value of qualifying assets. Qualifying assets refer to assets which require a long time to be available for use or sales as intended. Other borrowing costs are accounted in statement of profit or loss in the period they occur.

ii. Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Recognition and de-recognition of financial instruments

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are the purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Financial Instruments (continued)

(a) the rights to receive cash flows from the asset have expired

(b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

(c) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

IFRS 9 First transition to the "Financial instruments" standard

The Group has applied IFRS 9 Financial Instruments, which replaces IAS 39, as of 1 January 2018, the first date of application.IFRS 9 includes requirements for the classification and measurement of financial assets and liabilities, as well as the expected credit risk model, which will replace the previously used impairment loss model. The amendments to IFRS 9 for the first time have no material impact on the financial statements as of 1 January 2018.

The changes in the classification of financial assets and liabilities are as follows and the class changes did not have any impact on the measurement of assets.

Financial assets	Previous classification according to IAS 39	New classification according to IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost

Financial liabilities	Previous classification according to IAS 39	New classification according to IFRS 9
Trade payables	Amortized cost	Amortized cost
Financial liabilities	Amortized cost	Amortized cost

Share Capital

Ordinary shares

Ordinary shares are classified as equity. Additional costs directly attributable to the issuance of ordinary shares are recognized as a decrease in equity after deducting the tax effect. Income tax on transaction costs arising from equity transactions is recognized in accordance with IAS 12.

Provisions, contingent liabilities and contingent assets

Provisions are determined by discounting the estimated future cash flows to their present value using the pre-tax discount rate that reflects the time value of money and the risks specific to the liability. The discount amount is recognized as other expense from the main activities.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets (continued)

Contingent liabilities

Contingent liabilities are continuously reviewed in order to determine whether the possibility of an outflow of any resources embodying economic benefits is likely. Except for the cases where possibility of disposal of resources embodying economical benefit is remote, it is clarified on notes of financial statements.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is certain, contingent liability is recognized in the financial statements.

Income taxes

Income tax comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax liabilities in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements is recognized to the extent that the Group is able to control the timing of the reversal of the temporarydifferences and it is probable that they will not reverse in the foreseeable future; and,
- taxable temporary differences arising on the initial recognition of goodwill.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Income Taxes (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Transfer pricing regulations

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing. The application details are stated in the "general communiqué regarding veiled shifting of profits via transfer pricing" published on 18 November 2007. Veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

Thin capitalization regulation

The provisions concerning to the "thin capitalization" are stated in the Article 12 of new Corporation Tax Code. According to the Article 12, if the borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders exceeds three times of the shareholders' equity of the company at any time during the related year, the exceeding portion of the borrowing will be treated as thin capital.

The financial borrowings were regarded as thin capitalization provided with;

- The borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders,
- Used for/in the entity,
- Borrowings exceeds three times of the shareholders' equity of the company at any time during the related year.

Tax risk

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Income Taxes (continued)

The Group considers whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, there is no provision which has been recognized in the carve-out consolidated financial statements of the Group in relation to any tax risk.

Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the statement of profit or loss when they are incurred.

Foreign exchange differences to the extent that they are regarded as an adjustment to interest costs are also capitalised. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Events after reporting date

Refers to events occurring in favor of or against the entity between the reporting date and the authorization date for the publication of the financial statements. Events after the reporting date are divided into two:

• new evidence of the existence of relevant events as of the reporting date; and
• there is evidence that relevant events occurred after the reporting date (events that do not require correction after the reporting date).

In the event that there is new evidence for the existence of such events as of the reporting date or if the related events arise after the reporting date and these events require the correction of the financial statements, the Group adjusts its carve-out consolidated financial statements in accordance with the new situation. If these events do not require the restatement of the carve-out consolidated financial statements, the Group discloses the related events in its notes.

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

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Long-term employee benefits

Post retirement benefits

Under Turkish Labour Law Article 25/II, the Group is required to pay to make lump-sum payments to employees whose employment is ended due to retirement or for reasons other than resignation or misconduct. The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement. The payable amount consists of one month's salary for each year of service. This entitlement is limited to TL 6,379.86 in respect of each year of service as of 31 December 2019 (31 December 2018 – TL 5,434.42, 31 December 2017: 4,732.48).

For post retirement benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation. There is no funding requirement for defined benefit plans. The Group recognizes actuarial gains and losses fully outside the consolidated income statement, in the statement of other comprehensive income as required by the revised IAS 19.

The main actuarial assumptions used as of 31 December 2019, 2018 and 2017 are as follows:

	31 December 2019	**31 December 2018**	**31 December 2017**
Expected interest in the coming years %	12	15.00	11.00
Expected inflation in the coming years %	7.5	9.00	7.00
Discount rate %	4.19	1.97	2.63

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

In the normal workflow, in activities abroad, it contributes to the relevant governmental body for the retirement plan of the employees in the country where they work. Mandatory contributions to the state pension plan are recognized as an expense when incurred.

Provision for unused vacation rights

The Group is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation rights over the prevailing wage at the date the contract is terminated. Accordingly, the Group recognizes a provision for unused vacation days as a short term employee benefits. Provision for unused vacation days is measured on an undiscounted basis and are expensed as the related service is provided

Income and expense from investing activities

Income from investing activities consists of income from sale of property, plant and equipment and other income arises from investing activities as defined under IAS 7 Statement of Cash Flows.

Expenses from investing activities consist of impairment on property, plant and equipment and other expenses arises from investing activities as defined under IAS 7 Statement of Cash Flows.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.7 Summary of significant accounting policies (continued)

Reporting of cash flows statement

In the statement of cash flows, cash flows are classified according to operating, investment and financing activities.

Cash flows from operating activities represent cash flows generated from the Group's main operations. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (asset investments and financial investments).

Cash flows related to financing activities represent the resources used by the Group in financing activities and the repayment of these resources.

Capital and dividends

Dividend receivables are recognized as income in the period in which they are declared. Dividend payables are recognized as an element of profit distribution in the financial statements in the period in which the profit distribution decision is taken in the General Assembly.

2.8 Significant accounting judgments, estimates and assumptions

The preparation of carve-out consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the carve-out consolidated financial statements:

- Note 11 – Provisions
- Note 22 – Taxation on income

Significant judgements made during carve-out of the renewable business is explained in Note 2.2.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. The assumptions underlying estimates and estimates are constantly monitored. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.8 Significant accounting judgments, estimates and assumptions (continued)

A. Explanations on the determination of the fair value of property, plant and equipment

The Group's power plants under property, plant and equipment are accounted for at fair value in accordance with revaluation model starting from 31 December 2013. The related valuation studies have been made according to discounted cash flow method (Note 8).

The Renewable Energy Group, effective from 1 January 2017, will be in charge of power plants (Çırakdamı HPP, Dereli HPP, Kızıldere GPP, Uşak WPP, Arova WPP, Söke WPP, Bereket I-II HPP, Dalaman I-V HPP, Gökyar HPP, Feslek HPP, Koyulhisar HPP, LFG Bio Power Plant ("BPP"), Mentaş HPP, Toros HPP, Göktaş I-II HPP, Aksu HPP and Akıncı HPP. The lands, underground and surface arrangements, buildings, machinery, plants and devices are considered parts of the power plant. As of 31 December 2019, the Group obtained valuation report from an independent valuation company and revalued its power plants to its revalued values.

In accordance with discounted cash flows method, the estimation of long-term electricity sale prices (or market clearing price "MCP") is one of the the most important estimates, so an independent consultant was employed to support the management in making such estimates. In determining long-term electricity sale prices, the most important inputs in the model are; demand in the coming years, renewable energy capacity and capacity factor development, electricity export & import development. Other than long-term electricity sale prices, the most important assumptions of discounted cash flow method are; projected generation amount, weighted average cost of capital (discount rate) and US Dollar/TL foreign exchange rates.

The parameters applied in the valuation and the valuation methods used are summarized below:

31 December 2019

Power Plants	Valuation Date	Valuation Method	Weighted Average Cost of Capital	Average MCP after FIT-USD	Generation Volume (MWh/Year)	Generation Volume after Reporting Period (MWh/Year)
Dalaman I-V HPP	January 3, 2020	DCF	10.3%	63	104,789	108,485
Gökyar HPP	January 3, 2020	DCF	10.3%	64	30,392	33,353
Toros HPP	January 3, 2020	DCF	10.3%	67	241,207	215,208
LFG BPP	January 3, 2020	DCF	10.3%	58	3,749	2,448
Feslek HPP	January 3, 2020	DCF	10.3%	64	11,504	13,629
Koyulhisar HPP	January 3, 2020	DCF	10.3%	64	182,696	239,840
Mentaş HPP	January 3, 2020	DCF	10.3%	64	132,840	96,287
Bereket I-II HPP	January 3, 2020	DCF	10.3%	64	11,129	12,609
Göktaş HPP	January 3, 2020	DCF	10.3%	68	756,439	814,070
Çırakdamı HPP	January 3, 2020	DCF	10.3%	67	119,365	121,455
Dereli HPP	January 3, 2020	DCF	10.3%	67	118,746	123,719
Yalova WPP	January 3, 2020	DCF	10.3%	66	136,863	141,030
Söke WPP	January 3, 2020	DCF	10.3%	66	150,807	169,007
Kızıldere GPP	January 3, 2020	DCF	10.3%	56	2,437	5,415
Arnaz WPP	January 3, 2020	DCF	10.3%	66	120,458	128,946
Akıncı HPP	January 3, 2020	DCF	10.3%	68	449,441	447,678
Aksu HPP	January 3, 2020	DCF	10.3%	66	89,452	104,458

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

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.8 Significant accounting judgments, estimates and assumptions (continued)

31 December 2018

Power Plants	Valuation Date	Valuation Method	Weighted Average Cost of Capital	Average MCP after FIT-USD	Generation Volume (MWh/Year)	Generation Volume after Reporting Period (MWh/Year)
Dalaman I-V HPP	March 28, 2019	DCF	10.8%	64	129,244	125,332
Gökyar HPP	March 28, 2019	DCF	10.8%	65	46,881	37,240
Toros HPP	March 28, 2019	DCF	10.8%	68	211,698	181,133
LFG BPP	March 28, 2019	DCF	10.8%	58	4,559	3,105
Feslek HPP	March 28, 2019	DCF	10.8%	65	21,370	19,768
Koyulhisar HPP	March 28, 2019	DCF	10.8%	66	249,473	224,983
Mentaş HPP	March 28, 2019	DCF	10.8%	66	143,407	99,192
Bereket I-II HPP	March 28, 2019	DCF	10.8%	63	14,413	14,413
Göktaş HPP	March 28, 2019	DCF	10.8%	69	981,406	785,862
Çırakdamı HPP	March 28, 2019	DCF	10.8%	68	128,294	120,772
Dereli HPP	March 28, 2019	DCF	10.8%	68	126,238	126,322
Yalova WPP	March 28, 2019	DCF	10.8%	68	120,351	123,882
Söke WPP	March 28, 2019	DCF	10.8%	68	171,408	171,408
Kızıldere GPP	March 28, 2019	DCF	10.8%	54	2,239	5,427
Arnaz WPP	March 28, 2019	DCF	10.8%	67	122,769	122,769
Akıncı HPP	March 28, 2019	DCF	10.8%	69	478,430	377,326
Aksu HPP	March 28, 2019	DCF	10.8%	68	96,650	88,968

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

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.8 Significant accounting judgments, estimates and assumptions (continued)

31 December 2017

Power Plants	Valuation Date	Valuation Method	Weighted Average Cost of Capital	Average MCP after FIT-USD	Generation Volume (MWh/Year)	Generation Volume after Reporting Period (MWh/Year)
Dalaman I-V HPP	December 31, 2017	DCF&PC*	11.49%	76	152,217	152,217
Gökyar HPP	December 31, 2017	DCF&PC*	11.49%	76	20,806	24,099
Toros HPP	December 31, 2017	DCF&PC*	11.49%	77	179,550	207,007
LFG BPP	December 31, 2017	DCF&PC*	11.49%	58	4,318	3,951
Feslek HPP	December 31, 2017	DCF&PC*	11.49%	76	32,141	29,029
Koyulhisar HPP	December 31, 2017	DCF&PC*	11.49%	77	253,006	253,006
Mentaş HPP	December 31, 2017	DCF&PC*	11.49%	77	98,745	98,745
Bereket I-II HPP	December 31, 2017	DCF&PC*	11.49%	77	13,521	13,521
Göktaş HPP	December 31, 2017	DCF&PC*	11.49%	77	639,423	950,011
Çırakdamı HPP	December 31, 2017	DCF&PC*	11.49%	77	140,250	140,250
Dereli HPP	December 31, 2017	DCF&PC*	11.49%	77	133,875	133,875
Yalova WPP	December 31, 2017	DCF&PC*	11.49%	77	145,200	145,200
Söke WPP	December 31, 2017	DCF&PC*	11.49%	77	171,000	175,000
Kızıldere GPP	December 31, 2017	DCF&PC*	11.49%	77	8,000	8,000
Arnaz WPP	December 31, 2017	DCF&PC*	11.49%	77	126,000	178,500
Akıncı HPP	December 31, 2017	DCF&PC*	11.49%	68	-	-
Aksu HPP	December 31, 2017	DCF&PC*	11.49%	77	106,028	109,498

***discounted cash flow and peer comparison**

i) Electricity sales prices are exchanged for FIT in the period that each plant is subject to FIT prices (73 USD / MWh in HPP, 73 USD / MWh in WPP and 133 USD / MWH in BPP). Whichever price estimates are high, was created with the assumption that sales will be made at that price. FIT periods of Kızıldere, Gökyar and Mentaş power plants have expired as of 2018, 2016 and 2017 respectively.

ii) As it is predicted that the sales prices will be higher than the market clearing price during the FIT utilization period, it is foreseen that the FIT price will be used during the valuation model.

iii) After the FIT period, the market clearing price (MCP) has been determined according to the price estimates received from an independent consulting firm.

In the event that the prospective electricity prices used in the models increase or decrease by 10%, the property, plant and equipments recognized in the carve-out consolidated financial statements will increase by TL 409,080,610 or decrease by TL 409,080,610 under the assumption that all other variables are constant. In the event that the weighted capital cost ratio used in the models increases or decreases by 10%, under the assumption that all other variables are constant, the tangible fixed assets recognized in the carve-out consolidated financial statements will decrease by TL 352,826,910 or increase by TL 352,826,910.

2 Basis of Presentation of Carve-out Consolidated Financial Statements (continued)

2.8 Significant accounting judgments, estimates and assumptions (continued)

B. Deferred tax assets for the carry forward tax losses

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

As of 31 December 2018 and 2017, deferred tax asset amounting to TL 143,259,891 (31 December 2017: TL 120,970,774) is recognised for the unused tax losses. Aforementioned deferred tax asset, is calculated by the Group regarding the profit expectations in foreseeable future and deferred tax liabilities’ reversal in relevant periods. In case, such profit expectations not being realized or differences rising from deferred tax asset and liability are concluded in different periods than expectation, aforementioned deferred tax assets will be recorded as expense in profit and loss statements.

Carry forward tax losses has been used in 2019 as a result of the taxable statutory profit generated in 2019 after the Group restructuring. Deferred tax assets for the carry forward tax losses has been reversed and utilised as of 31 December 2019.

3 Segment reporting

Discrete financial information is provided on a power plant-by-power plant basis to members of executive management, which collectively comprise the chief operating decision maker. The information provided to the members of the executive management includes results or operation, valuation gains and losses on power plants, assets and liabilities of each power plant. The individual properties are also monitored based on type of power plants such as Hydro, Wind, Geothermal and BIO. The individual power plants are aggregated into segments with similar economic characteristics such as nature of the property. The Group management considers that it is appropriate to report the segments based on this aggregation, to monitor the financial performance.

The reportable segments of the Group are monitored based on the electricity generation type of power plants by the Group management. The decision making related to funding allocation and requirements are also managed based on these projects. Group management assesses segment performance over earnings before interest, tax, depreciation and amortization (“EBITDA”). EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses and the gain on sales of subsidiaries.

The accounting policies adopted by each of the reportable segments are consistent with IFRS used in preparation of consolidated financial statements of the Group. The detailed information regarding the reporting segments of Group is presented below:

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

3 Segment reporting (continued)

3.1 Statement of financial position

31 December 2019	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment Assets	8,609,260,713	1,117,945,640	7,722,260	879,150	5,191,510	501,417,515	10,242,416,788
Segment Liabilities	4,095,483,783	268,515,451	-	-	134,895	*1,457,856,485*	5,821,990,614

31 December 2018	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment Assets	7,436,756,181	999,571,000	9,153,966	2,630,450	5,381,921	801,348,854	9,254,842,372
Segment Liabilities	5,542,651,852	379,336,364	-	-	15,222	*1,577,913,222*	7,499,916,660

31 December 2017	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment Assets	5,273,809,772	1,018,331,812	33,290,042	2,579,603	25,612,584	1,191,094,926	7,544,718,739
Segment Liabilities	3,728,923,833	373,267,970	-	-	27,750,454	*1,066,492,011*	5,196,434,268

Segment assets are composed of its power plants (Note 8.1) and segment liabilities are composed of its financial liabilities (Note 23).

(*) Includes assets and liabilities of Sarı Perakende whose main business activity is trading of electricity.

(**)Includes assets and liabilities other than the power plants and borrowings which are not attributable to a reportable segment such as cash, trade receivables, other assets, trade payables, other liabilities, tax assets and liabilities, etc.

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

3 Segment reporting (continued)

3.2 Statement of profit or loss

1 January - 31 December 2019	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Other (*)	Unallocated (**)	Consolidated
Revenue	**999,566,872**	**179,915,681**	**6,194,245**	**2,921,907**	**1,188,598,705**	-	**8,402,059**	**1,197,000,764**
- Revenue from Feed in Tariff (FIT)	*875,925,697*	*179,915,681*	-	*2,921,907*	*1,058,763,285*	-	-	*1,058,763,285*
- Other than FIT	*123,641,175*	-	*6,194,245*	-	*129,835,420*	-	*8,402,059*	*138,237,479*
Gain on Sales of Subsidiaries	84,296,559	-	-	-	84,296,559	-	-	84,296,559
Cost of Sales (-)	**(330,310,607)**	**(89,840,397)**	**(5,888,779)**	**(2,242,280)**	**(428,282,063)**	-	**(10,656,490)**	**(438,938,553)**
Operational Expenses (-)	**(32,196,490)**	**(7,491,505)**	**(965,900)**	**(35,536)**	**(40,689,431)**	-	**(45,661,547)**	**(86,350,978)**
Earnings Before Interest and Taxes (EBIT)	**721,356,334**	**82,583,779**	**(660,434)**	**644,091**	**803,923,770**	-	**(47,915,978)**	**756,007,792**
Depreciation & Amortization Expenses (-)	219,141,036	66,346,613	2,878,560	1,503,914	289,870,123	-	6,163,625	296,033,748
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	**940,497,370**	**148,930,392**	**2,218,126**	**2,148,005**	**1,093,793,893**	-	**(41,752,353)**	**1,052,041,540**
Loss of Investment Accounted Under Equity Method (-)	-	(1,540,190)	-	-	**(1,540,190)**	-	-	**(1,540,190)**
Finance Income	-	-	-	-	-	-	31,338,067	**31,338,067**
Finance Expense (-)	-	-	-	-	-	-	(1,319,633,373)	**(1,319,633,373)**
Tax Income / (Expense)	-	-	-	-	-	-	(41,571,436)	**(41,571,436)**
Depreciation & Amortization Expenses (-)	(219,141,036)	(66,346,613)	(2,878,560)	(1,503,914)	**(289,870,123)**	-	(6,163,625)	**(296,033,748)**
Net Loss for the Year								**(575,399,140)**

(*) Includes sales, costs and operational expenses related to Sarı Perakende whose main business activity is trading of electricity.

(**) Includes sales of spare parts, costs related to sales of spare parts and general administration expenses which is not attributable to a reportable segment.

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

3 Segment reporting (continued)

3.2 Statement of profit or loss (continued)

1 January - 31 December 2018	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Other (*)	Unallocated (**)	Consolidated
Revenue	539,981,823	152,030,658	4,276,933	2,638,843	698,928,257	111,543,879	2,530,752	813,002,888
- Revenue from Feed in Tariff (FIT)	*455,284,253*	*152,030,658*	*4,276,933*	*2,638,843*	*614,230,687*	-	-	*614,230,687*
- Other than FIT	*84,697,570*	-	-	-	*84,697,570*	*111,543,879*	*2,530,752*	*198,772,201*
Cost of Sales (-)	(268,301,340)	(71,503,722)	(9,732,953)	(5,131,589)	(354,669,604)	(92,286,732)	(1,939,650)	(448,895,986)
Operational Expenses (-)	(18,952,737)	(5,627,030)	(931,292)	(116)	(25,511,175)	(156,743)	(37,357,292)	(63,025,210)
Earnings Before Interest and Taxes (EBIT)	**252,727,746**	**74,899,906**	**(6,387,312)**	**(2,492,862)**	**318,747,478**	**19,100,404**	**(36,766,190)**	**301,081,692**
Depreciation & Amortization Expenses (-)	159,421,786	64,082,137	7,465,637	1,499,961	232,469,521	-	3,806,640	236,276,161
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	**412,149,532**	**138,982,043**	**1,078,325**	**(992,901)**	**551,216,999**	**19,100,404**	**(32,959,550)**	**537,357,853**
Loss of Investment Accounted Under Equity Method (-)	-	(13,486,874)	-	-	**(13,486,874)**	-	-	**(13,486,874)**
Finance Income	-	-	-	-	-	-	27,372,956	**27,372,956**
Finance Expense (-)	-	-	-	-	-	-	(1,981,319,530)	**(1,981,319,530)**
Tax Income / (Expense)	-	-	-	-	-	-	150,687,314	**150,687,314**
Depreciation & Amortization Expenses (-)	(159,421,786)	(64,082,137)	(7,465,637)	(1,499,961)	**(232,469,521)**	-	(3,806,640)	**(236,276,161)**
Net Loss for the Year								**(1,515,664,442)**

(*) Includes sales, costs and operational expenses related to Sarı Perakende whose main business activity is trading of electricity.

(**) Includes sales of spare parts, costs related to sales of spare parts and general administration expenses which are not attributable to a reportable segment.

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

3 Segment reporting (continued)

3.2 Statement of profit or loss (continued)

1 January - 31 December 2017	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Other (*)	Unallocated (**)	Consolidated
Revenue	**445,093,807**	**96,097,971**	**2,602,089**	**1,722,094**	**545,515,961**	**169,948,898**	**694,168**	**716,159,027**
- Revenue from Feed in Tariff (FIT)	*397,638,773*	*96,097,971*	*2,602,089*	*1,722,094*	*498,060,927*	-	-	*498,060,927*
- Other than FIT	*47,455,034*	-	-	-	*47,455,034*	*169,948,898*	*694,168*	*218,098,100*
Cost of Sales (-)	**(270,530,221)**	**(80,078,302)**	**(9,919,676)**	**(2,291,865)**	**(362,820,064)**	**(184,047,673)**	**(1,469,569)**	**(548,337,306)**
Operational Expenses (-)	**(5,749,794)**	**(2,319,953)**	**(841,754)**	**(5,904)**	**(8,917,405)**	**(381,819)**	**(27,073,782)**	**(36,373,006)**
Earnings Before Interest and Taxes (EBIT)	**168,813,792**	**13,699,716**	**(8,159,341)**	**(575,675)**	**173,778,492**	**(14,480,594)**	**(27,849,183)**	**131,448,715**
Depreciation & Amortization Expenses (-)	172,338,406	69,710,124	7,397,787	1,474,059	250,920,376	-	3,090,945	254,011,321
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	**341,152,198**	**83,409,840**	**(761,554)**	**898,384**	**424,698,868**	**(14,480,594)**	**(24,758,238)**	**385,460,036**
Losses from Investing Activities (-)	(18,243,940)	-	-	-	**(18,243,940)**	-	-	(18,243,940)
Loss of Investment Accounted Under Equity Method (-)	-	(8,509,882)	-	-	**(8,509,882)**	-	-	(8,509,882)
Finance Income	-	-	-	-	-	-	20,409,064	20,409,064
Finance Expense (-)	-	-	-	-	-	-	(504,711,969)	(504,711,969)
Tax Income / (Expense)	-	-	-	-	-	-	62,045,597	62,045,597
Depreciation & Amortization Expenses (-)	(172,338,406)	(69,710,124)	(7,397,787)	(1,474,059)	**(250,920,376)**	-	(3,090,945)	(254,011,321)
Net Loss for the Year								**(317,562,415)**

(*) Includes sales, costs and operational expenses related to Sarı Perakende whose main business activity is trading of electricity.

(**) Includes sales of spare parts, costs related to sales of spare parts and general administration expenses which is not attributable to a reportable segment.

4 Related party disclosures

Aydem Holding A.Ş. ("Aydem Holding") is the ultimate parent company and controlling party of the Group.

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

(1) Ultimate parent and its subsidiaries
(2) Other companies controlled by the shareholders of Aydem Holding and other key persons

Since the transactions between the Group and its subsidiaries, which are related parties of the Group, are eliminated during consolidation, they are not disclosed in this note.

In the consolidated statement of financial position, shareholders, key management personnel and members of the Board of Directors, their families and partners and entities controlled by the ultimate shareholders are considered and referred to as related parties. The Group companies have carried out various transactions with related parties during the operations.

Trade receivables from related parties are generally arise from sale of electricity. Receivables are not collateralized by nature. Trade payables to related parties generally arise from the electricty purchases and consultancy expenses.

Non-trade receivables from related parties mainly arise from financing transactions. At the end of each three months, for non-trade receivables and payables interest is accrued using market interest rates, which are determined using the Group external cost of borrowing.

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

4 Related party disclosures (continued)

4.1 Related party balances (continued)

As of 31 December 2019, 2018 and 2017, short-term trade receivables from related parties are as follows:

	31 December 2019	31 December 2018	31 December 2017
Bereket Elektrik Tedarik A.Ş. ("Bereket Tedarik") (1)	-	22,822,544	3,489,624
Aytaş Ayakkabı Yan Sanayi ve Ticaret A.Ş. ("Aytaş") (2)	-	9,412,856	9,408,746
Aydem Elektrik Perakende A.Ş. (Aydem EPSAŞ) (1)	-	8,176,413	32,820
Pınarım Gıda ve Dayanıklı Tüketim Malları Paz. San. Tic. Ltd. Şti. ("Pınarım Gıda") (2)	-	6,970,951	6,398,767
Yatağan Termik Enerji Üretim A.Ş. ("Yatağan") (1)	-	1,427,472	313,664
Other	-	669,987	718,830
	-	**49,480,223**	**20,362,451**

As of 31 December 2019, 2018 and 2017, other short term receivables from related parties are as follows:

	31 December 2019	31 December 2018	31 December 2017
Pınarım Gıda (2)	-	15,551,214	4,786,043
Temiz Enerji Teknolojileri A.Ş. ("Temiz") (1)	-	9,819,268	7,325,330
Masat Enerji Elektrik Üretim ve Tic. A.Ş. ("Masat") (2)	-	7,557,391	8,514,943
Aydem Holding (1)	-	-	17,133,350
Gdz Enerji Yatırımları A.Ş.("Gdz Enerji") (1)	-	-	15,810,710
Other	-	2,580,319	2,535,272
	-	**35,508,192**	**56,105,648**

As of 31 December 2019, 2018 and 2017, short-term trade payables to related parties consist of the following:

	31 December 2019	31 December 2018	31 December 2017
Aydem EPSAŞ (1)	6,129,668	-	-
Aydem Holding (1)	3,438,426	4,020,041	1,631,839
ADM Elektrik Dağıtım A.Ş. ("Adm EDAŞ") (1)	2,628,840	1,566,300	127,359
Gdz Enerji (1)	185,024	3,537,125	348,626
Elsan Elektrik Gereçleri Sanayi ve Ticaret A.Ş ("Elsan") (1)	-	601,555	-
Gdz EDAŞ (1)	-	470,091	93,590
Other	640,187	178,754	522,248
	13,022,145	**10,373,866**	**2,723,662**

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

4 Related party disclosures (continued)

4.1 Related party balances (continued)

As of 31 December 2019, 2018 and 2017, short-term other payables to related parties are as follows:

	31 December 2019	31 December 2018	31 December 2017
AYDEM Holding (1)	59,402,000	373,707,792	-
Zeki Atilla AKALIN (2)	12,432,072	11,222,072	13,355,544
Bereket Tedarik (1)	781,816	-	-
Karaçay Elektrik Üretim A.Ş. ("Karaçay") (1)	-	31,789,345	-
Elsan (1)	-	5,051,447	-
Gediz EPSAŞ (1)	-	-	26,711,245
Other	27,600	94,011	343,021
	72,643,488	**421,864,667**	**40,409,810**

As of 31 December 2019, 2018 and 2017 other long-term payables to related parties are as follows:

	31 December 2019	31 December 2018	31 December 2017
Aydem EPSAŞ (1)	60,139,498	-	-
BRK Enerji (2)	-	-	3,268,005
	60,139,498	**-**	**3,268,005**

As of 31 December 2019, 2018 and 2017, short-term and long-term other assets that are due from related parties are as follows:

Short-Term Other Assets	31 December 2019	31 December 2018	31 December 2017
Ali İhsan KESKİN (2) (Note 13)	-	19,123,130	-
	-	**19,123,130**	**-**

Long-Term Other Assets	31 December 2019	31 December 2018	31 December 2017
Ali İhsan KESKİN (2) (Note 13)	-	-	19,123,130
	-	**-**	**19,123,130**

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

4 Related party disclosures (continued)

4.2 Related party transactions

For the year ended 31 December 2019, 2018 and 2017, income and expense transactions with related parties are as follows:

Electricity Sales and Other Sales	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Bereket Tedarik (1)	187,410,015	111,202,493	178,316,937
Aydem EPSAŞ (1)	23,177,271	8,102,259	780,327
Parla Solar Hucre ve Panel Üretım A.Ş. (Parla) (1) (*)	11,099,843	-	-
Entek Elektrik İnşaat A.Ş. ("Entek") (2)	-	586,924	350,087
Çates Elektrik Üretim A.Ş. ("Çates") (1)	-	11,277,062	-
Yatağan (1)	-	2,427,896	-
Gdz EDAŞ (1)	-	11,715,715	-
Adm EDAŞ (1)	-	7,416,072	749
Gediz EPSAŞ (1)	-	111,543,879	194,720,906
Tümaş Mermer Sanayi ve Ticaret A.Ş. ("Tümaş") (1)	-	-	548,681
	221,687,129	**264,272,300**	**374,717,687**

(*) Equipments related to Solar Power Plant have been sold.

Purchase of Electricity and Services	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
EPS Business (*)	40,117,223	153,896,883	159,336,958
Aydem Holding (1) (**)	32,826,064	5,838,394	4,825,387
Aydem EPSAŞ (1)	27,584,162	2,720,345	11,936,922
Adm EDAŞ (1)	2,944,885	1,100,355	1,688,513
GDZ Enerji (1)	2,073,686	-	-
Bereket Tedarik (1)	1,931,890	4,121,335	14,368,329
YF Operasyonel Kiralama A.Ş. (2)	1,315,138	-	-
Entek Elektrik İnşaat A.Ş. ("Entek") (2)	-	1,922	41,911,345
Gediz Elektrik Perakende Satış A.Ş. ("Gediz EPSAŞ") (1)	-	-	9,675,161
Çates (1)	-	7,096,265	-
GDZ Enerji (1)	-	3,797,674	2,965,883
	108,793,048	**178,573,173**	**246,708,498**

(*) The Group purchased services related to construction of power plants from EPS business which has been carved-out.
(**) The amount consists of management fee charged by Aydem Holding. Management fee aroused from the restructuring and Information Technology Cyber Security services given by Aydem Holding.

Finance Income	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Aydem Holding (1)	19,512,078	7,292,033	-
Temiz Enerji Teknolojileri Araştırma Geliştmre A.Ş. (Temiz) (1)	2,107,558	-	-
Elsan (1)	1,882,649	329,376	341,059
Bereket Tedarik (1)	1,189,429	2,400	2,271,551
Entek (2)	1,763	1,242,342	120,855
Gdz EDAŞ (1)	-	2,239,175	1,526,744
Yatağan (1)	-	954,900	-
Masat (2)	-	730,296	-
Çates (1)	-	456,459	-
Adm EDAŞ (1)	-	310,528	135,364
Aydem EPSAŞ (1)	-	4,128	2,230,339
BRK Enerji (2)	-	-	1,524,847
	24,693,477	**13,561,637**	**8,150,759**

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

4 Related party disclosures (continued)

4.2 Related party transactions (continued)

For the year ended 31 December 2019, 2018 and 2017, income and expense transactions with related parties are as follows:

Finance Expenses	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Parla (1)	4,301,670	-	-
Aydem Holding (1)	927,716	8,284,526	101,763,656
Bereket Tedarik (1)	404,900	2,975,344	16,273
Entek (2)	-	-	121,619
Adm EDAŞ (1)	-	1,017,820	-
Elsan (1)	-	1,090,372	181,945
Gdz EDAŞ (1)	-	1,043,014	17,358
Aydem EPSAŞ (1)	-	379,302	1,318,928
Karaçay (1)	-	274,541	-
Panobel Elektrik Gereçleri A.Ş ("Panobel") (1)	-	263,095	-
	5,634,286	**15,328,014**	**103,419,779**

The executive management team of the Group is comprised of general manager and directors. For the year ended 31 December 2019, 2018 and 2017, the sum of short-term benefits, such as remuneration and attendance fees, provided to key management executives personnel is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Benefits to key management personnel	2,427,747	631,370	2,325,182
	2,427,747	**631,370**	**2,325,182**

In 2018, as a result of Group restructuring studies, some of the executive management team members left the Group without any charge of indemnity. In 2019, following the completion of related policies, the Group has recruited new key management personnel.

5 Trade receivables and payables

Short term trade receivables

As of 31 December 2019, 2018 and 2017, the Group's short-term trade receivables are as follows:

	31 December 2019	31 December 2018	31 December 2017
Trade Receivables due from Related Parties (Note 4)	-	49,480,223	20,362,451
Trade Receivables due from Third Parties	95,029,287	77,831,885	60,329,083
	95,029,287	**127,312,108**	**80,691,534**
Less: Allowances for Doubtful Trade Receivables	(4,715,147)	(6,423,026)	(5,338,966)
	90,314,140	**120,889,082**	**75,352,568**

As of 31 December 2019, the average term of trade receivables is approximately 30-45 days (2018: 30-45 days, 2017: 30-45 days)

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

5 Trade receivables and payables (continued)

Short term trade receivables (continued)

As of 31 December 2019, 2018 and 2017, short-term trade receivables from third parties consist of the following items:

	31 December 2019	31 December 2018	31 December 2017
Income Accruals related to Electricity Sales	54,927,880	33,759,366	23,360,850
Trade Receivables related to Electricity Sales	35,386,260	31,278,135	31,595,375
Notes Receivables	-	6,371,358	33,892
Doubtful Trade Receivables	4,715,147	6,423,026	5,338,966
Allowances for Doubtful Trade Receivables (-)	(4,715,147)	(6,423,026)	(5,338,966)
	90,314,140	**71,408,859**	**54,990,117**

The movement of provisions for doubtful receivables for the year ended 31 December 2019, 2018 and 2017 is as follows:

Provisions for Doubtful Trade Receivable	2019	2018	2017
Opening Balance	6,423,026	5,338,966	5,259,782
Current Provision (Note 19)	218,297	1,084,060	84,184
Provisions No Longer Required (Note 19)	(1,926,176)	-	(5,000)
Closing Balance	**4,715,147**	**6,423,026**	**5,338,966**

The Group's exposure to credit risk is explained in Note 24.

As of 31 December 2019, 2018 and 2017, The analysis of trade receivables that were past due but not impaired is as follows:

						Past due but not impaired
	Total	Neither past due nor impaired	>30 days	30-60 days	60-90 days	>90 days
31 December 2019	90,314,140	87,578,141	270,477	74,274	322,263	2,068,985
31 December 2018	120,889,082	97,463,930	669,987	6,371,358	6,970,951	9,412,856
31 December 2017	75,352,568	58,792,333	269,526	483,196	6,398,767	9,408,746

Short term trade payables

As of 31 December 2019, 2018 and 2017, the Group's short-term trade payables are as follows:

	31 December 2019	31 December 2018	31 December 2017
Trade Payables due from Related Parties (Note 4)	13,022,145	10,373,866	2,723,662
Trade Payables from Third Parties	60,176,114	94,496,704	91,772,228
	73,198,259	**104,870,570**	**94,495,890**

As of 31 December 2019, the average payment term of trade payables third parties is approximately 30-60 days (2018: 30-60 days, 2017: 30-60 days).

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

5 Trade receivables and payables (continued)

Short-term trade payables (continued)

As of 31 December 2019, 2018 and 2017, short-term trade payables from third parties consist of the following items:

	31 December 2019	31 December 2018	31 December 2017
Trade Payables	44,314,980	37,390,381	46,420,924
Notes Payables	96,400	40,004,399	37,938,487
Expense Accruals	15,752,731	16,959,324	7,271,710
Other Trade Payables	12,003	142,600	141,107
	60,176,114	**94,496,704**	**91,772,228**

The Group's exposure to liquidity and foreign currency risks related to its trade payables is explained in Note 24.

6 Other receivables and payables

Other short-term receivables

As of 31 December 2019, 2018 and 2017, the Group's short-term other receivables are as follows:

	31 December 2019	31 December 2018	31 December 2017
Other Receivables due from Related Parties (Note 4)	-	35,508,192	56,105,648
Other Receivables due from Third Parties	16,628,926	3,572,103	1,323,450
	16,628,926	**39,080,295**	**57,429,098**

As of 31 December 2019, 2018 and 2017, short-term other receivables from third parties consist of the following items:

	31 December 2019	31 December 2018	31 December 2017
Receivables from Tax Administration	9,441,911	85,866	2,575
Receivables arising from sale of subsidiaries	6,948,205	-	-
Deposits & Guarantees Given	238,810	2,486,006	1,288,916
Other Receivables	-	1,000,231	31,959
	16,628,926	**3,572,103**	**1,323,450**

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

6 Other receivables and payables (continued)

Other long-term receivables (continued)

As of 31 December 2019, 2018 and 2017, other long term receivables from third parties consist of the following items:

	31 December 2019	31 December 2018	31 December 2017
Deposits & Guarantees Given	1,051,134	824,773	826,960
Other Receivables	584,865	350,001	350,001
	1,635,999	**1,174,774**	**1,176,961**

Other short-term payables

As of 31 December 2019, 2018 and 2017, the Group's other short-term payables are as follows:

	31 December 2019	31 December 2018	31 December 2017
Other Payables due to Related Parties (Note 4)	72,643,488	421,864,667	40,409,810
Other Payables due to Third Parties	73,482,883	83,729,877	87,012,078
	146,126,371	**505,594,544**	**127,421,888**

As of 31 December 2019, 2018 and 2017, other short-term payables to third parties consist of the following items:

	31 December 2019	31 December 2018	31 December 2017
Short-Term Payables to Privatization Administration	73,055,064	77,314,788	81,567,208
Deposits and Guarantees Taken	287,816	3,447,917	2,377,047
Other Payables	140,003	2,967,172	3,067,823
	73,482,883	**83,729,877**	**87,012,078**

Payables to Privatization Administration is related to rights to operate of Adıgüzel and Kemer hydroelectric power plants from a publicly owned corporation in January 2017. These balances are carried at amortised cost using 11.86% interest rate. Letters of guarantee amounting to TL 149,161,000 has been given to the Privatization Administration.

As of 31 December 2019, 2018 and 2017, other long-term payables to third parties consist of the following items:

	31 December 2019	31 December 2018	31 December 2017
Long-Term Payables to Privatization Administration	64,820,000	129,640,000	194,460,000
	64,820,000	**129,640,000**	**194,460,000**

Details of payables to Privatization Administration is below:

Currency	Nature of payables	Maturity	31 December 2019	31 December 2018	31 December 2017
TL	Payables to Privatization (Note 6)	May 2018	-	-	81,567,208
TL	Payables to Privatization (Note 6)	May 2019	-	77,314,788	64,820,000
TL	Payables to Privatization (Note 6)	May 2020	73,055,064	64,820,000	64,820,000
TL	Payables to Privatization (Note 6)	May 2021	64,820,000	64,820,000	64,820,000
Total			**137,875,064**	**206,954,788**	**276,027,208**

10% interest will be included annually as at the maturity dates for payables to Privatization Administration.

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

7 Inventories

As of 31 December 2019, 2018 and 2017, inventories are composed of spare parts for property, plant and equipments:

	31 December 2019	31 December 2018	31 December 2017
Spare Parts	15,949,368	6,118,913	7,872,137
Advances Given	3,769,200	4,109,402	9,506,817
	19,718,568	**10,228,315**	**17,378,954**

As of the end of the period, there is no insurance coverage on the Group's inventories. (31 December 2018: None, 31 December 2017: None)

As of 31 December 2019, there are no inventories presented as collateral for liabilities. (31 December 2018: None, 31 December 2017: None)

8 Property, plant and equipments and Right of use assets

8.1 Property, plant and equipments

As of 31 December 2019, 2018 and 2017, movements of property, plant and equipment during the years are as follows:

	Land	Power Plants	Construction in Progress	Other	Total
Cost as of 1 January 2019	**99,985,623**	**10,025,372,501**	**130,406,921**	**25,418,502**	**10,281,183,547**
Additions	--	137,977,932	8,935,236	5,519,533	152,432,701
Disposals	(87,001,936)	-	-	(93,991)	(87,095,927)
Transfers	--	42,237,234	(42,237,234)	--	--
Sale of subsidiaries	--	(135,469,282)	--	--	(135,469,282)
Increase / (Decrease) in revaluation fund	--	1,915,611,716	--	--	1,915,611,716
Cost as of 31 December 2019	**12,983,687**	**11,985,730,101**	**97,104,923**	**30,844,044**	**12,126,662,755**
Accumulated Depreciation as of 1 January 2019	--	**(1,890,371,514)**	--	**(12,788,762)**	**(1,903,160,276)**
Additions	--	(283,255,837)	--	(2,784,789)	(286,040,626)
Increase / (Decrease) in revaluation fund	--	(382,791,311)	--	-	(382,791,311)
Accumulated Depreciation as of 31 December 2019	--	**(2,556,418,662)**	--	**(15,573,551)**	**(2,571,992,213)**
Net book value as of December 31, 2019	**12,983,687**	**9,429,311,439**	**97,104,923**	**15,270,493**	**9,554,670,542**

As of 31 December 2019, there are pledges and mortgages on property, plant and equipments of the Group amounting to TL 4,308,854,000 (31 December 2017: TL 3,511,138,250, 31 December 2017: TL 3,287,788,250) in favor of lenders.

Total depreciation expense of property, plant and equipments amounting to TL 283,255,837 (31 December 2018: TL 225,855,235, 31 December 2017: TL 246,545,272) has been reflected to cost of sales and amounting to TL 2,784,789 (31 December 2018: TL 2,431,466, 31 December 2017: TL 2,084,331) has been reflected to general administration expense.

The Group determined that the power plants constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property and as also mentioned in Note 2, elected to use revaluation method for such assets. Fair value measurement disclosures for the revalued assets are provided in Note 2.7. A net gain of TL 1,532,820,405 was recognised in OCI from the revaluation of the power plants in 2019.

The Group has not capitalized finance costs in 2019, 2018 and 2017.

The cost of land acquired through finance lease in 2015 is amounting to TL 55,867,803.

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

8.1 Property, plant and equipments (continued)

	Land	Power Plants	Construction in Progress	Other	Total
Cost as of 1 January 2018	**82,290,615**	**7,678,056,818**	**707,800,504**	**20,989,308**	**8,489,137,245**
Additions	--	129,157,099	399,319,850	144,510	528,621,459
Disposals	--	--	--	(228,926)	(228,926)
Transfers	17,695,008	954,504,815	(976,713,433)	4,513,610	--
Increase / (Decrease) in revaluation fund	--	1,263,653,769	--	--	1,263,653,769
Cost as of 31 December 2018	**99,985,623**	**10,025,372,501**	**130,406,921**	**25,418,502**	**10,281,183,547**
Accumulated Depreciation as of 1 January 2018	--	**(1,669,770,485)**	--	**(10,523,911)**	**(1,680,294,396)**
Additions	--	(225,855,235)	--	(2,431,466)	(228,286,701)
Disposals	--	--	--	166,615	166,615
Increase / (Decrease) in revaluation fund	--	5,254,206	--	-	5,254,206
Accumulated Depreciation as of 31 December 2018	--	**(1,890,371,514)**	--	**(12,788,762)**	**(1,903,160,276)**
Net book value as of December 31, 2018	**99,985,623**	**8,135,000,987**	**130,406,921**	**12,629,740**	**8,378,023,271**

	Land	Power Plants	Construction in Progress	Other	Total
Cost as of 1 January 2017	**74,204,425**	**8,484,666,919**	**467,119,381**	**18,716,071**	**9,044,706,796**
Additions	8,086,190	91,384,587	299,213,563	2,273,237	400,957,577
Disposals	--	(1,529,822)	--	--	(1,529,822)
Transfers	--	58,532,440	(58,532,440)	--	--
Increase / (Decrease) in revaluation fund	--	(954,997,306)	--	--	(954,997,306)
Cost as of 31 December 2017	**82,290,615**	**7,678,056,818**	**707,800,504**	**20,989,308**	**8,489,137,245**
Accumulated Depreciation as of 1 January 2017	--	**(1,754,263,803)**	--	**(8,439,580)**	**(1,762,703,383)**
Additions	--	(246,545,272)	--	(2,084,331)	(248,629,603)
Disposals	--	753,549	--	--	753,549
Increase / (Decrease) in revaluation fund	--	330,285,041	--	--	330,285,041
Accumulated Depreciation as of 31 December 2017	--	**(1,669,770,485)**	--	**(10,523,911)**	**(1,680,294,396)**
Net book value of December 31,2017	**82,290,615**	**6,008,286,333**	**707,800,504**	**10,465,397**	**6,808,842,849**

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

8.2 Right of use assets

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations.

As of 31 December 2019, movements in right of use assets during the period are as follows:

Cost as of 1 January 2019	**10,440,707**
Additions	4,365,193
Cost as of 31 December 2019	**14,805,900**
Accumulated Depreciation as of 1 January 2019	-
Additions	(2,464,860)
Accumulated Depreciation as of 31 December 2019	**(2,464,860)**
Net book value as of December 31, 2019	**12,341,040**

As of 31 December 2019, net book value of right of use assets are composed of forest land, vehicle and building amounting to TL 7,740,705, TL 4,018,354 and TL 581,980 respectively.

9. Intangible assets

As of 5 May 2017, the Company has signed a Transfer of Operating Rights Agreement ("Agreement") with the Privatization Administration and the Electricity Generation Corporation ("EÜAŞ") for Adıgüzel and Kemer Hydroelectric Plants. According to the agreement, the Company obtained the operating rights of the plants for 49 years and is responsible for the transfer of EÜAŞ at the end of the period in a complete and a functional state. During the contract, the Company has to carry out all the maintenance, repairs and improvements which are necessary to ensure the convenience and efficiency of the plants for the generation activity, at their own expense. The company is responsible for any damages and losses that may occur in the generation facilities in general referred as "Power Plants". During the contact period; the Company has to perform all kinds of additional facilities, the investment for rehabilitation and development in accordance with the legislation, and will obtain the approval of EÜAŞ during the works and procedures to be carried out within this framework. In addition, the company must obtain approval from EÜAŞ in case it wants to make investments and transactions for capacity reduction.

As of the transfer date, it is EÜAŞ's responsibility to monitor and solve the administrative, legal disputes regarding the ownership of the immovable on which plants are located and the immovable in use, that are available now or will arise after the transfer date and all responsibilities and obligations arising from this matter.

Intangible assets related to agreements are amortized until the end of the related contract period. Details of the maturities of Payables to Privatization Administration have been shown in Note 6.

Although the company has the right to obtain substantially all of the economic benefits from use of the asset, it does not have the right to manage the use of power plants according to Article 7 of the contract signed with the EÜAŞ. Therefore, the contract has not been considered as a lease contract under IFRS 16. On the other hand, the Agreement is not accounted within the scope of IFRIC 12 Service Consession Agreements because although the residual interest in the power plants rests with EÜAŞ, EÜAŞ does not control at what price electricty will be sold.

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

9. Intangible assets (continued)

As of 31 December 2019, 2018 and 2017, movements of intangible assets are as follows

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2019	**2,419,092**	**324,100,000**	**3,609,186**	**330,128,278**
Additions	221,022	-	2,042,643	2,263,665
Cost as of 31 December 2019	**2,640,114**	**324,100,000**	**5,651,829**	**332,391,943**
Accumulated Depreciation as of 1 January 2019	**(1,368,057)**	**(10,989,390)**	**(3,179,524)**	**(15,536,971)**
Additions	(316,670)	(6,614,286)	(597,306)	(7,528,262)
Accumulated Depreciation as of 31 December 2019	**(1,684,727)**	**(17,603,676)**	**(3,776,830)**	**(23,065,233)**
Net book value as of December 31, 2019	**955,387**	**306,496,324**	**1,874,999**	**309,326,710**

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2018	**2,369,595**	**324,100,000**	**3,165,315**	**329,634,910**
Additions	49,497	-	443,871	493,368
Cost as of 31 December 2018	**2,419,092**	**324,100,000**	**3,609,186**	**330,128,278**
Accumulated Depreciation as of 1 January 2018	**(635,625)**	**(4,375,104)**	**(2,536,782)**	**(7,547,511)**
Additions	(732,432)	(6,614,286)	(642,742)	(7,989,460)
Accumulated Depreciation as of 31 December 2018	**(1,368,057)**	**(10,989,390)**	**(3,179,524)**	**(15,536,971)**
Net book value as of December 31, 2018	**1,051,035**	**313,110,610**	**429,662**	**314,591,307**

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2017	**1,772,994**	-	**3,105,546**	**4,878,540**
Additions	596,601	**324,100,000**	59,769	324,756,370
Loss of Control in Subsidiaries	-	-	-	-
Cost as of 31 December 2017	**2,369,595**	**324,100,000**	**3,165,315**	**329,634,910**
Accumulated Depreciation as of 1 January 2017	**(324,921)**	-	**(1,840,872)**	**(2,165,793)**
Additions	(310,704)	(4,375,104)	(695,910)	(5,381,718)
Accumulated Depreciation as of 31 December 2017	**(635,625)**	**(4,375,104)**	**(2,536,782)**	**(7,547,511)**
Net book value as of December 31, 2017	**1,733,970**	**319,724,896**	**628,533**	**322,087,399**

Amortization expense of intangible assets amounting to TL 6,614,286 (31 December 2018: TL 6,614,286, 31 December 2017: TL 4,375,104) has been reflected to cost of sales, amortization expense of intangible assets amounting to TL 3,378,836 (31 December 2018: TL 1,375,174, 31 December 2017: TL 1,006,614) has been reflected to general administrative expenses.

10 Goodwill

Goodwill as of 31 December 2019, 2018 and 2017 in the Group's consolidated financial statements is as follows:

(i) Goodwill arising in the acquisition of the Başat

The Group acquired Başat Elektrik Üretim ve Ticaret Ltd. Şti. (Başat) on 30 March 2017 from BRK Enerji Yatırım A.Ş. for a consideration of US Dollar 13,150,000. As a result of this acquisition, the Group recognised a goodwill at the amount of TL 18,243,940. The goodwill impairment test for Başat has been performed by an independent valuation expert, using income approach (discounted cash flow method). As a result of this study, goodwill arising from the acquisition of Başat has been impaired as of 31 December 2017.

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

11 Provisions, contingent assets and liabilities

11.1 Short-term provisions

As of 31 December 2019, 2018 and 2017, the breakdown of short-term provisions is as follows:

	31 December 2019	31 December 2018	31 December 2017
Provision for Litigations	11,931,184	10,458,825	6,728,824
Short-term Provisions for Employee Benefits	2,775,902	2,657,638	2,555,509
Other	6,517	230,252	-
	14,713,603	**13,346,715**	**9,284,333**

Short-term provisions for employee benefits consist of unused vacation days provisions. The current period movement table of the allowance reserve is as follows:

Unused vacation provision movement	2019	2018	2017
Opening Balance	2,657,638	2,555,509	2,260,912
Net change in provision within the period	118,264	102,129	294,597
Closing Balance	**2,775,902**	**2,657,638**	**2,555,509**

Other short-term provisions consist of provisions for ongoing litigations of the Group. The movement table of other short-term provisions is as follows:

Litigation Provisions Movement	2019	2018	2017
Opening Balance	10,458,825	6,728,824	5,597,142
Net change in provision within the period (Note 19)	1,472,359	3,730,001	1,131,682
Closing Balance	**11,931,184**	**10,458,825**	**6,728,824**

11.2 Contingent liabilities

As of 31 December 2019, 2018 and 2017, the Group's collateral / pledge / mortgage ("TRI ") balances are as follows:

		31 December 2019	31 December 2018	31 December 2017
	Currency	TL Amount	TL Amount	TL Amount
A. Guarantees given in the name of its own legal personality (*)	TL	2,705,000,000	8,708,955,869	8,138,955,869
	EURO	-	-	-
	US Dollars	1,603,854,000	1,788,706,000	1,282,446,000
B.Guarantees given on behalf of the fully consolidated companies	TL	-	-	-
	TL	-	-	-
D. Other guarantees	TL	-	-	-
i. Guarantees given on behalf of the majority shareholder		-	-	-
ii. Guarantees given to on behalf of other group companies which are not in scope of B and C.	TL	-	-	-
iii. Guarantees given on behalf of third parties which are not in scope of C.		-	-	-
Total		**4,308,854,000**	**10,497,661,869**	**9,421,401,869**

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

11 Provisions, contingent assets and liabilities (continued)

11.3 Letters of guarantees received and guarantees given

		31 December 2019	31 December 2018	31 December 2017
	Currency	**TL Equivalent**	**TL Equivalent**	**TL Equivalent**
Letters of Guarantees given (*)	TL	208,958,897	319,362,336	434,386,536
Letters of Guarantees given (*)	EURO	-	-	-
Letters of Guarantees given (*)	US Dollars	3,301,920	2,924,324	-
Total		**212,260,817**	**322,286,660**	**434,386,536**

(*) Letters of guarantee issued by the Group on behalf of its own legal entity are mostly taken from banks and given to Energy Market Regulatory Authority (“EMRA”), Eximbank, Turkish Electricity Transmission Company (“TEİAŞ”), Privatization Administration and consist of letters of guarantee, movable pledge agreement, commercial pledge agreement, Turkish Energy Exchange (“EPİAŞ”) receivables agreement, Non-EPİAŞ account consists of pledge agreement.

		31 December 2019	31 December 2018	31 December 2017
	Currency	**TL Equivalent**	**TL Equivalent**	**TL Equivalent**
Letters of Guarantees received (**)	TL	10,723,257	16,638,324	4,376,000
Letters of Guarantees received (**)	EURO	343,171	5,582,531	-
Letters of Guarantees received (**)	US Dollars	672,134	2,401,664	-
Total		**11,738,562**	**24,622,519**	**4,376,000**

(**) As of 31 December 2019, the Group has letters of guarantee received amounting to TL 11,738,562, mostly obtained from electricity customers (31 December 2018: TL 24,622,519, 31 December 2017: TL 4,376,000).

11.4 Long term provisions

As of 31 December 2019, 2018 and 2017, the long-term provisions are as follows:

	31 December 2019	31 December 2018	31 December 2017
Provisions for Retirement Pay Liability	8,521,011	4,870,175	4,337,074
	8,521,011	**4,870,175**	**4,337,074**

As of 31 December 2019, 2018 and 2017, the retirement pay provision table is as follows:

Provisions for Retirement Pay Liability	**2019**	**2018**	**2017**
Opening Balance	4,870,175	4,337,074	4,276,098
Service Cost	2,150,249	2,447,005	1,573,448
Interest Cost	764,474	852,562	766,717
Retirement Payments Paid	(2,782,192)	(1,232,403)	(1,515,683)
Actuarial Loss / (Gain)	3,518,305	(1,534,063)	(763,506)
Closing Balance	**8,521,011**	**4,870,175**	**4,337,074**

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

11 Provisions, contingent assets and liabilities (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December as shown below:

	Impact on Retirement Pay Liability		
Assumptions for Retirement Pay Liability	**2019**	**2018**	**2017**
Inflation rate:			
1% increase	(708,287)	(385,511)	(394,812)
1% decrease	619,783	327,460	329,790
Interest increases:			
1% increase	591,467	310,473	313,616
1% decrease	(684,460)	(369,056)	(379,194)

12 Liabilities for employee benefits

As of 31 December 2019, 2018 and 2017, short-term payables related to employee benefits are as follows:

	31 December 2019	31 December 2018	31 December 2017
Social Security Withholdings Payable	1,018,762	1,330,415	2,241,487
Other	-	2,129	790
	1,018,762	**1,332,544**	**2,242,277**

13 Other current, non-current assets and other liabilities

As of 31 December 2019, 2018 and 2017, other current assets are as follows:

	31 December 2019	31 December 2018	31 December 2017
Short-term Deferred Value Added Tax ("VAT")	21,846,880	120,236,258	39,271,314
Short-term Prepaid Expenses	11,149,324	5,372,001	3,514,047
Advances Given for Services	8,079,032	3,556,438	-
Current Tax Assets	1,307,448	18,102,138	13,534,782
Job Advances (*)	99,200	19,265,775	140,520
Advances to Personnel	4,852	51,258	97,451
Other VAT	-	269,755	-
	42,486,736	**166,853,623**	**56,558,114**

(*) As of 31 December 2018, TL 19,123,130 of the business advances is given to Ali İhsan Keskin who is one of the related parties of the Group, in order to purchase a land as stated in Note 4.

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

13 Other current, non-current assets and other liabilities (continued)

As of 31 December 2019, 2018 and 2017, other non-current assets are as follows:

	31 December 2019	31 December 2018	31 December 2017
Long-term Deferred VAT	10,838,866	670,822	75,082,753
Advances Given	9,066,854	34,651,909	31,132,662
Long-term Prepaid Expenses	24,943	60,617	857,343
Other Long-term VAT	-	-	2,767,747
Job Advances (*)	-	-	19,123,130
	19,930,663	**35,383,348**	**128,963,635**

(*) As of 31 December 2018, TL 19,123,130 of the business advances is given to Ali İhsan Keskin who is one of the related parties of the Group, in order to purchase a land as stated in Note 4.

As of 31 December 2019, 2018 and 2017, other liabilities are as follows:

	31 December 2019	31 December 2018	31 December 2017
Advances Taken	33,970,429	23,491,586	4,835,885
Taxes and Funds Payables	1,213,475	15,062,535	2,029,154
Payables to Tax Authority	-	42,670,047	1,555,838
VAT Payable	-	11,311,565	432,039
Other	48,586	23,224	1,478
	35,232,490	**92,558,957**	**8,854,394**

14 Share capital

Paid-in capital

The capital structure of the Group as of 31 December 2019, 2018 and 2017 is as follows:

	31 December 2019		31 December 2018		31 December 2017	
Shareholders		**%**	**TL**	**%**	**TL**	**%**
Aydem Enerji Yatırımları A.Ş.	699,975,010	%99,99	-	-	-	-
Aydem Holding A.Ş.	-	-	133,757,692	%99,99	299,928,780	%99,99
Others	24,990	%0,01	15,188	%0,01	71,220	%0,01
Total	**700,000,000**	**%100**	**133,772,880**	**%100**	**300,000,000**	**%100**

As of 31 December 2019, the Group's paid-in capital is divided into 700,000,000 shares (31 December 2018: 13,377,288,000 shares, 31 December 2017: 30,000,000 shares), each with a nominal value of TL 1, TL 0.01 and TL 10 respectively. The ultimate shareholder of the Group is Aydem Holding Anonim Şirketi, whose controlling individual shareholder is Ceyhan Saldanlı.

On 28 June 2018, Göktaş spinned-off by transferring its share capital amounting to TL 166,227,120 with par value of TL 0.01 to Aydem Holding A.Ş. On 12 November 2019, Aydem Yenilenebilir merged with Göktaş by taking back share capital of Göktaş from Aydem Holding A.Ş. amounting to TL 166,277,120 with par value of TL 0.01 (Note 31).

14 Share capital (continued)

Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2019, legal reserves of the Group amounted to TL 1,523,866 (31 December 2018: TL 1,523,866, 31 December 2017: TL 1,523,866).

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "Non-controlling interests" in the consolidated financial statements.

As at 31 December 2019, 2018, 2017 the related amounts in the "Non-controlling interests" in the consolidated statement of financial position are respectively TL –, TL 52,726,546, TL 67,432,100. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "Non-controlling interests" in the consolidated statement of of profit or loss. As at 31 December 2019, 2018 and 2017, loss amounts attributable to non-controlling interests in the consolidated statement of comprehensive losses are respectively TL 4,286,830, TL 14,705,554 and TL 5,707,160.

Dividend distribution

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation. According to the aforementioned communique, 50% distribution rate has been determined. Companies pay dividends according to their articles of association or dividend distribution policy. In addition, dividends may be paid in equal or different amount of installments, and cash dividend advances may be distributed over profit for the period presented in interim financial statements.

Share premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity. According to the Turkish commercial law number 6102, Aydem Enerji Yatırımları A.Ş. which is 99,99% owner of Aydem Yenilenebilir, made an emission premium payment amounting to TL 1,310,500,000 and capital amounting to TL 399,950,000 on 27 December 2019 in order to improve financial position of Aydem Yenilenebilir.

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

15 Revenue

Details of revenue for the year ended 31 December 2019, 2018 and 2017 is as follows:

	1 January - 31 December 2019	**1 January - 31 December 2018**	**1 January - 31 December 2017**
Revenues from Electricity Sales	1,182,404,460	806,195,203	712,862,770
- Revenue from Feed in Tariff (FIT)	*1,058,763,285*	*609,953,754*	*495,458,838*
- Other than FIT	*123,641,175*	*196,241,449*	*217,403,932*
Revenues from Geothermal Heating	6,194,245	4,276,933	2,602,089
Other Revenues	8,402,059	2,530,752	694,168
	1,197,000,764	**813,002,888**	**716,159,027**

Management divide revenues into two categories due to its risk group: - FIT and Other than FIT.

16 Cost of sales

Details of the cost of sales for the year ended 31 December 2019, 2018 and 2017 is as follows:

	1 January - 31 December 2019	**1 January - 31 December 2018**	**1 January - 31 December 2017**
Cost of Energy Sales and Generation	(433,926,942)	(439,661,060)	(546,775,800)
- Cost of Energy Generation	*(144,056,819)*	*(207,191,539)*	*(295,855,424)*
- Depreciation and Amortization Expenses	*(289,870,123)*	*(232,469,521)*	*(250,920,376)*
Geothermal Heating Costs	(579,096)	(315,823)	(337,126)
Other Costs	(4,432,515)	(8,919,103)	(1,224,380)
	(438,938,553)	**(448,895,986)**	**(548,337,306)**

Cost of energy generation mainly includes costs of energy sales and generation, system usage and transmission costs, maintenance and repair expenses and personnel expenses.

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

17 General and administrative expenses

The details of general administrative expenses for the year ended 31 December 2019, 2018 and 2017 is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Administrative Expenses (*)	(32,826,064)	(2,705,596)	(5,686,242)
Personnel Expenses	(21,438,186)	(17,651,328)	(12,131,676)
Tax, Duties and Fees Expenses	(8,748,261)	(5,382,251)	(4,627,043)
Depreciation and Amortization Expenses	(6,163,625)	(3,806,640)	(3,090,945)
Consultancy Expenses	(5,785,086)	(7,323,548)	(4,008,816)
Legal and Consultancy Expenses	(3,951,521)	(831,937)	(754,844)
Maintenance and Repair Expenses	(2,655,566)	(2,403,955)	(1,086,328)
Rent Expenses	(1,035,724)	(2,971,061)	(2,786,166)
Insurance Charges	(627,730)	(6,067,188)	(1,480,582)
License and Dues Expenses	(618,004)	(5,035,689)	(5,595,114)
Promotion and Trade Expenses	(87,802)	(1,499,739)	(195,866)
Other	(4,227,838)	(4,949,375)	(2,398,996)
	(88,165,407)	**(60,628,307)**	**(43,842,618)**

(*) The amount consists of management fee charged by Aydem Holding. In 2019, management fee arose due to the charge of the restructuring costs and Information Technology Cyber Security services given by Aydem Holding.

18 Expenses by nature

The details of expenses incurred for the year ended 31 December 2019, 2018 and 2017 is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Depreciation and Amortization Expenses	(296,033,748)	(236,276,161)	(254,011,321)
Costs of Energy Sales and Generation	(94,892,087)	(175,216,043)	(266,385,672)
Personnel Expenses	(58,514,490)	(41,861,806)	(37,225,799)
Consulting Expenses	(8,584,830)	(12,522,010)	(5,305,049)
Other	(69,730,789)	(44,166,132)	(29,788,846)
	(527,755,944)	**(510,042,152)**	**(592,716,687)**

There is no sales and cost of sales recognized by Sarı Perakende in 2019 as the Group focused on sales through EPIAS rather than retail sales in this year.

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

19 Other income and expenses from main activities

Details of other operating income for the year ended 31 December 2019, 2018 and 2017 is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Other Income Related to Electricity Production	5,656,136	1,735,034	4,094,999
Provisions for No Longer Required Trade and Other Receivables (Note 5)	1,926,176	-	5,000
Late Payment charges on Sale of Electricity	407,086	639,626	27,509
Other Income Related to Electricity Distribution Service	284,369	2,543,982	4,114,491
Litigation Provision Reversal	-	89,809	-
Compensation from Insurances	-	-	421,890
Other	587,205	1,128,668	951,007
	8,860,972	**6,137,119**	**9,614,896**

Details of other operating expenses for the year ended 31 December 2019, 2018 and 2017 is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Litigation Provisions Expenses (Note 11)	(1,472,359)	(3,819,810)	(1,131,682)
Compensation Expenses	(1,350,042)	-	-
Expropriation Expenses	(1,016,730)	-	-
Other Expenses Related to Other Electricity Activities	(787,488)	-	(661)
Expenses Related to Allowance for Trade and Other Receivables	(218,297)	(1,084,060)	(84,184)
Late Payment Charge on Commercial Transactions	-	(152,273)	(14,863)
Other	(1,549,643)	(2,960,020)	(377,131)
	(6,394,559)	**(8,016,163)**	**(1,608,521)**

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

20 Financial income and expense

The details of finance income for the year ended 31 December 2019, 2018 and 2017 is as follows :

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Interest Incomes from Related Parties	24,693,477	13,561,637	8,150,759
Interest Income arising from Marketable Securities	4,656,071	354,666	598,409
Incomes Arising Rediscount on Other Payables	1,854,050	561,542	2,550,890
Foreign Exchange Gains arising from Operations	-	3,755,778	8,261,151
Foreign Exchange Income arising from Financial Transactions	-	7,369,274	-
Other	134,469	1,770,059	847,855
	31,338,067	**27,372,956**	**20,409,064**

The details of financial expenses for the year ended 31 December 2019, 2018 and 2017 is as follows :

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Foreign Exchange Losses	(661,067,845)	(1,362,799,625)	(197,594,516)
Loan Interest Expenses	(587,765,503)	(584,856,061)	(185,738,701)
Bank Commission and Other Expenses	(28,057,319)	(12,404,338)	(10,800,436)
Interest Expenses from Related Parties	(26,516,965)	(18,277,727)	(104,097,065)
Foreign Exchange Losses Arising from Operations	(9,186,399)	-	(3,485,001)
Losses on Restructuring of Borrowings	(4,735,135)	-	-
Interest Expenses related to Lease Liabilities (Note 23)	(2,304,207)	(1,051,846)	(1,101,139)
Expenses Arising Rediscount on Trade Receivables	-	(353,590)	(6,885)
Expenses of Bank and Other Letters of Guarantee	-	(1,576,343)	(1,888,226)
	(1,319,633,373)	**(1,981,319,530)**	**(504,711,969)**

21 Gains & Losses from Investing Activities

The details of gains and losses from investing activities for the year ended 31 December 2019, 2018 and 2017 is as follows :

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Gain on Sales of Subsidiaries (Note 2.4)	84,296,559	-	-
	84,296,559	-	-

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Impairment of Goodwill	-	-	(18,243,940)
	-	-	**(18,243,940)**

22 Taxation on income

Corporation Tax

The Group is subject to corporation tax applicable in Turkey. The corporate tax rate is 20%. Corporate tax rate to be accrued on the taxable corporate income is determined by adding the expenses that cannot be deducted from the tax base in the determination of the commercial income and deducting gains from the tax, non-taxable income and other discounts (previous year losses, if any, and investment discounts used, if preferred).

The amendments on tax laws was published on 5 December 2017. Accordingly, the corporate income tax rate for all companies was increased from 20% to 22% for the years 2018, 2019 and 2020.

Losses can be carried forward for a maximum of 5 years to be deducted from the taxable profit that will occur in the coming years. However, the losses cannot be deducted retrospectively from previous years' profits.

There is no clear and definitive agreement on tax assessment procedures in Turkey. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. These declarations and the accounting records that are the basis of these declarations can be examined and changed by the Tax Office within 5 years.

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

22 Taxation on income (continued)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IAS and tax purposes and they are stated below. As of 31 December 2019, the tax rate used in the calculation of deferred tax assets and liabilities is 22% (2018: 22%, 2017: 22%).

Income withholding tax

There is withholding tax on dividend distributions and this withholding tax is accrued in the period in which the dividend payment is made. Turkey, with a permanent establishment or permanent representative obtain income through dividend payments and the resident institutions other than those made to companies resident in Turkey are subject to 15% withholding tax. Withholding tax rates on profit distribution to non-resident corporations and natural persons are subject to withholding tax included in the relevant Double Taxation Avoidance Agreements. The allocation of retained earnings to capital is not considered as profit distribution, therefore it is not subject to withholding tax.

Transfer pricing arrangements

In Turkey, the transfer pricing provisions of the Corporate Tax Law "disguised profit distribution via transfer pricing" is stated in Article 13 entitled. The communiqué of 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the application.

If the taxpayer purchases or sells goods or services at a price or price that they determine in contradiction with the principle of conformity with peers, the gain is deemed to be completely or partially distributed implicitly through transfer pricing. Disguised profit distribution through such transfer pricing is considered an unacceptable expense for corporate tax.

Current period tax asset

The tax assets for the years ended 31 December 2019, 2018 and 2017 are as follows:

	31 December 2019	31 December 2018	31 December 2017
Current Tax Assets	1,307,448	18,102,138	13,534,782
	1,307,448	**18,102,138**	**13,534,782**

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

22 Taxation on income (continued)

Tax expense

The income tax for the year ended 31 December 2018 is as follows:

	31 December 2019	31 December 2018	31 December 2017
Current Corporate Tax Expense (-)	(12,336,441)	(164,295)	-
Deferred Tax (Expense) / Income	(29,234,995)	150,851,609	62,045,597
	(41,571,436)	**150,687,314**	**62,045,597**

Reconciliation of effective tax rate

As of 31 December 2019, 2018 and 2017, the reported tax provision is different from the amount calculated using the statutory tax rate on profit before tax. The relevant memorandum of understanding is as follows:

	31 December 2019	31 December 2018	31 December 2017
Loss in the Year	(575,399,140)	(1,515,664,442)	(317,562,415)
Tax (Expenses) / Income	(41,571,436)	150,687,314	62,045,597
Loss Before Taxation	(533,827,704)	(1,666,351,756)	(379,608,012)
Tax Calculated with the Company's Legal Tax Rate	**117,442,095**	**333,270,351**	**75,921,602**
Non-deductible Expenses	(9,989,705)	(920,895)	(631,319)
Tax Effect Related To Investment Accounted Under Equity Method	(338,842)	(2,697,375)	(1,701,976)
Current Year Losses on which No Deferred Tax Assets Recognized	(22,960,874)	(175,557,919)	(9,078,879)
Deferred Tax Asset on Tax Losses Carry Forwards recognized in prior years which could not be used	(49,350,953)	--	--
Tax Losses Carry Forwards used in the current year over which no deferred tax asset recognized in prior years	73,926,270	--	--
Effect of Use of Different Tax Rate (*)	14,164,394	--	--
Effect of Carve-out Transactions	(38,961,977)	--	--
Tax Exemptions on Sale of Marketable Securities	22,950,769	--	--
Tax Exemptions on Sale of Land	769,543	--	--
Effect of Sales of Subsidiries (**)	(151,902,410)	--	--
Other	2,680,254	(3,406,848)	(2,463,831)
Current Tax Income	**(41,571,436)**	**150,687,314**	**62,045,597**

(*) The difference is arising from change in realisation timing of loss carryforwards, which were expected to be utilised when 20% effective tax rate was applicable. Whereas, utilised in 2019 when effective tax rate is 22%.

(**) Effect of sales of subsidiaries explained in Note 1.

Deferred tax assets and liabilities

The movement of deferred tax liability is as follows:

Deferred Tax Movement	**2019**	**2018**	**2017**
At the Beginning of the Period	725,495,098	622,258,299	809,093,648
Recognized in Other Comprehensive Income	305,860,420	254,088,408	(124,789,752)
Recognised in Profit or Loss	29,234,995	(150,851,609)	(62,045,597)
Effect of Disposal of Subsidiaries	(18,571,228)	--	--
End of Period Closing Balance	**1,042,019,285**	**725,495,098**	**622,258,299**

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

22 Taxation on income (continued)

As of 31 December 2019, 2018 and 2017, the breakdown of deferred tax liabilities is as follows:

Deferred Tax (Liabilites)/Assets	31 December 2019	31 December 2018	31 December 2017
Provisions for Severance Pay and Retirement Pay Liability	1,022,459	843,669	996,062
Provision for Litigation	2,386,237	2,091,765	1,345,765
Rediscount for Trade Receivables	324,970	324,970	--
Provisions for Doubtful Receivables	101,205	101,205	28,091
Rediscount for Trade Payables	(1,243,719)	(1,139,357)	(506,349)
Amortized Cost Adjustment for Financial Borrowings	10,758,764	(9,120,826)	(29,270)
Property, Plant and Equipments and Intangible Assets	(36,313,291)	(51,516,190)	(18,132,168)
Increase / (Decrease) in value of Tangible Assets	(1,280,646,580)	(986,347,220)	(732,580,876)
Effect of Capitalized Borrowing Costs in Profit or Loss Statement	260,027,955	177,017,921	3,953,000
Deferred Tax Asset from Tax Losses	--	143,259,891	120,970,774
Other	1,562,715	(1,010,926)	1,696,672
	(1,042,019,285)	**(725,495,098)**	**(622,258,299)**

The amount of carry forward tax losses on which deferred tax assets are recognised and the years of expiration are provided below:

	31 December 2019	31 December 2018	31 December 2017
Expiring in 2018	-	-	40,931,987
Expiring in 2019	-	118,842,882	46,266,549
Expiring in 2020	-	134,488,386	231,090,566
Expiring in 2021	-	147,139,255	115,998,044
Expiring in 2022	-	134,989,604	170,566,724
Expiring in 2023	-	180,839,328	-
	-	**716,299,455**	**604,853,870**

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

23 Financial liabilities

As of 31 December 2019, 2018 and 2017, the details of financial liabilities are as follows:

	31 December 2019	31 December 2018	31 December 2017
Short-term Bank Loans	281,164,935	527,995,092	1,259,258,735
Other Financial Liabilities	-	13,008	3,892,706
Total Short-term Financial Liabilities	**281,164,935**	**528,008,100**	**1,263,151,441**
Long-term Bank Loans	4,082,834,299	5,371,747,276	2,839,040,362
Total Long-term Financial Liabilities	**4,082,834,299**	**5,371,747,276**	**2,839,040,362**
Total Financial Liabilities	**4,363,999,234**	**5,899,755,376**	**4,102,191,803**

The repayments of the loan agreements according to their original maturities as of 31 December 2019, 2018 and 2017 are as follows:

	31 December 2019	31 December 2018	31 December 2017
To be paid within a year	281,164,935	527,995,092	1,259,258,735
To be paid in 1-2 years	347,872,684	344,904,755	268,429,637
To be paid in 2-3 years	370,400,421	432,973,001	292,728,121
To be paid in 3-4 years	225,668,408	468,357,300	291,763,373
To be paid in 4-5 years	411,383,227	514,894,160	287,664,772
To be paid over 5 years	2,727,509,559	3,610,618,060	1,698,454,459
	4,363,999,234	**5,899,742,368**	**4,098,299,097**

The Company restructured its financial liabilities to the banks as of 27 December 2019. For that reason, the carrying value of the financial liabilities is equal to its fair value approximately.

The repayments of the lease liabilities according to their original maturities as of 31 December 2019, 2018 and 2017 are as follows:

	31 December 2019	31 December 2018	31 December 2017
To be paid within a year	3,271,208	20,527,126	9,875,742
To be paid in 1-2 years	2,820,596	1,705,714	15,660,171
To be paid over 2 years	6,110,297	-	1,705,714
	12,202,101	**22,232,840**	**27,241,627**

24.85% rediscount rate has been used in order to calculate the net present value of lease liabilities.

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

23 Financial liabilities (continued)

As of 31 December 2019, 2018 and 2017, terms and conditions of financial liabilities are as follows:

Currency	Average Effective Annual Interest Rate Range	Maturity	31 December 2019 Short-term	Long-term
US Dollars	3 Months Libor + %5,25 - 6 Months Libor + %7,48	2029-2030	262,600,513	4,014,330,760
EUR	3 Months Euribor + %5,25	2023-2024	18,564,422	68,503,539
			281,164,935	**4,082,834,299**

Currency	Average Effective Annual Interest Rate Range	Maturity	31 December 2018 Short-term	Long-term
US Dollars	3 Months Libor + %5.25, 6 Months Libor + %4.5 - %7.25	2029-2030	392,746,083	5,115,801,316
EUR	3 Months Euribor + %5.25, 6 Months Euribor + %4.5 - %7.25	2023-2024	98,977,926	255,945,960
TL	%17 - %36	2019	36,271,083	-
			527,995,092	**5,371,747,276**

Currency	Average Effective Annual Interest Rate Range	Maturity	31 December 2017 Short-term	Long-term
US Dollars	3 Months libor + 4%-5,25% - 6 Months libor + 6.15% - 7%	2029-2030	1,205,894,009	2,645,129,904
EUR	6 Months Euribor + 4.50% - 3 Months Euribor + 5.25%	2023-2024	52,363,823	193,910,458
TL	16.25%	2018	1,000,903	-
			1,259,258,735	**2,839,040,362**

Lease Liabilities

	31 December 2019	31 December 2018	31 December 2017
Lease Liabilities - Opening	**22,232,840**	**27,241,627**	**52,803,056**
Additions	13,424,611	-	-
Accretion of interest (Note 20)	2,304,207	1,051,846	1,101,139
Payments	(25,759,557)	(6,060,633)	(26,662,568)
Lease Liabilities - Closing	**12,202,101**	**22,232,840**	**27,241,627**
Current	3,271,208	20,527,126	9,875,742
Non-current	8,930,893	1,705,714	17,365,885
Total Lease Liabilities	**12,202,101**	**22,232,840**	**27,241,627**

Operating Lease Commitments as at 31 December 2018	50,691,712
Weighted average incremental borrowing rate as at 1 January 2019	24.85%
Discounted Operating Lease Commitments as at 1 January 2019	10,440,707
Add:	
Commitments relating to leases previously classified as finance leases	11,792,133
Lease Liabilities as at 1 January 2019	**22,232,840**

23 Financial liabilities (continued)

Within the scope of the Common Terms Agreement ("CTA") dated 26 June 2019 and the restated and amended agreements signed under the CTA, the restructuring of the Company's long-term loans was completed on 17 July 2019. Within the restructuring process average maturity for Akıncı HPP, Arnaz WPP, Arova WPP, Dalaman HPP, Gökyar HPP, Koyulhisar HPP, Mentaş HPP, Söke WPP, Toros HPP, Aksu HPP, Adıgüzel HPP and Kemer HPP has been increased from 4.3 years to 6.2 years with the utilization of new facilities and the closure of current facilities. In addition, existing loans of Karhes were prepaid with the utilization of new loan on 16 July 2019 in an amount of USD 97 million with an average term of 6.7 years. After the merger of Karhes on 7 November 2019 and Göktaş on 12 November 2019 with the Company, CTA was amended on 26 December 2019. Along with the amendment, Çırakdamı HPP and Dereli HPP of Karhes and Göktaş I-II HPP are included within the scope of the CTA. The short-term loan of Göktaş I-II HEPP amounted USD 361 million was closed with the utilization of the new loans with an average term of 5.3 years. As a result of all these restructuring and merger process, the total debt of the Company has become USD 1,147 million.

The Company has received a total amount of USD 415 million through a capital increase completed on 27 December 2019, share premium and discharge of current debts. This amount were used to repay the Company's short-term working capital loans of USD 48 million and long-term loans of USD 367 million. In this way, the total debt of the Company has been reduced from USD 1,147 million to USD 732.9 million. After all these transactions, the average loan terms were extended from 3.1 to 6.1 years.

The Group treated the modification of the debt not as an extuinguishment based on the qualitative and quantitative factors defined under IFRS 9. Accordingly, the Group has computed the net present value of the new arrangement by using the original effective interest rates. The change in the carrying value of the borrowings at the modification date have been immediately recognized as loss amounting to TL 4,735,135 in the carve-out consolidated statement of profit or loss (Note: 20).

Information Regarding the CTA

Under the CTA, the Company reserve the right to distribute dividends to its shareholders. Furthermore, as per the CTA, the Company is required to distribute as dividends 50% of the excess cash accumulated for the relevant year until the Aydem Enerji Yatırımları A.Ş.'s facility is fully repaid. The remaining 50% of the excess cash remains at the Company's disposal for investment opportunities.

CTA includes provisions limiting the Company's ability to incur or guarantee additional indebtedness, transfer or sell assets, merge or consolidate with other entities or engage in certain transactions with affiliates. In addition, under CTA, the Company must comply with certain financial provisions including meeting the threshold at various rates such as debt service coverage ratio and net financial debt ratio to EBITDA in order to make new investments directly or through its affiliates.

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

24 Nature and level of risks arising from financial instruments

Financial instruments and financial risk management

The Group may be exposed to the following risks depending on the use of financial instruments:
• Credit risk
• Liquidity risk
• Market risk
• Operational risk

This note provides information on the Group's exposure to the risks outlined above, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

Credit risk is the risk that a customer or counterparty will fail to fulfill its obligations under the contract and is mainly attributable to customer receivables.

The carrying values of financial assets represent the maximum exposure to credit risk.

The maximum credit risk the Group is exposed to as of 31 December 2019, 2018 and 2017 is as follows:

31 December 2019	Receivables					
	Trade Receivables		Other Receivables			
	Related Parties	Other Parties	Related Parties	Other Parties	Cash in Banks	Financial Investments
Maximum Exposure to Credit Risk as of Reporting Date (A+B+C+D+E)	-	90,314,140	--	18,264,925	136,532,345	-
- Secured part of the maximum credit risk exposures via collateral etc.	-	-	-	-	-	-
A. Net Book Value of Financial Assets those are neither overdue nor Impaired	-	87,578,141	--	18,264,925	136,532,345	-
B. Net BookValue of Assets that are Overdue but not Impaired	-	2,735,999	-	-	-	-
C. Net Book Value of Impaired Financial Assets	-	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	4,715,147	-	-	-	-
- Impairment Amount (-)	-	(4,715,147)	-	-	-	-
- Secured Portion Covered with Guarantees,etc	-	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	-	-	-	-	-
- Impairment Amount (-)	-	-	-	-	-	-
- Secured Portion Covered with Guarantees,etc	-	-	-	-	-	-
D. Off-balance sheet items Including risk	-	-	-	-	-	-

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

24 Nature and level of risks arising from financial instruments (continued)

Credit risk (continued)

31 December 2018	Receivables					
	Trade Receivables		Other Receivables			
	Related Parties	Other Parties	Parties	Other Parties	Cash in Banks	Financial Investments
Maximum Exposure to Credit Risk as of Reporting Date (A+B+C+D+E)	49,480,223	71,408,859	35,508,192	4,746,877	161,011,706	1,963,996
- Secured part of the maximum credit risk exposures via collateral etc.	-	-	-	-	-	-
A. Net Book Value of Financial Assets those are neither overdue nor Impaired	49,480,223	47,983,707	35,508,192	4,746,877	161,011,706	1,963,996
B. Net BookValue of Assets that are Overdue but not Impaired	-	23,425,152	-	-	-	-
C. Net Book Value of Impaired Financial Assets	-	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	6,423,026	-	-	-	-
- Impairment Amount (-)	-	(6,423,026)	-	-	-	-
- Secured Portion Covered with Guarantees,etc	-	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	-	-	-	-	-
- Impairment Amount (-)	-	-	-	-	-	-
- Secured Portion Covered with Guarantees,etc	-	-	-	-	-	-
D. Off-balance sheet items Including risk	-	-	-	-	-	-

31 December 2017	Receivables					
	Trade Receivables		Other Receivables			
	Related Parties	Other Parties	Related Parties	Other Parties	Cash in Banks	Financial Investments
Maximum Exposure to Credit Risk as of Reporting Date (A+B+C+D+E)	20,362,451	54,990,117	56,105,648	2,500,411	34,376,020	5,565,897
- Secured part of the maximum credit risk exposures via collateral etc.	-	-	-	-	-	-
A. Net Book Value of Financial Assets those are neither overdue nor Impaired	20,362,451	38,429,882	56,105,648	2,500,411	34,376,020	5,565,897
B. Net BookValue of Assets that are Overdue but not Impaired	-	16,560,235	-	-	-	-
C. Net Book Value of Impaired Financial Assets	-	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	5,338,966	-	-	-	-
- Impairment Amount (-)	-	(5,338,966)	-	-	-	-
- Secured Portion Covered with Guarantees,etc	-	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	-	-	-	-	-
- Impairment Amount (-)	-	-	-	-	-	-
- Secured Portion Covered with Guarantees,etc	-	-	-	-	-	-
D. Off-balance sheet items Including risk	-	-	-	-	-	-

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

24 Nature and level of risks arising from financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities in the future. The Group's liquidity risk is managed by providing sufficient financing facilities from various financial institutions in a way that does not harm or damage the Group's reputation in order to fund the current and future debt requirements under normal conditions or in crisis situations. As at 31 December 2019, 2018 and 2017, the maturity of financial liabilities including estimated interest payments according to the payment schedule is as follows:

31 December 2019	**Book Value**	**Contractual cash outflow**	**0-3 Months**	**3-12 Months**	**1-5 Years**	**> 5 Years**
Non-derivative Financial Liabilities						
Financial Liabilities	4,363,999,234	6,404,112,044	--	618,715,257	2,320,320,401	3,465,076,386
Financial Leasing Liabilities	12,202,101	12,202,101	--	3,271,208	2,820,596	6,110,297
Other Payables to Related Parties	60,139,498	174,329,348	--	--	--	174,329,348
Payables to Privatization Administration	137,875,064	144,658,404	--	73,356,404	71,302,000	--
Trade Payables to Related Parties	13,022,145	13,022,145	2,343,986	10,678,159	--	--
Trade Payables to Third Parties	60,176,114	63,498,599	11,429,748	52,068,851	--	--
Total	**4,647,414,156**	**6,811,822,641**	**13,773,734**	**758,089,879**	**2,394,442,997**	**3,645,516,031**

31 December 2018	**Book Value**	**Contractual cash outflow**	**0-3 Months**	**3-12 Months**	**1-5 Years**	**> 5 Years**
Non-derivative Financial Liabilities						
Financial Liabilities	5,899,742,368	8,532,231,157	121,567,584	706,841,730	3,289,163,725	4,414,658,118
Financial Leasing Liabilities	22,232,840	38,437,455	137,133	362,551	37,937,771	--
Other Financial Liabilities	13,008	13,008	2,341	10,667	--	--
Payables to Privatization Administration	206,954,788	226,702,128	--	77,616,128	149,086,000	--
Trade Payables to Related Parties	10,373,866	10,552,620	1,899,472	8,653,148	--	--
Trade Payables to Third Parties	94,496,704	97,589,991	17,566,198	80,023,793	--	--
Total	**6,233,813,574**	**8,905,526,359**	**141,172,728**	**873,508,017**	**3,476,187,496**	**4,414,658,118**

31 December 2017	**Book Value**	**Contractual cash outflow**	**0-3 Months**	**3-12 Months**	**1-5 Years**	**> 5 Years**
Non-derivative Financial Liabilities						
Financial Liabilities	4,098,299,097	5,657,101,678	82,072,355	609,082,557	2,470,661,773	2,495,284,993
Financial Leasing Liabilities	27,241,627	45,076,961	4,264,447	12,030,616	28,781,898	--
Other Financial Liabilities	3,892,706	3,892,706	700,687	3,192,019	--	--
Payables to Privatization Administration	276,027,208	315,220,548	--	81,868,548	233,352,000	--
Trade Payables to Related Parties	2,723,662	2,723,662	490,259	2,233,403	--	--
Trade Payables to Third Parties	91,772,228	94,323,118	16,978,161	77,344,957	--	--
Total	**4,499,956,528**	**6,118,338,673**	**104,505,909**	**785,752,100**	**2,732,795,671**	**2,495,284,993**

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

24 Nature and level of risks arising from financial instruments (continued)

Market risk

Market risk; The risk of changes in the money market, such as exchange rates, interest rates or the prices of instruments traded in the securities markets, may change the Group's income or the value of its financial assets. Market risk management aims to optimize return while controlling market risk exposure within acceptable limits.

Currency risk

As of 31 December 2019, 2018 and 2017, the foreign currency position of the Group arises from foreign currency assets and liabilities stated in the table below.

	31 December 2019		
	Original Amounts		
	Total TL Equivalent	US Dollars	EUR
Assets			
Cash and Cash Equivalents	76,065,868	12,795,052	9,127
Total Assets	**76,065,868**	**12,795,052**	**9,127**
Liabilities			
Short-term and Long-term Financial Liabilities	(4,359,264,099)	(719,200,725)	(13,091,744)
Short-term Other Payables to Third Parties	(9,516,605)	(628,331)	(869,725)
Short-term Trade payables to Related Parties	(59,402,000)	(10,000,000)	-
Total Liabilities	**(4,428,182,704)**	**(729,829,056)**	**(13,961,469)**
Foreign Currency Liability Position	**(4,352,116,836)**	**(717,034,004)**	**(13,952,342)**
Net Foreign Currency Liability Position	**(4,352,116,836)**	**(717,034,004)**	**(13,952,342)**

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

24 Nature and level of risks arising from financial instruments (continued)

Currency risk (continued)

As of 31 December 2017, the foreign currency position of the Group arises from foreign currency assets and liabilities stated in the table below.

			31 December 2018
			Original Amounts
	Total		
	TL Equivalent	US Dollars	EUR
Assets			
Cash and Cash Equivalents	88,533,109	15,364,249	1,277,925
Short-term Trade Receivables	29,792,547	5,368,643	256,910
Total Assets	**118,325,656**	**20,732,892**	**1,534,835**
Liabilities			
Short-term and Long-term Financial Liabilities	(5,880,488,123)	(1,050,551,246)	(58,666,734)
Short-term and Long-term Lease Liabilities	(22,232,839)	-	(3,688,261)
Short-term Other Payables to Third Parties	(28,143,614)	(1,558,711)	(3,308,459)
Total Liabilities	**(5,930,864,576)**	**(1,052,109,957)**	**(65,663,454)**
Foreign Currency Liability Position	**(5,812,538,920)**	**(1,031,377,065)**	**(64,128,619)**
Net Foreign Currency Liability Position	**(5,812,538,920)**	**(1,031,377,065)**	**(64,128,619)**

			31 December 2017
			Original Amounts
	Total		
	TL Equivalent	US Dollars	EUR
Assets			
Cash and Cash Equivalents	2,398,483	625,443	8,720
Short-term Trade Receivables	1,776,566	471,000	-
Short-term Other Receivables	32,679,041	8,662,628	991
Total Assets	**36,854,090**	**9,759,071**	**9,711**
Liabilities			
Short-term and Long-term Financial Liabilities	(4,091,108,543)	(1,010,801,679)	(61,668,849)
Short-term Trade Payables to Third Parties	(46,588,222)	(5,122,101)	(6,038,793)
Other Payables	(95,800,822)	(10,422,785)	(12,509,604)
Long-term Payables to Related Parties	(3,268,005)	(866,408)	-
Short-term and Long-term Lease Liabilities	(27,241,627)	-	(6,032,915)
Total Liabilities	**(4,264,007,219)**	**(1,027,212,973)**	**(86,250,162)**
Foreign Currency Liability Position	**(4,227,153,128)**	**(1,017,453,902)**	**(86,240,451)**
Net Foreign Currency Liability Position	**(4,227,153,128)**	**(1,017,453,902)**	**(86,240,451)**

24 Nature and level of risks arising from financial instruments (continued)

Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to foreign currency risk in USD Dollars. The following table details the Group's sensitivity to a 10% increase and decrease in US Dollars and Euro. 10% is the rate used to report the exchange rate risk within the Group to the executives and this rate indicates the possible change in the exchange rates expected by the management. The sensitivity analysis covers only foreign currency denominated monetary items at the end of the year and shows the effects of the 10% increase in foreign exchange rates of these items at the end of the year excluding tax effects. A positive value indicates an increase in profit or loss and other equity items.

Exchange rate sensitivity analysis table		
31 December 2019		
	Increase in Value of foreign currency	**Decrease in value of foreign currency**
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(425,932,539)	425,932,539
2- TL hedged portion (-)	-	-
3- TL net effect (1 + 2)	**(425,932,539)**	**425,932,539**
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(9,279,145)	9,279,145
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	**(9,279,145)**	**9,279,145**
Total (3 + 6)	**(435,211,684)**	**435,211,684**

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

24 Nature and level of risks arising from financial instruments (continued)

Currency risk (continued)

Sensitivity analysis (continued)

Exchange rate sensitivity analysis table		
31 December 2018		
	Increase in Value of foreign currency	**Decrease in value of foreign currency**
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(542,597,160)	542,597,160
2- TL hedged portion (-)	-	-
3- TL net effect (1 + 2)	**(542,597,160)**	**542,597,160**
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(38,656,732)	38,656,732
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	**(38,656,732)**	**38,656,732**
Total (3 + 6)	**(581,253,892)**	**581,253,892**

Exchange rate sensitivity analysis table		
31 December 2017		
	Increase in Value of foreign currency	**Decrease in value of foreign currency**
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(383,773,437)	383,773,437
2- TL hedged portion (-)	-	-
3- TL net effect (1 + 2)	**(383,773,437)**	**383,773,437**
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(38,941,876)	38,941,876
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	**(38,941,876)**	**38,941,876**
Total (3 + 6)	**(422,715,313)**	**422,715,313**

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

24 Nature and level of risks arising from financial instruments (continued)

Capital risk management

In managing capital, the Group's objectives are to maintain the Group's ability to continue to operate in order to maintain an optimal capital structure to provide returns to shareholders, benefits to other shareholders, and to reduce capital costs.

In order to maintain or adjust the capital structure, the Group determines the amount of dividend payable to shareholders.

The Group monitors capital on the basis of the net financial debt / equity ratio. Net financial debt is calculated by deducting cash and cash equivalents from total financial debt.

As of 31 December 2019, 2018 and 2017 net financial liabilities / equity ratios are as follows:

	31 December 2019	31 December 2018	31 December 2017
Total financial liabilities	4,363,999,234	5,899,755,376	4,102,191,803
Cash and Cash Equivalents	(136,532,816)	(161,151,205)	(34,529,330)
Net Financial Liabilities	4,227,466,418	5,738,604,171	4,067,662,473
Equity	4,420,426,174	1,754,925,712	2,348,284,471
Net Financial Liabilities / Equity Ratio	**95.63%**	**327.00%**	**173.22%**

Capital risk management (continued)

Measures to be taken in relation to the above mentioned situation are explained in Note 2.5 of the assumption of continuity of the enterprise.

Interest rate risk management

Borrowing of the Group at fixed and variable interest rates exposes the Group to interest rate risk. The Group manages interest rate risk by using fixed or floating interest bearing assets and liabilities by considering the borrowing market conditions and expectations These risks are managed using natural methods that arise as a result of offsetting interest rate related assets and liabilities. Interest rates of financial assets and liabilities are stated in the related notes.

The Group has analyzed various scenarios including refinancing the existing situation alternative financing options and to avoid the hedging risk. According to these scenarios, if annual interests of floating interest rated loans were 100 basis point high/low with all the other parameters are constant, current year income before tax have been TL 1,247,932 lower/higher as a result of interest expense of floating interest rated loans and swap transactions.

25 Financial instruments (fair value disclosures)

The Group uses observable information in the market when measuring the fair value of an asset or liability. Fair valuation is categorized into different levels in the fair valuation hierarchy determined based on the information used in the valuation techniques stated below.

Level 1: At identical (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Data observable for assets or liabilities, other than quoted prices included within Level 1, that are observable, directly (through prices), or indirectly (derived from prices); and
Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the information used to measure the fair value of an asset or liability can be classified into a different level of the fair valuation hierarchy, this fair valuation is classified to the same level of the fair valuation hierarchy, which includes the smallest information important for the whole measurement.

The Group recognizes transfers between the levels in the fair value hierarchy at the end of the reporting period when the change occurs.

As at 31 December 2019, the Group's power plants have been measured at fair value determined by an independent professional valuation Group using other valuation techniques, either directly or indirectly using observable inputs (Level 3) (Note 8).

Fair value

Fair value is the amount that is the closest to the fair value of a financial asset in a sales transaction between two parties willing to buy or sell, except for a mandatory sale or liquidation.

In general, the Group assumes that the carrying amount of the financial instruments whose cash and cash equivalents, short term trade receivables, short term other receivables are short or whose initial recognition is close to the reporting date will be close to the fair values of the related assets.

However, since it is necessary to use judgment to estimate the estimated fair value, actual fair values may not reflect actual market value.

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

25 Financial instruments (fair value disclosures) (continued)

Fair value (continued)

Therefore, in addition to the aforementioned assumptions, the Group management makes use of the judgment regarding the fair value analysis and does not rely on observable market data for financial assets or liabilities (non-observable data); defined classification.

26 Financial assets

As of 31 December 2019, 2018 and 2017, the details of the financial assets are as follows:

	31 December 2019	31 December 2018	31 December 2017
Restricted Bank Balances	-	1,208,718	5,053,803
Private Sector Bonds and Notes	-	493,103	250,000
Government Securities and Treasury Bonds	-	262,175	262,094
	-	**1,963,996**	**5,565,897**

Restricted bank balances represents collaterals for the benefit of banks.

27 Cash and cash equivalents

As of 31 December 2019, 2018 and 2017, the details of cash and cash equivalents are as follows:

	31 December 2019	31 December 2018	31 December 2017
Cash	471	139,499	153,310
Cash at Banks	136,525,007	161,001,313	34,322,174
- Demand Deposits	*45,679,310*	*161,001,313*	*34,322,174*
- Time Deposits	*90,845,697*	-	-
Other Cash and Cash Equivalents	7,338	10,393	53,846
	136,532,816	**161,151,205**	**34,529,330**

As of 31 December 2019, the interest rate of TL denominated time deposits amounting to TL 25,664,873 is between 8% to 10,50% (31 December 2018: None, 31 December 2017: None); US Dollars denominated time deposits amounting to USD 10,972,833 interest rate is between 0.25% to 1.47% (31 December 2018: None, 31 December 2017: None).

At 31 December 2019, the Group had no available undrawn committed borrowing facilities. The Group has pledged a part of its bank deposits to fulfil collateral requirements, which are classified to financial investments due to restrictions. Refer to Note 26 for further details.

28 Investments accounted by the equity method

As of 31 December 2019, 2018 and 2017, the details of the Group's investments in equity method are as follows:

	31 December 2019	31 December 2018	31 December 2017
	Percentage of Shares (%)	Percentage of Shares (%)	Percentage of Shares (%)
Yalova Rüzgar Enerjisiden Elektrik Üretim A.Ş. (Yalova)	50%	50%	50%

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

28 Investments accounted by the equity method (continued)

The details of the financial position and Profit or Loss and Other Comprehensive Income of the investments valued by the equity method are as follows:

	31 December 2019	31 December 2018	31 December 2017
Current Assets	33,714,200	23,813,690	7,265,751
Non-Current Assets	248,756,228	218,271,810	238,864,786
Short-term Liabilities	(2,019,849)	(15,343,048)	(28,449,755)
Long-term Liabilities	(202,789,282)	(176,175,822)	(144,770,273)
Total Equity (Net Assets)	**(77,661,297)**	**(50,566,630)**	**(72,910,509)**
Net Assets per Share of Aydem Yenilenebilir	38,830,648	25,283,315	36,455,256
Carried Value of Investments Accounted Under Equity Method	**38,830,648**	**25,283,315**	**36,455,256**

	1 January - 31 December 2019	1 January - 31 December 2018	1 January - 31 December 2017
Net Sales	44,272,884	18,569,989	4,071,651
Net Loss for the year	(3,080,381)	(26,973,748)	(17,019,764)
Current Period Loss per Share of Aydem Yenilenebilir	**(1,540,190)**	**(13,486,874)**	**(8,509,882)**
Other Comprehensive Expense	30,175,046	4,629,868	-
Current Period Loss per Share of Aydem Yenilenebilir	**15,087,523**	**2,314,934**	-
Other Current Comprehensive Loss per Share of Aydem Yenilenebilir	**13,547,333**	**(11,171,940)**	**(8,509,882)**

The movement table of the assets valued by the equity method is as follows:

	2019	2018	2017
Opening Balance	25,283,315	36,455,256	44,965,138
Net Loss	(1,540,190)	(13,486,875)	(8,509,882)
Other Comprehensive Income	15,087,523	2,314,934	-
Closing Balance	**38,830,648**	**25,283,315**	**36,455,256**

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

29 Interests in other entities

Non-controlling interests in subsidiaries

The details of non-controlling interests ("NCI") as at 31 December 2019, 2018 and 2017 are as follows:

	31 December 2019				
	Karhes	**Arnaz**	**Arova**	**Söke**	**Total**
NCI Percentage	-	-	-	-	-
Total assets	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net assets	-	-	-	-	-
Carrying amount of NCI	(49,253,556)	(875,806)	(271,367)	(2,325,817)	(52,726,546)
Change in NCI	49,253,556	875,806	271,367	2,325,817	52,726,546
NCI as of 31 December 2019	-	-	-	-	-

	1 January - 31 December 2019				
	Karhes	**Arnaz**	**Arova**	**Söke**	**Total**
Revenue	100,754,715	-	-	-	-
(Loss) / profit	(16,487,808)	-	-	-	-
Total comprehensive income / (loss)	(16,487,808)				
(Loss) / profit allocated to NCI	**(4,286,830)**	-	-	-	-

	31 December 2018				
	Karhes	**Arnaz**	**Arova**	**Söke**	**Total**
NCI Percentage	26.00%	0.88%	0.50%	1.00%	
Total assets	772,099,159	332,012,085	436,136,842	465,265,651	2,005,513,737
Total liabilities	(584,831,636)	(232,488,699)	(327,863,530)	(232,683,938)	(1,377,867,803)
Net assets	(189,436,754)	(99,523,386)	(54,273,312)	(232,581,713)	(575,815,165)
Carrying amount of NCI	(63,688,806)	(1,603,633)	(501,794)	(1,637,867)	(67,432,100)
Change in NCI	14,435,250	727,827	230,427	(687,950)	14,705,554
NCI as of 31 December 2018	**(49,253,556)**	**(875,806)**	**(271,367)**	**(2,325,817)**	**(52,726,546)**

	1 January - 31 December 2018				
	Karhes	**Arnaz**	**Arova**	**Söke**	**Total**
Revenue	88,387,145	36,461,403	156,839,992	55,943,925	337,632,465
(Loss) / profit	(100,772,276)	(44,448,244)	(42,477,754)	(32,914,970)	(220,613,244)
Total comprehensive income / (loss)	(55,520,192)	(82,707,572)	(46,085,313)	68,795,032	(115,518,045)
(Loss) / profit allocated to NCI	**(26,200,792)**	**(391,145)**	**(212,389)**	**(329,150)**	**(27,133,476)**

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

29 Interests in other entities (continued)

Non-controlling interests in subsidiaries (continued)

	31 December 2017				
	Karhes	**Arnaz**	**Arova**	**Söke**	**Total**
NCI Percentage	26.00%	0.88%	0.50%	1.00%	
Total assets	692,345,983	363,538,821	357,277,469	346,612,915	1,759,775,188
Total liabilities	(447,389,039)	(181,307,749)	(256,918,645)	(182,826,234)	(1,068,441,667)
Net assets	(244,956,945)	(182,231,072)	(100,358,824)	(163,786,681)	(691,333,522)
Carrying amount of NCI	(68,722,707)	(1,843,211)	(817,559)	(1,755,783)	(73,139,260)
Change in NCI	5,033,901	239,578	315,765	117,916	5,707,160
NCI as of 31 December 2017	**(63,688,806)**	**(1,603,633)**	**(501,794)**	**(1,637,867)**	**(67,432,100)**

	1 January - 31 December 2017				
	Karhes	**Arnaz**	**Arova**	**Söke**	**Total**
Revenue	67,308,151	26,226,318	25,759,422	44,058,686	163,352,577
(Loss) / profit	(27,119,488)	(27,242,507)	(34,516,331)	(11,793,668)	(100,671,994)
Total comprehensive income / (loss)	(19,361,157)	(27,224,789)	(63,152,919)	(11,791,558)	(121,530,423)
(Loss) / profit allocated to NCI	**(7,051,067)**	**(239,734)**	**(172,582)**	**(117,937)**	**(7,581,320)**

30 Earnings per share

The calculation of basic and diluted Earnings per share ("EPS") at 31 December 2019 was based on the (loss) / profit attributable to ordinary shareholders of TL (571,112,310) (31 December 2018: TL 1,488,530,966. 31 December 2017: TL 309,981,095) and a weighted average number of ordinary shares outstanding of 15,333,906,082 (31 December 2018: 6,831,631,693 and 31 December 2017: 29,702,959), as follows:

	2019	**2018**	**2017**
Numerator:			
Loss for the period attributable to owners of the Company	(571,112,310)	(1,488,530,966)	(309,981,095)
Denominator:			
Weighted average number of shares	15,333,906,082	6,831,631,693	29,702,959
Basic and diluted profit (loss) per share (full TL)	**(0.04)**	**(0.22)**	**(10.44)**

2019	**Number of shares**	**Time weighting (days)**	**Weighted average**
Outstanding ordinary shares as of 1 January 2019 (Par Value: TL 0.01)	13,377,288,000		
1 January to 12 November 2019 (Par Value: TL 0.01)	13,377,288,000	316/365	4,213,845,720,000
12 November - Göktaş Merger Effect (Par Value: TL 0.01)	16,627,712,000		
13 November to 27 December 2019 (Par Value: TL 0.01)	30,005,000,000	46/365	1,380,230,000,000
27 December 2019 - Capital increase (Par Value: TL 1)	399,950,000		
28 December to 31 December 2019 (Par Value: TL 1)	700,000,000	4/365	2,800,000,000
Weighted average for the year		**365/365**	**15,333,906,082**

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

30 Earnings per share (continued)

2018	**Number of shares**	**Time weighting (days)**	**Weighted average**
Outstanding ordinary shares 1 January 2018 (Par Value: TL 10)	30,000,000		
1 January to 28 June 2018 (Par Value: TL 10)	30,000,000	179/365	5,370,000,000
28 June 2018 (Par Value: TL 0.01)	30,000,000,000		
28 June 2018 - Göktaş Spin-off Effect (Par Value: TL 0.01)	(16,622,712,000)		
29 June to 31 December 2018 (Par Value: TL 0.01)	13,377,288,000	186/365	2,488,175,568,000
Weighted average for the year		**365/365**	**6,831,631,693**

2017	**Number of shares**	**Time weighting (days)**	**Weighted average**
Outstanding ordinary shares 1 January 2017 (Par Value: TL 10)	27,220,000		
1 January to 10 February 2017 (Par Value: TL 10)	27,220,000	39/365	1,061,580,000
10 February - Capital increase (Par Value: TL 10)	2,780,000		
11 February to 31 December 2017 (Par Value: TL 10)	30,000,000	326/365	9,780,000,000
Weighted average for the year		**365/365**	**29,702,959**

Weighted average number of shares for 2017, 2018 and 2019 is calculated using the actual number shares outstanding during the period, taking into consideration the actual date of capital increase and spin-off.

31 Merger of entities under common control and acquisition of non-controlling interests

Acquisition of additional interests in subsidiaries

In accordance with the reorganization of the Group undertaken in 2019, the Company merged with its former subsidiaries under the legal entity of Aydem Yenilenebilir. As part of this merger, the Company acquired the non-controlling shares at Karhes, Arnaz, Arova and Söke. The percentage of shares acquired are 26%, 0.88%, 0.50% and 1% for Karhes, Arnaz, Arova and Söke respectively. The carrying value of the net assets of subsidiary and the cash consideration paid to the non-controlling shareholders are presented below:

Subsidiary name	**Cash consideration paid**	**Carrying value of the additional interest**	**Difference recognised in retain earnings**
Karhes	43,137,000	44,966,726	1,829,726
Arova	110,000	271,367	161,367
Söke	400,000	2,325,817	1,925,817
Arnaz	220,000	875,806	655,806

Acquisition of Düzce through under common control business transaction

As part of the reorganization of the Group undertaken in 2019, Aydem Yenilenebilir acquired the 100% shares of Düzce Elektrik Üretim A.Ş. ("Düzce") on 28 June 2019, which was subsidiary of Aydem Elektrik Perakende Satış A.Ş., for a consideration of TL 188,019,000 which will be paid on 1 June 2029. Aydem Elektrik Perakende Satış A.Ş. is controlled by Aydem Holding A.Ş. The carrying amounts of assets acquired and liabilities assumed are based on the previous carrying amounts recognised by the ultimate shareholder and are as follows as of the date of acquisition:

31 Merger of entities under common control and acquisition of non-controlling interests (continued)

Share Capital	120,000,000
Total consideration	120,000,000
Net payable amount arising on acquisition	(188,019,000)
Discounting effect for trade payable	116,756,779
Cash and cash equivalents acquired	736,719
Merger of Entities Under Common Control	49,474,498

As also mentioned in Note 2, the Group uses pooling of interest method for acquisitions from companies that are under common control. As part of pooling of interest method, the Group restated financial information for periods prior to the date of the business combination. Accordingly, results of operations and assets and liabilities of Düzce are included in 2018 and 2017 consolidated carve-out financial statements, with resulting difference recognised witin "merger of entities under common control "line within equity.

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

31 Merger of entities under common control and acquisition of non-controlling interests (continued)

Acquisition of Sarı Perakende through under common control business transaction

As part of the reorganization of the Group undertaken in 2019, Aydem Yenilenebilir acquired the 100% shares of Sarı Perakende on 31 July 2019, which was subsidiary of Aydem Elektrik Perakende Satış A.Ş., for a consideration of TL 5,500,000. Aydem Elektrik Perakende Satış A.Ş. is controlled by Aydem Holding A.Ş. The carrying amounts of assets acquired and liabilities assumed are based on the previous carrying amounts recognised by the ultimate shareholder and are as follows as of the date of acquisition:

Share Capital	5,500,000
Total consideration	5,500,000
Net cash outflow arising on acquisition	(5,500,000)
Merger of Entities Under Common Control	-

As also mentioned in Note 2, the Group uses pooling of interest method for acquisitions from companies that are under common control. As part of pooling of interest method, the Group restated financial information for periods prior to the date of the business combination. Accordingly, results of operations and assets and liabilities of Sarı Perakende are included in 2018 and 2017 consolidated carve-out financial statements, with resulting difference recognised witin "merger of entities under common control "line within equity.

Acquisition of Göktaş through under common control business transaction

As part of the reorganization of the Group undertaken in 2019, Aydem Yenilenebilir acquired the 100% shares of Göktaş on 12 November 2019, which was subsidiary of Aydem Holding A.Ş., for a consideration of TL 166,227,120. The carrying amounts of assets acquired and liabilities assumed are based on the previous carrying amounts recognised by the ultimate shareholder and are as follows as of the date of acquisition.

Share Capital	166,227,120
Total consideration	166,227,120
Other	50,000
Net cash outflow arising on acquisition	(166,277,120)
Merger of Entities Under Common Control	-

31 Merger of entities under common control and acquisition of non-controlling interests (continued)

As also mentioned in Note 2, the Group uses pooling of interest method for acquisitions from companies that are under common control. As part of pooling of interest method, the Group restated financial information for periods prior to the date of the business combination. Accordingly, results of operations and assets and liabilities of Göktaş are included in 2018 consolidated carve-out financial statements, with resulting difference recognised witin "Effect of Business Combination of Entities Under Common Control" line within equity.

32 Events after the reporting period

- On 19 February 2020, an application to EMRA has been made related to transferring of the Company's ownership of 50% on its associate (Yalova) to the Aydem Holding A.Ş.