

**(CONVENIENCE TRANSLATION OF  
CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH)**

**PARK ELEKTRİK ÜRETİM  
MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REVIEW REPORT  
FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION**

To the General Assembly of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiary (collectively referred as the "Group") as at 30 June 2019 and the related condensed consolidated statements of comprehensive income, changes in condensed consolidated equity and condensed consolidated cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.


*Scope of review*

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the condensed consolidated interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. and its subsidiary is not prepared, in all material respects, in accordance with TAS 34.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

  
Çağlar Sürücü, SMMM  
Partner

İstanbul, 8 August 2019

**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2019**

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**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2019**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Current Period Reviewed 30 June 2019	Prior Period Audited 31 December 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,689,754	176,191
Trade receivables	6	157,524	102,573
<i>Trade receivables from related parties</i>	19	70,131	91,617
<i>Trade receivables from third parties</i>		87,393	10,956
Other receivables	7	79,044,431	20,794,246
<i>Other receivables from related parties</i>	19	75,839,098	20,783,756
<i>Other receivables from third parties</i>		3,205,333	10,490
Inventories		1,307,711	1,287,727
Prepaid expenses		240,893	137,324
Current income tax assets		-	7,551,472
Other current assets		1,242,136	806,395
<b>Total current assets</b>		<b>83,682,449</b>	<b>30,855,928</b>
<b>Non-current assets</b>			
Financial investments	5	11,405,300	11,405,300
Other receivables	7	191,673,052	225,280,880
<i>Other receivables from related parties</i>	19	191,511,537	225,130,996
<i>Other receivables from third parties</i>		161,515	149,884
Investment properties	8	202,082,841	202,082,841
Property, plant and equipment	9	5,124,002	4,130,374
Intangible assets	10	53,124,345	49,749,708
Prepaid expenses		-	201,844
Other non-current assets		2,075,813	1,425,382
<b>Total non-current assets</b>		<b>465,485,353</b>	<b>494,276,329</b>
<b>TOTAL ASSETS</b>		<b>549,167,802</b>	<b>525,132,257</b>

The condensed interim consolidated financial statements for the period of 1 January – 30 June 2019 were approved in the Board of Directors’ meeting held on 8 August 2019 and authorized for issue.

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

**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2019**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Current Period Reviewed 30 June 2019	Prior Period Audited 31 December 2018
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings		424,704	955,790
Trade payables	6	4,427,310	1,035,775
<i>Trade payables to related parties</i>	19	453,463	187,525
<i>Trade payables to third parties</i>		3,973,847	848,250
Payables related to the employee benefits		427,333	682,674
Other payables		2,504,363	1,385,122
<i>Other payables to related parties</i>	19	10,668	2,803
<i>Other payables to third parties</i>		2,493,695	1,382,319
Deferred income		45,216	75,606
Short-term provisions	11	30,562,972	16,062,251
<i>Short-term provisions for employee benefits</i>		702,818	498,586
<i>Other provisions</i>		29,860,154	15,563,665
Other current liabilities		596,333	740,618
<b>Total current liabilities</b>		<b>38,988,231</b>	<b>20,937,836</b>
<b>Non-current liabilities</b>			
Other payables		656,932	-
<i>Other payables to related parties</i>		-	-
<i>Other payables to third parties</i>		656,932	-
Long-term provisions	11	3,433,951	3,262,505
<i>Long-term provisions for employee benefits</i>		3,433,951	3,262,505
Deferred tax liabilities	17	14,838,795	17,734,926
Other long-term liabilities		-	116,693
<b>Total non-current liabilities</b>		<b>18,929,678</b>	<b>21,114,124</b>
<b>Total liabilities</b>		<b>57,917,909</b>	<b>42,051,960</b>
<b>EQUITY</b>			
Share capital	12	148,867,243	148,867,243
Effect of business combinations under common control		(486,737,853)	(486,737,853)
Restricted reserves appropriated from profit		303,430,035	303,430,035
Adjustments to share capital		16,377,423	16,377,423
Share premiums / (discounts)		6,307,642	6,307,642
Repurchased shares (-)		(1,573,261)	(1,573,261)
Other comprehensive income or expenses that will not be reclassified subsequently to the profit or loss		98,365,495	98,365,495
<i>Gain on revaluation of property</i>		96,328,884	96,328,884
<i>Gain on remeasurement of defined     benefit plans</i>		699,430	699,430
<i>Gain on financial assets measured at fair value through     other comprehensive income</i>		1,337,181	1,337,181
Retained earnings		398,043,573	358,931,734
Net profit for the period		8,169,596	39,111,839
<b>Total equity</b>		<b>491,249,893</b>	<b>483,080,297</b>
<b>Total Liabilities and Equity</b>		<b>549,167,802</b>	<b>525,132,257</b>

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

# PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

		Current Period Reviewed 1 January - 30 June 2019	1 April - 30 June 2019	Prior Period Reviewed 1 January - 30 June 2018	1 April - 30 June 2018
Profit or loss					
Revenue		733,036	669,292	260,606	167,895
Cost of sales (-)		(41,310)	(32,816)	(109,402)	(102,531)
<b>Gross profit</b>		<b>691,726</b>	<b>636,476</b>	<b>151,204</b>	<b>65,364</b>
General administrative expenses	13	(6,178,200)	(3,125,343)	(6,076,866)	(3,094,330)
Income from other operating activities	14	3,337,713	3,026,582	1,449,115	1,364,363
Expenses from other operating activities	14	(16,709,503)	(4,905,729)	(682,707)	(634,165)
<b>Operating loss</b>		<b>(18,858,264)</b>	<b>(4,368,014)</b>	<b>(5,159,254)</b>	<b>(2,298,768)</b>
Income from investing activities	15	544,454	208,532	1,346,901	777,264
<b>Operating loss before financial income</b>		<b>(18,313,810)</b>	<b>(4,159,482)</b>	<b>(3,812,353)</b>	<b>(1,521,504)</b>
Financial income	16	28,885,668	8,870,537	45,046,442	33,342,713
Financial expenses	16	(194,935)	(68,859)	(426,383)	(232,032)
<b>Profit before tax from continued operations</b>		<b>10,376,923</b>	<b>4,642,196</b>	<b>40,807,706</b>	<b>31,589,177</b>
<b>Tax expense from continued operations</b>		<b>(2,207,327)</b>	<b>(1,016,875)</b>	<b>(9,973,488)</b>	<b>(8,181,408)</b>
Taxes on income		(5,103,457)	(1,419,513)	(8,650,953)	(6,706,102)
Deferred tax income / (expense)		2,896,130	402,638	(1,322,535)	(1,475,306)
<b>Net profit from continued operations</b>		<b>8,169,596</b>	<b>3,625,321</b>	<b>30,834,218</b>	<b>23,407,769</b>
<b>Net profit</b>		<b>8,169,596</b>	<b>3,625,321</b>	<b>30,834,218</b>	<b>23,407,769</b>
<b>Earnings per share from continued operations</b>		<b>0,0005</b>	<b>0,0003</b>	<b>0.0021</b>	<b>0.0016</b>
<b>Other comprehensive income</b>					
<b>Other comprehensive income</b>		-	-	44,752	44,752
<b>Total comprehensive income</b>		<b>8,169,596</b>	<b>3,625,321</b>	<b>30,878,970</b>	<b>23,452,521</b>

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

**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Share capital	Repurchased capital	Adjustments to share capital	Share premiums	Gain on revaluation of property	Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Restricted reserves appropriated from profit	Business combinations under common control	Retained earnings		Total equity
						Gain on remeasurement of defined benefit plans	Gain on financial assets measured at fair value through other comprehensive income			Prior Years' Income	Net Profit / (Loss) for the Period	
<b>1 January 2018</b>	<b>148,867,243</b>	<b>(1,573,261)</b>	<b>16,377,423</b>	<b>6,307,642</b>	<b>96,328,884</b>	<b>654,678</b>		<b>55,705,714</b>	<b>(486,737,853)</b>	<b>119,289,102</b>	<b>487,366,953</b>	<b>442,586,525</b>
<b>Regulations on compulsory changes in accounting standard TFRS 9 net effect</b>	-	-	-	-	-	-	6,768,950	-	-	-	-	6,768,950
<b>Balance after adjustment</b>	<b>148,867,243</b>	<b>(1,573,261)</b>	<b>16,377,423</b>	<b>6,307,642</b>	<b>96,328,884</b>	<b>654,678</b>	<b>6,768,950</b>	<b>55,705,714</b>	<b>(486,737,853)</b>	<b>119,289,102</b>	<b>487,366,953</b>	<b>449,355,475</b>
Transfers	-	-	-	-	-	-	-	247,724,321	-	239,642,632	(487,366,953)	-
Total comprehensive income	-	-	-	-	-	44,752	-	-	-	-	30,834,218	30,878,970
<b>30 June 2018</b>	<b>148,867,243</b>	<b>(1,573,261)</b>	<b>16,377,423</b>	<b>6,307,642</b>	<b>96,328,884</b>	<b>699,430</b>	<b>6,768,950</b>	<b>303,430,035</b>	<b>(486,737,853)</b>	<b>358,931,734</b>	<b>30,834,218</b>	<b>480,234,445</b>
<b>Restated 1 January 2019</b>	<b>148,867,243</b>	<b>(1,573,261)</b>	<b>16,377,423</b>	<b>6,307,642</b>	<b>96,328,884</b>	<b>699,430</b>	<b>1,337,181</b>	<b>303,430,035</b>	<b>(486,737,853)</b>	<b>358,931,734</b>	<b>39,111,839</b>	<b>483,080,297</b>
Transfers	-	-	-	-	-	-	-	-	-	39,111,839	(39,111,839)	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	8,169,596	8,169,596
<b>30 June 2019</b>	<b>148,867,243</b>	<b>(1,573,261)</b>	<b>16,377,423</b>	<b>6,307,642</b>	<b>96,328,884</b>	<b>699,430</b>	<b>1,337,181</b>	<b>303,430,035</b>	<b>(486,737,853)</b>	<b>398,043,573</b>	<b>8,169,596</b>	<b>491,249,893</b>

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

# PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

STATEMENT OF CASH FLOWS	Notes	Current Period Reviewed 30 June 2019	Prior Period Reviewed 30 June 2018
<b>A. Cash flows from operating activities</b>		<b>(3,497,714)</b>	<b>(1,519)</b>
<b>Net profit for the period</b>		<b>8,169,596</b>	<b>30,834,218</b>
<b>Adjustments to reconcile profit / (loss) for the period</b>		<b>(10,440,307)</b>	<b>(35,237,187)</b>
Adjustments for gains arised from sale of tangible and intangible assets		(116,102)	(734,826)
Adjustments for amortization and depreciation	9, 10	740,938	942,505
Adjustments for provisions related with employee benefits	11	486,784	34,580
Adjustments for lawsuit and/or penalty provisions	11	15,027,484	426,029
Adjustments for tax expense	17	2,207,327	8,973,662
Adjustments for interest income		(6,525,570)	(8,258,354)
Adjustments for unrealized currency translation differences		(22,261,168)	(36,620,783)
<b>Changes in working capital</b>		<b>(385,228)</b>	<b>7,508,207</b>
Adjustments for (increase) / decrease in inventories		(19,984)	109,402
Adjustments for increase in trade receivables		(54,318)	(221,440)
Adjustments for (increase) / decrease in other receivables		(758,459)	10,534,805
Adjustments for increase / (decrease) in trade payables		271,413	(945,154)
Adjustments for decrease in payables related to the employee benefits		(255,341)	(386,239)
Adjustments for decrease / (increase) in prepaid expenses		98,275	(81,172)
Adjustments for increase in other current assets		(1,086,172)	(396,241)
Adjustments for increase in other payables from operations		1,711,053	444,996
Adjustments for decrease in other current liabilities from operations		(261,303)	(1,539,020)
Adjustments for decrease in deferred income		(30,392)	(11,730)
<b>Cash generated from operations</b>		<b>(2,655,939)</b>	<b>3,105,238</b>
Payments made related to provisions for employee benefits	11	(111,106)	(191,384)
Payments made related to other provisions	11	(730,669)	(191,197)
Tax returns / (payments)		-	(2,724,176)
<b>B. Cash flows from investing activities</b>		<b>5,640,399</b>	<b>222,058</b>
Cash outflows of acquisitions of fixed assets		(1,925,370)	(1,074,123)
Proceeds from sales of fixed assets	9,10	116,102	1,299,780
Cash outflows of acquisitions of investment properties		-	(3,599)
Repayments from cash advances and payables to related parties		7,449,667	-
<b>C. Cash flows from financing activities</b>		<b>(629,122)</b>	<b>(228,939)</b>
Repayment of obligations under leases		(606,848)	(158,051)
Interest paid		(22,274)	(70,888)
<b>Increase/ (decrease) in cash and cash equivalents (A+B+C)</b>		<b>1,513,563</b>	<b>(8,400)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4</b>	<b>176,191</b>	<b>76,805</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>1,689,754</b>	<b>68,405</b>

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



# **PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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### **NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY**

Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (“Park Elektrik” or the “Company”) was established in 1994 and the Company engages in mining; mine ore and mineral extraction; mine processing; purification and refining of any kind of mine that it produces or provides; establishing and operating cogeneration plants for the need of electricity, energy and steam needs; excess energy sales; all kinds of fiber production from glass mine and mine in general; all kinds of production using fiber; electricity production and distribution and establishing and operating electricity plants; any kind of trading businesses in relation to such plants; establishing and processing plants for the electrical energy production and also engages in the acquisition, performing leasing transactions and energy sale of electrical energy production companies to companies with wholesale and retail licenses as well as regular customers through bilateral agreements.

On 17 November 2016, a landslide happened in the Madenköy copper minefield of the company located in Siirt, Şirvan and the production was suspended. The concentrated copper production assets were sold to Cengiz İnşaat Sanayi ve Ticaret A.Ş. on 17 March 2017. With this transaction, copper production operations of the company ceased.

The Company changed its existing operations following the sale of the copper production activity and purchased 100% of the shares of Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş. (“Konya Ilgın”) owned by the main shareholder of the Company, Park Holding A.Ş. and Turgay Ciner for USD 150,000,000. The purchase was approved at the General Assembly meeting held on 10 May 2017. This was followed by the subsequent transfer of shares.

Konya Ilgın, which is an associate, has the right to operate lignite coal through its mining operation license and royalty agreements and has an electricity generation and sales license. It is planned to build a thermal power plant with the fluidized bed boiler technology that will have an installed capacity of 500 MW in Ilgın District of Konya. In order to start lignite coal production from the open pit in the scope of the royalty agreement to which Konya Ilgın is a party, works to remove the covering layer on the coal bed have been started and it is planned to start coal production activity in the last quarter of this year. The Company, together with its subsidiary Konya Ilgın, is collectively referred to as the “Group”.

The Company has also signed a contract with a sub-contractor for the operation of the bauxite field in Islahiye District of Gaziantep province, where it holds the operating license, and it is planned to start to generate royalty income in the third quarter of this year.

The Company’s legal headquarter is located at Paşalimanı Caddesi No: 41 Üsküdar / Istanbul.

As of 30 June 2019, the Company has 32 employees (31 December 2018: 27).

Shares of the Company is listed on Borsa Istanbul since 1997.

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

The Company’s shareholding structure is presented as below:

Shareholders	30 June 2019		31 December 2018	
	Shareholding Ratio	Amount	Shareholding Ratio	Amount
Park Holding A.Ş.	61.24	91,168,622	61.24	91,168,622
Turgay Ciner	6.76	10,065,983	6.76	10,065,983
Other	32,00	47,632,638	32,00	47,632,638
<b>Total</b>	<b>100</b>	<b>148,867,243</b>	<b>100</b>	<b>148,867,243</b>

The Company and the Company’s immediate parent Park Holding A.Ş. are ultimately controlled by Turgay Ciner.

#### The company included in consolidation:

##### Subsidiaries:

The Group has included the following subsidiary in the accompanying consolidated financial statements in accordance with the principles of consolidation.

Company title	Operations	Country
Konya Ilgın	Electricity generation and sales	Turkey

#### Approval of Financial Statements

The financial statements were approved by the Board of Directors and authorized for issue on 8 August 2019. The Company’s General Assembly has the authority to alter financial statements.

#### NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS

##### 2.1 Basis of Presentation

##### Statement of Compliance

The accompanying interim consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which were published in the Official Gazette No: 28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards (“TFRS”) / Turkish Accounting Standards (“TAS”) and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué. Moreover, the financial statements are prepared in accordance with the CMB's publicly disclosed financial statement formats and the TFRS / TAS taxonomy announced by Central Registry Agency .

# PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of Presentation (Continued)

The Group prepared its interim financial statements as of 30 June 2019 in accordance with TAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements do not include all information required to be included in the annual financial statements and should be read in conjunction with the annual financial statements of the Group as of 31 December 2018.

The Group maintains its books of accounts and statutory accounts in accordance with accounting principles set out in the Turkish Commercial Code (“TCC”) and tax legislation.

The consolidated financial statements are prepared in Turkish Lira based on the historical cost except for investment properties and financial assets and liabilities which are presented in fair values.

#### Functional Currency

Consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are expressed in Turkish Lira (“TRY”), which is the functional and presentation currency of the Group.

#### Comparative Information and Correction to Previous Year Financial Statements

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. The Group has prepared the consolidated statement of financial position as of 30 June 2019 comparatively with the statement of financial position as of 31 December 2018 and the Group has compiled the comprehensive income statement, the cash flow statement and the statement of changes in equity for the period ended 30 June 2019 comparatively with the financial statements for the period ended 30 June 2018.

#### Going Concern

The consolidated financial statements have been prepared on the basis of the going concern assuming that the Group will benefit from its assets and fulfil its liabilities in the next year and within the natural flow of its operations.

#### Basis for consolidation

#### **Subsidiaries**

Subsidiaries are companies in which the Group has control, including structured entities. Control of the Group is ensured by the exposure to variable returns in these companies, the right to be entitled to these assets and the ability to direct them. Subsidiaries are consolidated by using the full consolidation method from the date of transition. They are excluded from the scope of consolidation as of the date on which the control is over.

The assets, liabilities, equity items, income and expense accounts of the subsidiaries and cash flow movements are included in the consolidated financial statements by full consolidation method. The carrying values of the shares of Park Elektrik and subsidiaries are eliminated against the related equity.

<b>Subsidiaries</b>	<b>Operations</b>	<b>Ownership ratio (%)</b>
Konya Ilgın	Electricity production and sales	100,00

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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#### NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS (Continued)

##### 2.2 New and Revised Turkish Accounting Standards:

###### a) Amendments and interpretations to existing and new standards as of 30 June 2019

**IFRS 9, “Financial instruments”;** effective for annual periods beginning on or after 1 January 2019. This amendment clarifies two issues: when considering whether a financial asset represents only interest on the principal and principal, it may be considered that early repayment may be both negative and positive cash flows, and that a financial liability measured at amortized cost is changed without incurring the result of the derecognition, confirms that the resulting gain or loss is recognized directly in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This, it is not possible to account for the difference over the remaining life of the instrument, unlike TAS 39.

**TAS 28, “Changes in Investments in Associates and Joint Ventures”;** effective for annual periods beginning on or after 1 January 2019. It has become clear that long-term associates or joint ventures that the companies do not use equity method will be accounted by using IFRS 9.

**IFRS 16, “Leases”;** effective from annual periods beginning on or after 1 January 2019, this standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The group lessor activities are immaterial.

**IFRIC 23, “Uncertainty over income tax treatments”;** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 Income Taxes, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that TAS 12, not TAS 37 “Provisions, contingent liabilities and contingent assets”, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS (Continued)

##### 2.2 New and Revised Turkish Accounting Standards (Continued)

**Annual improvements 2015 - 2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- TFRS 3, “Business Combinations”, a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- TFRS 11, “Joint Arrangements”, a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- TAS 12, “Income Taxes”, a company accounts for all income tax consequences of dividend payments in the same way.
- TAS 23, “Borrowing Costs”, a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

**TAS 19 “Employee Benefits”, amendments to the plan, improvements for reduction or fulfilment;** effective for annual reporting periods beginning on or after 1 January 2019. These amendments require the following changes:

- For the period after the amendment, reduction and fulfilment of the plan, the use of current assumptions to determine the current service cost and net interest;
- Recognition of profit or loss as part of prior period service cost, or any reduction in excess value, even if it has not been previously recognized in the financial statements as a result of the asset ceiling effect to financial statements.

##### b) Standards and amendments that were promulgated as of 30 June 2019 but not effective yet:

**Amendments to TAS 1 and TAS 8 materiality definition;** effective for annual periods beginning on or after 1 January 2020. The amendments to TAS 1 “Presentation of Financial Statements” and TAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and depending on those changes other changes in TFRS’s are as follows;

- i) the use of materiality definition consistent with TFRS and financial reporting framework
- ii) clarification of the definition of materiality and
- iii) the inclusion of some guidance in TAS 1 for non-material information.

**Amendments to TFRS 3 - business definition;** is effective for annual periods beginning on or after 1 January 2020. With this amendment, the definition of business was revised. Based on the feedback received by the TASB, it is generally considered that existing implementation guidance is too complex and results in too much action to meet the definition of business combinations.

**TFRS 17, “Insurance Contracts”;** is effective for annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently allows for a wide range of applications. TFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation.

##### 2.3 Summary of Significant Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. The accounting policies used in the preparation of the consolidated financial statements for the three months period ended 30 June 2019 are consistent with the accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2018.

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 3 - SEGMENT REPORTING

None.

#### NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2019	31 December 2018
Cash on hand	423	941
Cash in banks	1,689,331	175,250
<i>Demand deposits</i>	<i>1,689,331</i>	<i>175,250</i>
	<b>1,689,754</b>	<b>176,191</b>

As of 30 June 2019, the Group has no blocked cash or cash equivalents (31 December 2018: None).

#### NOTE 5 - FINANCIAL INVESTMENTS

##### a) Short-term financial investments

As of 30 June 2019, the Group has no short-term financial investments (31 December 2018: None).

##### b) Long-term financial investments

As of 30 June 2019, the Group’s long-term financial investments is as follows:

	30 June 2019	31 December 2018
<b>Long-term financial investments</b>		
Financial investments	11,405,300	11,405,300
	<b>11,405,300</b>	<b>11,405,300</b>

	30 June 2019		31 December 2018	
	Shareholding Ratio (%)	Amount	Shareholding Ratio (%)	Amount
Park Termik Elektrik San. ve Tic. A.Ş.	10	11,405,300	10	11,405,300
	<b>10</b>	<b>11,405,300</b>		<b>11,405,300</b>

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 6 - TRADE RECEIVABLES AND PAYABLES

##### Trade Receivables

<b>Short-term trade receivables</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Trade receivables	4,518,815	4,167,161
Trade receivables from related parties (Note 19)	70,131	91,617
Notes receivable	60,101	-
Allowance for doubtful trade receivables (-)	(4,491,523)	(4,156,205)
	<b>157,524</b>	<b>102,573</b>

Maturity analysis of receivables is given in Note 21.

Maturity analysis of allowance for doubtful receivables is as follows:

	<b>30 June 2019</b>	<b>31 December 2018</b>
Within 1 - 5 years	-	-
5 years or more	4,491,523	4,156,205
	<b>4,491,523</b>	<b>4,156,205</b>

Allowance has been made for estimated irrecoverable amounts. Allowance is determined based on the Group’s past experience. While the Group makes estimations on the collectability of its receivables, it assesses whether there are any changes to the loan quality of these receivables as of reporting date. Therefore, the Group’s Management believes allowance doubtful receivable amount presented in the accompanying consolidated financial statements are appropriate.

The movement of allowance for doubtful receivables is as follows:

<b>Movement of allowance for doubtful trade receivables</b>	<b>1 January - 30 June 2019</b>	<b>1 January 30 June 2018</b>
Opening balance, 1 January	(4,156,205)	(3,204,477)
Foreign currency exchange differences	(335,318)	(535,207)
<b>Closing balance, 30 June</b>	<b>(4,491,523)</b>	<b>(3,739,684)</b>

##### Trade Payables

<b>Short-term trade payables</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Trade payables	3,973,847	848,250
Trade payables to related parties (Note 19)	453,463	187,525
	<b>4,427,310</b>	<b>1,035,775</b>

As of 30 June 2019, average maturity of trade payables is 60 days (31 December 2018: 60 days).

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 7 - OTHER RECEIVABLES AND PAYABLES

<b>Other short-term receivables</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Due from related parties (Note 19)	75,839,098	20,783,756
Other trade receivables	3,814,816	619,973
Allowance for doubtful trade receivables (-)	(609,483)	(609,483)
	<b>79,044,431</b>	<b>20,794,246</b>

<b>Other long-term receivables</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Due from related parties (Note 19)	191,511,537	225,130,996
Deposits and guarantees given	161,515	149,884
	<b>191,673,052</b>	<b>225,280,880</b>

<b>Other short-term payables</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Deposits and guarantees received	2,493,695	781,800
Due to related parties (Note 19)	10,668	2,803
Other payables	-	600,519
	<b>2,504,363</b>	<b>1,385,122</b>

#### NOTE 8 - INVESTMENTS PROPERTIES

<b>Fair Value</b>	<b>Buildings</b>
<b>Opening balance, 1 January 2019</b>	<b>202,082,841</b>
Expenses related to investment properties	-
<b>Carrying value as of 30 June 2019</b>	<b>202,082,841</b>

As of 30 June 2019, there are no mortgages on the Group’s investments properties (31 December 2018: None).

<b>Fair Value</b>	<b>Buildings</b>
<b>Opening balance, 1 January 2018</b>	<b>222,442,000</b>
Expenses related to investment properties	3,599
<b>Carrying value as of 30 June 2018</b>	<b>222,445,599</b>

As of 31 December 2018, the fair values of investment properties of the Group are authorized by CMB and determined by independent valuation companies which provide real estate valuation services in accordance with capital market legislation. The fair value of the investment properties is determined according to the precedent comparison approach.



**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 8 - INVESTMENTS PROPERTIES (Continued)**

Details of the Group’s investment properties and information about the fair value hierarchy as at 30 June 2019 and 31 December 2018 is as follows:

		<b>Fair value as of reporting date</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		<b>TRY</b>	<b>TRY</b>	<b>TRY</b>
<b>Lands</b>	<b>84,469,853</b>	-	<b>84,469,853</b>	-
- Ceyhan	38,349,853	-	38,349,853	-
- Edirne	46,120,000	-	46,120,000	-
<b>Buildings</b>	<b>117,612,988</b>	-	<b>117,612,988</b>	-
- Ceyhan	16,032,988	-	16,032,988	-
- Edirne	4,580,000	-	4,580,000	-
- Şişhane	97,000,000	-	97,000,000	-

There has been no transition between levels in the current period.

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Cost	Land Improvements	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
<b>Opening balance, 1 January 2019</b>	<b>7,500</b>	<b>6,326,077</b>	<b>221,431</b>	<b>608,370</b>	<b>54,775</b>	<b>2,230,901</b>	<b>9,449,054</b>
Additions	-	671,002	-	8,281	-	521,940	1,201,223
Disposal	-	(78,522)	-	-	-	-	(78,522)
<b>Closing balance, 30 June 2019</b>	<b>7,500</b>	<b>6,918,557</b>	<b>221,431</b>	<b>616,651</b>	<b>54,775</b>	<b>2,752,841</b>	<b>10,571,755</b>
<b>Accumulated depreciation</b>							
<b>Opening balance, 1 January 2019</b>	<b>41</b>	<b>4,576,602</b>	<b>191,237</b>	<b>549,482</b>	<b>1,318</b>	-	<b>5,318,680</b>
Charge for the period	250	195,354	4,314	5,441	2,236	-	207,595
Disposals	-	(78,522)	-	-	-	-	(78,522)
<b>Closing balance, 30 June 2019</b>	<b>291</b>	<b>4,693,434</b>	<b>195,551</b>	<b>554,923</b>	<b>3,554</b>	-	<b>5,447,753</b>
<b>Carrying value as of 1 January 2019</b>	<b>7,459</b>	<b>1,749,475</b>	<b>30,194</b>	<b>58,888</b>	<b>53,457</b>	<b>2,230,901</b>	<b>4,130,374</b>
<b>Carrying value as of 30 June 2019</b>	<b>7,209</b>	<b>2,225,123</b>	<b>25,880</b>	<b>61,728</b>	<b>51,221</b>	<b>2,752,841</b>	<b>5,124,002</b>

As of 30 June 2019, there are no mortgages or pledges on the Group’s property, plant and equipment.

**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

<b>Cost</b>	<b>Land</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furniture and fixture</b>	<b>Construction in progress</b>	<b>Total</b>
<b>Opening balance, 1 January 2018</b>	<b>1,196,089</b>	<b>6,730,730</b>	<b>2,119,991</b>	<b>557,526</b>	<b>7,081,119</b>	<b>17,685,455</b>
Additions	-	-	-	-	558,405	558,405
Transfers	(1,196,089)	-	-	-	(5,697,096)	(6,893,185)
Disposals	-	(837,288)	(1,898,560)	(7,042)	(6,480)	(2,749,370)
<b>Closing balance, 30 June 2018</b>	<b>-</b>	<b>5,893,442</b>	<b>221,431</b>	<b>550,484</b>	<b>1,935,948</b>	<b>8,601,305</b>
<b>Accumulated depreciation</b>						
<b>Opening balance, 1 January 2018</b>	<b>-</b>	<b>4,531,602</b>	<b>1,841,642</b>	<b>548,753</b>	<b>-</b>	<b>6,921,997</b>
Charge for the period	-	181,406	212,695	4,453	-	398,554
Investment transfers	-	-	-	-	-	-
Disposals	-	(308,235)	(1,869,139)	(7,042)	-	(2,184,416)
<b>Closing balance, 30 June 2018</b>	<b>-</b>	<b>4,404,773</b>	<b>185,198</b>	<b>546,164</b>	<b>-</b>	<b>5,136,135</b>
<b>Carrying value as of 1 January 2018</b>	<b>1,196,089</b>	<b>2,199,128</b>	<b>278,349</b>	<b>8,773</b>	<b>7,081,119</b>	<b>10,763,458</b>
<b>Carrying value as of 30 June 2018</b>	<b>-</b>	<b>1,488,669</b>	<b>36,233</b>	<b>4,320</b>	<b>1,935,948</b>	<b>3,465,170</b>

As of 30 June 2018, there are no mortgages or pledges on the Group’s property, plant and equipment.

# PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 10 - INTANGIBLE ASSETS

Cost	Mine preparation development expenses	Mine search expenses	Rights	Total
Opening balance, 1 January 2019	29,571,000	791,205	24,812,466	55,174,671
Additions	3,903,029	-	4,951	3,907,980
Closing balance, 30 June 2019	33,474,029	791,205	24,817,417	59,082,651
<b>Accumulated amortization</b>				
Opening balance, 1 January 2019	-	632,964	4,791,999	5,424,963
Charge for the period	-	79,121	454,222	533,343
Closing balance, 30 June 2018	-	712,085	5,246,221	5,958,306
Carrying value as of 1 January 2019	29,571,000	158,241	20,020,467	49,749,708
Carrying value as of 30 June 2019	33,474,029	79,120	19,571,196	53,124,345
Cost	Mine preparation development expenses	Mine search expenses	Rights	Total
Opening balance, 1 January 2018	21,828,491	791,205	24,812,466	47,432,162
Additions	515,718	-	-	515,718
Transfer	6,893,185	-	-	6,893,185
Closing balance, 30 June 2018	29,237,394	791,205	24,812,466	54,841,065
<b>Accumulated amortization</b>				
Opening balance, 1 January 2018	-	474,723	3,872,371	4,347,094
Charge for the period	-	79,121	464,830	543,951
Closing balance, 30 June 2018	-	553,844	4,337,201	4,891,045
Carrying value as of 1 January 2018	21,828,491	316,482	20,940,095	43,085,068
Carrying value as of 30 June 2018	29,327,394	237,361	20,475,265	49,950,020

### NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### a) Short-term provisions

Short-term provisions for employee benefits	30 June 2019	31 December 2018
Unused vacation liability	702,818	498,586
	<b>702,818</b>	<b>498,586</b>

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### a) Short-term provisions (Continued)

The movement of provisions for unused vacation liability during the current period is presented as below:

	1 January- 30 June 2019	1 January- 30 June 2018
<b>Opening balance</b>	<b>498,586</b>	<b>894,779</b>
Increases during the period / (provisions no longer required)	204,232	(276,378)
Paid during the period (-)	-	(40,097)
<b>Closing Balance</b>	<b>702,818</b>	<b>578,304</b>
<b>Other short-term provisions</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Provisions for litigation	29,860,154	15,563,339
Other	-	326
	<b>29,860,154</b>	<b>15,563,665</b>

As of 30 June 2019, total of provisions set for pending lawsuits filed against the Group amounts to TRY29,860,154 (31 December 2018: TRY15,563,339).

As explained above, the Group, in the current period, has become a party to various lawsuits as both a defendant and plaintiff during the course of its business. A significant portion of the Group’s current lawsuits are labour lawsuits related to the Madenköy business in the Şirvan district of Siirt, which was closed down in 2017 and includes the claims of the Company’s personnel and sub-contractors. In this respect, the Group management believes that there are no undisclosed or uncovered lawsuits and legal proceedings that may have an adverse effect over the Group’s financial position or results of its operations.

The movement of provisions for litigation during the current period is presented as below:

	1 January 30 June 2019	1 January 30 June 2018
<b>Opening balance, 1 January</b>	<b>15,563,339</b>	<b>11,579,912</b>
Charge for the period	15,027,484	426,029
Payment during the period (-)	(730,669)	(191,197)
<b>Closing balance, 30 June</b>	<b>29,860,154</b>	<b>11,814,744</b>
<b>b) Long-term provisions</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Retirement pay provisions	3,433,951	3,262,505
	<b>3,433,951</b>	<b>3,262,505</b>

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### b) Long-term provisions (Continued)

###### Provision for employee termination benefits

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month’s salary limited to a maximum of TRY6,017.60 for each period of service at 30 June 2019 (31 December 2018: TRY5,434.42).

The liability is not funded, as there is no funding requirement.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Revised TAS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate an entity’s obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 June 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption 4.96% real discount rate (31 December 2018: 4.96%) calculated by using 9,18% annual inflation rate and 14,60% discount rate. Voluntary leave rates are also taken into consideration as 5.16% for employees 0 - 15 years and 0% for employees 15 years and over.

Ceiling amount of TRY 6,379.86 which is in effect since 1 July 2019 is used in the calculation of Group’s provision for retirement pay liability.

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

The movement of the employment termination benefits is as follows:

	1 January- 30 June 2019	1 January- 30 June 2018
<b>Opening balance</b>	<b>3,262,505</b>	<b>3,232,461</b>
Service cost	202,295	245,052
Interest cost	80,257	65,906
Actuarial gain	-	(55,940)
Payments during the period (-)	(111,106)	(151,287)
<b>Closing balance</b>	<b>3,433,951</b>	<b>3,336,192</b>

**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

**c) Guarantees received and given**

Guarantees received (TRY)	30 June 2019		31 December 2018	
	FC Balance	Equivalent of TRY	FC Balance	Equivalent of TRY
Promissory cheques (TRY)	30,000	30,000	30,000	30,000
Promissory notes (TRY)	200,126,000	200,126,000	200,272,100	200,272,100
Promissory notes (EUR)	1,120	7,337	437,020	2,634,357
Cash guarantees (TRY)	781,783	781,783	781,800	781,800
Cash guarantees (USD)	250,000	1,438,775	-	-
<b>Total</b>		<b>202,383,895</b>		<b>203,718,257</b>

The details of the Group’s Guarantees/Pledges/Mortgages (“GPMs”) position as of 30 June 2019 and 31 December 2018 is presented as follows:

30 June 2019	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	54,280,904	54,280,904
<i>Guarantee letters</i>	54,122,857	54,122,857
<i>Cash guarantees</i>	158,047	158,047
B. GPMs given on behalf of consolidated subsidiaries	-	-
C. GPMs given to behalf of third parties within ordinary business activities	-	-
D. GPMs given for other purposes	-	-
<b>Total (*)</b>	<b>54,280,904</b>	<b>54,280,904</b>

(\*) All guarantees, pledges and mortgages included in the above table are denominated in TRY.

31 December 2018	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	52,632,597	52,632,597
<i>Guarantee letters</i>	52,397,357	52,397,357
<i>Cash guarantees</i>	135,240	135,240
<i>Pledges</i>	100,000	100,000
B. GPMs given on behalf of consolidated subsidiaries	0	0
C. GPMs given to behalf of third parties within ordinary business activities	0	0
D. GPMs given for other purposes	0	0
<b>Total (*)</b>	<b>52,632,597</b>	<b>52,632,597</b>

(\*) All guarantees, pledges and mortgages included in the above table are denominated in TRY.

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 12 - EQUITY

##### a) Share Capital

The Company’s share capital structure as of 30 June 2019 and 31 December 2018 is presented as follows:

Shareholders	30 June 2019		31 December 2018	
	Shareholding ratio (%)	Amount	Shareholding ratio (%)	Amount
Park Holding A.Ş.	61.24	91,168,622	61.24	91,168,622
Turgay Ciner	6.76	10,065,983	6.76	10,065,983
Other	32.00	47,632,638	32.00	47,632,638
<b>Total</b>	<b>100.00</b>	<b>148,867,243</b>	<b>100.00</b>	<b>148,867,243</b>

#### Information Regarding to Equity Shares

Group	Type	Nominal Value (TRY)	Share Participation (%)	Rights
A	In the name	18,290,866	12.29	Election of 6 members of the Board of Directors
B	In the name	130,576,377	87.71	Election of 3 members of the Board of Directors
		<b>148,867,243</b>	<b>100.00</b>	

The issued capital of the Company is TRY 148,867,243 and the registered capital ceiling is TRY 300,000,000.

##### b) Restricted reserves appropriated from profit

50% of the profits arising from the sales of the immovable included in the assets of the institutions for at least two full years in accordance with the first paragraph of the 5<sup>th</sup> Article of the Tax Law No.5520 (e) by themselves (the effective date of the Article 89 of the Law No. 7061 dated 05.12.2017 the 75% portion of the sales made before the date of the sale) is exempt from the corporation tax and the exceptional amount is exempted from the corporation tax and the exempted portion of the sales profit must be held in a special fund account until the end of the fifth year following the sale.

In the ordinary General Assembly meeting of the Company held on 12 June 2018, the Company has decided to appropriate a general legal reserve amounting to TRY4,189,336, which is calculated in accordance with the related legislation and allocate 75% of the profits derived from the sale of immovable properties related to copper production activities by reporting that amount under equity as a special reserve to benefit from the tax exemption in accordance with the first paragraph (e) of the fifth paragraph of Article 5 of the Corporate Tax Law numbered 5520, which is TRY243,523,090. In this context, the related amounts in the Group’s financial statements as of 30 June 2019 are reported as “Restricted Reserves Appropriated from Profit”.



# PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### NOTE 12 - EQUITY (Continued)

#### c) Increase / (decrease) in revaluation of property, plant and equipment

The revaluation fund is the difference between lands and buildings reflected in fair value and net book value on a cost basis after the deferred tax effect is deducted.

Properties that were previously recognised as property, plant and equipment were transferred to investment property as of 31 March 2017 reporting period due to change in their intended use and recognised with fair value method. Accordingly, the Group accounted the fair value increase amounting to TRY 96,328,884 before the transfer, as the revaluation fund in the consolidated financial statements prepared as of 30 June 2018 by eliminating the tax effect in equity.

### NOTE 13 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Personnel expenses	3,065,983	1,344,938	1,874,292	949,929
Amortization expenses	740,938	370,118	942,504	487,695
Rent expenses	659,181	333,341	564,102	286,803
Outsource benefits and services	488,676	265,810	-	-
Consultancy and expense shares	225,651	106,582	1,485,547	685,904
Taxes and other legal expenses	181,745	158,479	183,540	157,467
Donation and aid expenses	3,145	600	900	450
Other	812,881	545,475	1,025,981	526,082
	<b>6,178,200</b>	<b>3,125,343</b>	<b>6,076,866</b>	<b>3,094,330</b>

### NOTE 14 - OTHER INCOME / (EXPENSES) FROM OPERATING ACTIVITES

Other income from operating activities	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Provision no longer be required	2,409,784	2,114,471	281,586	254,308
Exceptions and discounts	830,834	830,834	1,000,000	1,000,000
Interest income	59,792	56,527	14,100	6,850
Exchange difference income	8,060	8,060	153,366	103,142
Other	29,243	16,690	63	63
	<b>3,337,713</b>	<b>3,026,582</b>	<b>1,449,115</b>	<b>1,364,363</b>

Other expense from operating activities	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Provision expenses	16,706,601	4,903,144	510,000	510,000
Interest expense	2,892	2,585	128	128
Exchange difference expenses	10	-	131,249	109,099
Other	-	-	41,330	14,938
	<b>16,709,503</b>	<b>4,905,729</b>	<b>682,707</b>	<b>634,165</b>

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 15 - INCOME FROM INVESTING ACTIVITIES

<b>Income from investing activities</b>	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Rent income	428,352	198,362	612,075	243,146
Income from sales of tangible and intangible assets	116,102	10,170	734,826	534,118
	<b>544,454</b>	<b>208,532</b>	<b>1,346,901</b>	<b>777,264</b>

#### NOTE 16 - FINANCIAL INCOME / (EXPENSES)

<b>Financial Income</b>	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Foreign exchange income	22,392,796	5,738,443	36,695,310	28,461,179
Interest income	6,492,872	3,132,094	8,351,132	4,881,534
	<b>28,885,668</b>	<b>8,870,537</b>	<b>45,046,442</b>	<b>33,342,713</b>

<b>Financial Expenses</b>	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Foreign exchange losses	139,678	44,625	259,703	195,926
Interest expenses	24,202	8,670	145,076	24,614
Other financial expenses	31,055	15,564	21,604	11,492
	<b>194,935</b>	<b>68,859</b>	<b>426,383</b>	<b>232,032</b>

#### NOTE 17 - DEFERRED TAX ASSETS AND LIABILITIES

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes.

The tax rate used in the calculation of deferred tax assets and liabilities is 22% (31 December 2018: 22%).

	<b>1 January - 30 June 2019</b>	<b>1 January - 31 December 2018</b>
Deferred tax assets	837,391	211,519
Deferred tax liabilities (-)	(15,676,186)	(17,946,445)
<b>Deferred tax liabilities, net</b>	<b>(14,838,795)</b>	<b>(17,734,926)</b>

**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 17 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)**

<b>Deferred tax assets / (liabilities)</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Valuation differences of investment properties	(18,630,650)	(18,099,951)
Adjustments for tangible and intangible assets	(3,801,838)	(3,891,633)
Provision for retirement pay and unused vacation	841,410	762,190
Evaluation differences on financial investments	(77,825)	-
Discount on receivable and payables	(12,964)	(346)
Provisions of liability and expense	6,571,719	3,432,670
Other	1,353	62,144
	<b>(14,838,795)</b>	<b>(17,734,926)</b>

<b>Tax Reconciliation</b>	<b>1 January - 30 June 2019</b>	<b>1 January - 31 December 2018</b>
Profit before tax for the year from continued operations	10,376,923	40,807,706
Applicable tax rate	22%	22%
Calculated tax expense	(2,282,923)	(8,977,695)
Non-deductible expenses	(6,941)	-
Exceptions	(15,883)	-
Other	98,420	(995,793)
<b>Total tax expense of continued operations</b>	<b>(2,207,327)</b>	<b>(9,973,488)</b>

**NOTE 18 - EARNINGS PER SHARE**

<b>Earnings per share</b>	<b>1 January - 30 June 2019</b>	<b>1 January - 30 June 2018</b>
Average number of shares in circulation during the period (in full)	14,886,724,300	14,886,724,300
Net profit for attributable to equity holders of the Group	8,169,596	30,834,218
<b>Basic and diluted earnings per share</b>	<b>0,0005</b>	<b>0,0021</b>

# PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 19 - RELATED PARTY DISCLOSURES

#### Due from Related Parties

Related party	Type of Relationship	30 June 2019		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş.	Shareholder	-	267,348,570	267,348,570
Silopi Elektrik Üretim A.Ş.	Group Company	35,444	2,065	37,509
Park Teknik Elekt.Maden.Turizm.San. Tic. A.Ş.	Group Company	34,687	-	34,687
<b>Total</b>		<b>70,131</b>	<b>267,350,635</b>	<b>267,420,766</b>

Related party	Type of Relationship	31 December 2018		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş.	Shareholder	-	245,914,752	245,914,752
Silopi Elektrik Üretim A.Ş.	Group Company	57,169	-	57,169
Park Teknik Elekt.Maden.Turizm.San. Tic. A.Ş.	Group Company	34,448	-	34,448
<b>Total</b>		<b>91,617</b>	<b>245,914,752</b>	<b>246,006,369</b>

The Group’s interest rates applied for TL January - March: 22.66% and April - June: 24.46% (2018: January - March: 14.82%, April - June: 21.16%). For USD, January - March: 4.84% and April - June: 4.41% (2018: January - March: 6.01%, April - June: 6.90%).

#### Due to Related Parties

Related party	Type of Relationship	30 June 2019		Total
		Trade Payables	Other Payables	
Park Teknik Elekt. Maden Turizm San. Tic. A.Ş.	Group Company	119,177	69	119,246
Silopi Elektrik Üretim A.Ş.	Group Company	11,782	1,003	12,785
Park Holding A.Ş.	Shareholder	165,250	-	165,250
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	11,589	6,793	18,382
Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.	Group Company	25,462	-	25,462
Park Sig. Ara. Hiz. Ltd. Şti.	Group Company	120,203	-	120,203
Dividends payables to other related parties		-	2,803	2,803
<b>Total</b>		<b>453,463</b>	<b>10,668</b>	<b>464,131</b>

Related party	Type of Relationship	31 December 2018		Total
		Trade Payables	Other Payables	
Silopi Elektrik Üretim A.Ş.	Group Company	21,257	-	21,257
Park Holding A.Ş.	Shareholder	160,422	-	160,422
Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.	Group Company	2,743	-	2,743
Park Sigorta Ara. Hiz. Ltd. Şti.	Group Company	3,103	-	3,103
Dividends payables to other related parties		-	2,803	2,803
<b>Total</b>		<b>187,525</b>	<b>2,803</b>	<b>190,328</b>

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

##### Goods and Services Purchased from Related Parties

30 June 2019								
Related party	Type of Relationship	Goods	Service	Fixes Assets	Fixed expense	Financial Rent	Other	Total
Silopi Elektrik Üretim A.Ş.	Group Company	98,685	-	-	1,579	-	45,895	146,159
Park Holding A.Ş.	Shareholder	-	7,187	-	-	406,410	851,292	1,264,889
Park Teknik Madencilik Turizm San. ve Tic. A.Ş.	Group Company	59,596	92,765	-	2,029	-	10,055	164,445
Park Termik Elektrik San.ve Tic. A.Ş.	Associate	28,562	26,934	-	1,182	-	46,285	102,963
Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	161,343	-	-	-	-	161,343
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	10,500	-	30	26,500	25	37,055
Ciner Turizm Tic. İnş. Servis Hizm. A.Ş.	Group Company	-	913	-	-	-	-	913
<b>Total</b>		<b>186,843</b>	<b>299,642</b>	<b>-</b>	<b>4,820</b>	<b>432,910</b>	<b>953,552</b>	<b>1,877,767</b>

30 June 2018								
Related party	Type of Relationship	Goods	Service	Fixes Assets	Fixed expense	Financial Rent	Other	Total
Silopi Elektrik Üretim A.Ş.	Group Company	61,693	-	-	24	-	30,497	92,214
Park Holding A.Ş.	Shareholder	-	1,314,371	-	-	357,000	654,200	2,325,571
Park Teknik Madencilik Turizm San.ve Tic. A.Ş.	Group Company	-	-	-	6,573	-	83	6,656
Park Termik Elektrik San.ve Tic. A.Ş.	Associate	-	-	-	1,852	-	40,300	42,152
Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	129,737	-	121	-	1,058	130,916
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	-	-	446	18,444	2,537	21,427
Ciner Maden Proje ve Teknik Danışmanlık A.Ş.	Group Company	-	21,000	110,700	-	-	-	131,700
<b>Total</b>		<b>61,693</b>	<b>1,465,108</b>	<b>110,700</b>	<b>9,016</b>	<b>375,444</b>	<b>728,675</b>	<b>2,750,636</b>

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

##### Goods and Services Sold to Related Parties

30 June 2019						
Related party	Type of Relationship	Goods	Financial Income	Rent	Other	Total
Park Holding A.Ş.	Shareholder	-	28,884,972	-	-	28,884,972
Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	494	-	-	494
Silopi Elektrik Üretim A.Ş.	Group Company	-	420	125,920	-	126,340
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	133,808	1,754	-	-	135,563
Park Teknik Mad. Turz. San. ve Tic. A.Ş.	Group Company	-	545	184,500	244	185,289
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	-	-	2,072	2,072
<b>Total</b>		<b>133,308</b>	<b>28,888,185</b>	<b>310,420</b>	<b>2,316</b>	<b>29,334,730</b>

30 June 2018						
Related party	Type of Relationship	Goods	Financial Income	Rent	Other	Total
Park Holding A.Ş.	Shareholder	-	45,028,908	-	187	45,029,095
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	427	-	-	427
Silopi Elektrik Üretim A.Ş.	Group Company	-	2,085	91,920	-	94,005
Kasimpaşa Sportif Faaliyetler A.Ş.	Group Company	-	-	-	8	8
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	188,853	5,617	-	-	194,470
Park Teknik Mad. Turz. San. ve Tic. A.Ş.	Group Company	-	19,024	130,000	-	149,024
<b>Total</b>		<b>188,853</b>	<b>45,056,061</b>	<b>221,920</b>	<b>195</b>	<b>45,467,029</b>

##### Benefits provided to directors and executive personnel (\*)

	1 January - 30 June 2019	1 January - 30 June 2018
Wages, premiums and other similar benefits	78,495	158,080
Benefits related to retirement pay and unused vacation	-	121,705

(\*) The senior executives consist of the members of the Board of Directors of the Company and its subsidiaries, the General Manager and the Assistant General Managers. Pursuant to the resolution adopted at the Ordinary General Assembly meeting, only independent members of the Board of Directors are remunerated.

## **PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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#### **NOTE 19 - RELATED PARTY DISCLOSURES (Continued)**

##### **Park Holding A.Ş.**

The Group provides a portion of the generated cash surplus as financial debt to its main shareholder, Park Holding A.Ş.. The Group obtains interest income at the interest rates stated above for the financial assets.

As discussed above, the Group applies the maturity gap for all financial and commercial transactions with related parties. As a result of this, the Group earned interest income amounting to TRY28,884,972 in 2019 (30 June 2018: TRY45,028,908).

##### **Other Group Companies**

The Group received machinery equipment, vehicle and labour force from Park Teknik Madencilik Turizm Sanayi ve Ticaret A.S and Park Termik Elektrik Sanayi ve Madencilik A.Ş.

The Group purchases electricity energy from Silopi Elektrik Üretim A.Ş. to be used in investment properties.

The Group leases cars from Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş..

The Group purchases insurance policy from Park Sigorta Aracılık Hizmetleri Ltd. Şti..

#### **NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

##### **a) Capital Risk Management**

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return of stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debts including the borrowings and other debts disclosed in Notes 6 and 7, cash and cash equivalents disclosed in Note 4 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 13.

The Management of the Group considers the cost of capital and risks associated with each class of capital. The Management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is the calculated as net debt divided by the total equity amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents.

## PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2019

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2019 and 31 December 2018 the Group's net debt / total equity ratio is detailed as follows:

	30 June 2019	31 December 2018
Financial Liabilities	424,704	955,790
Less: Cash and cash equivalents (-) and short-term financial investments	(1,689,754)	(176,191)
Net debt	(1,265,050)	779,599
Total equity	491,249,893	483,080,297
<b>Net debt/Total equity ratio (%)</b>	<b>(0,003)</b>	<b>0,002</b>

The Group has not made any changes to its overall capital risk management policy in the current period.

#### b) Financial Risk Factors

The Group's activities expose it to various financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

The Group manages its financial instruments centrally in accordance with the Group's risk policies through the Financial Transactions Department. The Group's cash inflows and outflows are monitored by using the reports prepared on a daily, weekly and monthly basis and the related data is compared to the monthly and yearly cash flow budgets.

Risk management is carried out by the Risk Management Department which is independent from steering, under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors sets out written principles for overall risk management, as well as written policies covering specific areas, such as; foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### (b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's Management mitigates such risk by putting limitations on the contracts with counterparties and obtaining sufficient collaterals, where appropriate. The Group exports its entire copper products and receives 90% of its export income in advance (cash). Therefore, its customer and credit risk is at minimum. Trade receivables are evaluated based on the Group's policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 6).



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**NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

Credit risks exposed through types of financial instruments	30 June 2019				
	Receivables				Bank Deposits
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
<b>Maximum credit risk exposed as of the balance sheet date (*)</b> <b>(A+B+C+D+E)</b>	<b>70,131</b>	<b>87,393</b>	<b>267,350,635</b>	<b>3,366,848</b>	<b>1,689,331</b>
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(26,314)	(200,000,000)	-	-
A. Net book value of financial assets neither overdue nor impaired	69,802	86,414	267,348,570	3,366,848	1,689,331
- Portion covered by guarantees, collaterals etc.	-	(26,314)	(200,000,000)	-	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	329	979	2,065	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	4,491,523	-	322,175	-
- Impairment ( - )	-	(4,491,523)	-	(322,175)	-
- Net value portion covered by guarantees, collaterals, etc. ( - )	-	-	-	-	-
- Impairment ( - )	-	-	-	287,308	-
- Net value portion covered by guarantees, collaterals, etc. ( - )	-	-	-	(287,308)	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(\*) Factors that increase the credit reliability, such as; guarantees received, are not taken into consideration in the calculation.

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**NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

Credit risks exposed through types of financial instruments	31 December 2018				
	Receivables				Bank Deposits
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
<b>Maximum credit risk exposed as of the balance sheet date (*)</b> <b>(A+B+C+D+E)</b>	<b>91,617</b>	<b>10,956</b>	<b>245,914,752</b>	<b>160,374</b>	<b>175,250</b>
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(10,956)	(200,000,000)	-	-
A. Net book value of financial assets neither overdue nor impaired	91,617	10,956	245,914,752	160,374	175,250
- Portion covered by guarantees, collaterals etc.	-	(10,956)	(200,000,000)	-	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	4,156,205	-	130,625	-
- Impairment ( - )	-	(4,156,205)	-	(130,625)	-
- Net value portion covered by guarantees, collaterals, etc. ( - )	-	-	-	478,858	-
- Impairment ( - )	-	-	-	(478,858)	-
- Net value portion covered by guarantees, collaterals, etc. ( - )	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(\*) Factors that increase the credit reliability, such as; guarantees received, are not taken into consideration in the calculation.

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### NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Past due but not impaired assets are presented as below:

	30 June 2019	
	Trade Receivables	Other Receivables
Due within 1-30 days	1,308	-
Due within 1-3 months	-	2,065
Due within 3-12 months	-	-
Due within 1-5 years	-	-
<b>Total overdue receivables</b>	<b>1,308</b>	<b>2,065</b>

	31 December 2018	
	Trade Receivables	Other Receivables
Due within 1-30 days	-	-
Due within 1-3 months	-	-
Due within 3-12 months	-	-
Due within 1-5 years	-	-
<b>Total overdue receivables</b>	<b>-</b>	<b>-</b>

#### (b.2) Liquidity Risk Management

The Group manages its liquidity through a systematic monitoring of its cash flows and matching the maturities of its assets and liabilities to maintain adequate funds and loan reserves.

#### *Liquidity risk tables*

Conservative liquidity risk management requires maintaining adequate reserves, having the ability to utilize adequate level of credit lines and funds, and closing market positions.

Funding risk attributable to current and future potential borrowing needs is managed by providing ongoing access to adequate number of creditors with high quality.

The following table details the Group’s financial liabilities and their maturities. The tables below have been drawn up based on the undiscounted liabilities and earliest payment dates of financial liabilities. Interest to be paid over those liabilities are included and summarized in the below table:

Contractual maturities	Carrying value	30 June 2019			
		Total cash Outflows in accordance with contracts (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 year months (III)
<b>Non-derivate financial liabilities</b>	<b>5,519,614</b>	<b>5,587,213</b>	<b>4,770,685</b>	<b>159,596</b>	<b>656,932</b>
Short term borrowings	424,704	429,770	321,896	107,874	-
Trade payables	4,427,310	4,489,843	4,442,571	47,272	-
Other payables	667,600	667,600	6,218	4,450	656,932

Contractual maturities	Carrying value	31 December 2018			
		Total cash Outflows in accordance with contracts (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 year months (III)
<b>Non-derivate financial liabilities</b>	<b>2,594,887</b>	<b>2,623,657</b>	<b>1,333,216</b>	<b>689,922</b>	<b>600,519</b>
Short term borrowings	955,790	981,373	294,254	687,119	-
Trade payables	1,035,775	1,038,962	1,038,962	-	-
Other payables	603,322	603,322	-	2,803	600,519

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### NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### (b.3) Market risk management

The Group’s activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no change in the Group’s exposure to market risks, hedging methods used or the measurement methods used for such risks.

#### (b.3.1) Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates. The breakdown of the Group’s foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follow:

	30 June 2019			
	TRY Equivalent	USD	EUR	GBP
1. Trade Receivable	-	-	-	-
2a. Monetary Financial Assets	75,609,882	13,137,789	89	1
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	75,609,882	13,137,789	89	1
5. Trade Receivable	-	-	-	-
6a. Monetary Financial Assets	191,511,537	33,276,839	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	191,511,537	33,276,839	-	-
<b>9. TOTAL ASSETS</b>	<b>267,121,419</b>	<b>46,414,628</b>	<b>89</b>	<b>1</b>
10. Trade Payables	118,330	89	17,986	-
11. Financial Liabilities	424,704	73,796	-	-
12a. Other Monetary Liabilities	1,438,775	250,000	-	-
12b. Other Non-monetary Liabilities	2,171,532	-	331,496	-
13. CURRENT LIABILITIES	4,153,341	323,885	349,482	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	656,931	114,148	-	-
16b. Other Non-monetary Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	656,931	114,148	-	-
<b>18. TOTAL LIABILITIES</b>	<b>4,810,272</b>	<b>438,032</b>	<b>349,482</b>	<b>-</b>
<b>19. Net assets / (liability) position of off balance sheet derivatives items / (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b. Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
<b>20. Net foreign currency assets / (liability) position</b>	<b>262,311,147</b>	<b>45,976,596</b>	<b>(349,393)</b>	<b>1</b>
<b>21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>264,482,679</b>	<b>45,976,596</b>	<b>(17,896)</b>	<b>1</b>
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Total amount of assets hedged	-	-	-	-
24. Total amount of liabilities hedged	-	-	-	-

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**NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

		<b>31 December 2018</b>			
		<b>TRY Equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>
1.	Trade Receivable	-	-	-	-
2a.	Monetary Financial Assets	15,624,679	2,969,859	90	1
2b.	Non-monetary Financial Assets	-	-	-	-
3.	Other	-	-	-	-
4.	<b>CURRENT ASSETS</b>	<b>15,624,679</b>	<b>2,969,859</b>	<b>90</b>	<b>1</b>
5.	Trade Receivable	-	-	-	-
6a.	Monetary Financial Assets	225,130,996	42,793,248	-	-
6b.	Non-monetary Financial Assets	-	-	-	-
7.	Other	-	-	-	-
8.	<b>NON-CURRENT ASSETS</b>	<b>225,130,996</b>	<b>42,793,248</b>	<b>-</b>	<b>-</b>
<b>9.</b>	<b>TOTAL ASSETS</b>	<b>240,755,675</b>	<b>45,763,107</b>	<b>90</b>	<b>1</b>
10.	Trade Payables	3,139	590	6	-
11.	Financial Liabilities	955,790	181,678	-	-
12a.	Other Monetary Liabilities	600,520	114,148	-	-
12b.	Other Non-monetary Liabilities	1,755,870	-	-	-
13.	<b>CURRENT LIABILITIES</b>	<b>3,315,319</b>	<b>296,416</b>	<b>291,292</b>	<b>-</b>
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	-	-	-	-
16a.	Other Monetary Liabilities	-	-	-	-
16b.	Other Non-monetary Liabilities	-	-	-	-
17.	<b>NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18.</b>	<b>TOTAL LIABILITIES</b>	<b>3,315,319</b>	<b>296,416</b>	<b>291,292</b>	<b>-</b>
<b>19.</b>	<b>Net assets / (liability) position of off balance sheet derivatives items (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a.	Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b.	Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
<b>20.</b>	<b>Net foreign currency assets / (liability) position</b>	<b>237,440,356</b>	<b>45,466,691</b>	<b>(291,202)</b>	<b>1</b>
<b>21.</b>	<b>Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>239,196,226</b>	<b>45,466,691</b>	<b>84</b>	<b>1</b>
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Total amount of assets hedged	-	-	-	-
24.	Total amount of liabilities hedged	-	-	-	-

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### NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### Foreign currency sensitivity

The Group is mainly exposed to EUR, USD and GBP risks. Effects of other currencies are immaterial.

Assets and liabilities denominated in foreign currencies are translated at the exchange rates announced by the Turkish Central Bank as of 30 June 2019 (30 June 2019: USD1 = TRY5.7551, EUR1 = TRY6.5507 and GBP1 = TRY7.2855, 31 December 2018: USD1 = TRY5.2609, EUR1 = TRY6.0280, GBP1 = TRY6.6528).

The table below presents the Group’s sensitivity to a 20% (10% in 31 December 2018) deviation in foreign exchange rates (especially USD and EUR). 20% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group’s Management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit/loss or equity.

	30 June 2019	
	Appreciation of foreign currency	Depreciation of foreign currency
When 20% appreciation of USD against TRY:		
USD net asset / (liability)	52,919,981	(52,919,981)
When 20% appreciation of EUR against TRY:		
EUR net asset / (liability)	(457,753)	457,753
When 20% appreciation of other foreign currency against TRY		
Other foreign currency net asset / (liability)	2	(2)
<b>Total</b>	<b>52,462,230</b>	<b>(52,462,230)</b>
	31 December 2018	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY:		
USD net asset / (liability)	23,919,571	(23,919,571)
When 10% appreciation of EUR against TRY:		
EUR net asset / (liability)	(175,536)	175,536
When 10% appreciation of other foreign currency against TRY		
Other foreign currency net asset / (liability)	1	(1)
<b>Total</b>	<b>23,744,036</b>	<b>(23,744,036)</b>

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**NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

The Group’s financial assets and liabilities do not expose interest rate risk.

**Financial Instruments Categories**

<b>30 June 2019</b>	<b>Financial liabilities at amortized cost</b>	<b>Financial assets at amortized cost</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Carrying value</b>	<b>Note</b>
<b>Financial assets</b>	-	<b>272,564,761</b>	<b>11,405,300</b>	<b>283,970,061</b>	
Cash and cash equivalents	-	1,689,754	-	1,689,754	4
Trade receivables	-	87,393	-	87,393	6
Due from related parties	-	267,420,766	-	267,420,766	19
Other receivables	-	3,366,848	-	3,366,848	7
Financial investments	-	-	11,405,300	11,405,300	5
<b>Financial liabilities</b>	<b>8,013,309</b>	-	-	<b>8,013,309</b>	-
Obligations under finance leases	424,704	-	-	424,704	-
Trade payables	3,973,847	-	-	3,973,847	6
Due to related parties	464,131	-	-	464,131	19
Other payables	3,150,627	-	-	3,150,627	7

<b>31 December 2018</b>	<b>Financial liabilities at amortized cost</b>	<b>Financial assets at amortized cost</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Carrying value</b>	<b>Note</b>
<b>Financial assets</b>	-	<b>246,353,890</b>	<b>11,405,300</b>	<b>257,759,190</b>	
Cash and cash equivalents	-	176,191	-	176,191	4
Trade receivables	-	10,956	-	10,956	6
Due from related parties	-	246,006,369	-	246,006,369	19
Other receivables	-	160,374	-	160,374	7
Financial investments	-	-	11,405,300	11,405,300	5
<b>Financial liabilities</b>	<b>2,594,887</b>	-	-	<b>2,594,887</b>	
Obligations under finance leases	955,790	-	-	955,790	
Trade payables	848,250	-	-	848,250	6
Due to related parties	190,328	-	-	190,328	19
Other payables	600,519	-	-	600,519	10

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