

**(CONVENIENCE TRANSLATION OF CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS AND  
THE REVIEW REPORT ORIGINALLY ISSUED IN TURKISH)**

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

**CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT  
FOR THE PERIOD ENDED 30 JUNE 2017**



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

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Board of Directors of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.

*Introduction*

1. We have reviewed the accompanying consolidated statement of financial position of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş and its subsidiary (collectively referred to as the "Group") as at 30 June 2017 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. The management of the Group is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on these consolidated interim financial information based on our review.

*Scope of review*

2. 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 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 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*

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying consolidated interim financial information does not give a true and fair view of the financial position of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş and its subsidiary as of 30 June 2017 and of its financial performance and cash flows for the six-month period then ended in accordance with TAS 34.



*Other Matter*

4. The financial statements of the Group as of 31 December 2016 and for the year then ended were audited and the interim financial information as of 30 June 2016 and for the six-month period then ended were reviewed by another audit firm whose audit report dated 1 March 2017 expressed an unqualified opinion and whose review report dated 9 August 2016 expressed a conclusion that no material non-compliance with respect to TAS 34 has come to their attention.

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

A handwritten signature in blue ink, appearing to read "Çağlar Sürücü", is written over a light blue horizontal line.

Çağlar Sürücü, SMMM  
Partner

İstanbul, 21 August 2017

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

**CONSOLIDATED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT  
FOR THE PERIOD ENDED 30 JUNE 2017**

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

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

	Notes	Reviewed 30 June 2017	Restated (*) Prior period 31 December 2016	Restated (*) Prior period 31 December 2015
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5	161,656,997	3,051,367	26,980
Trade receivables	8	11,615,781	8,908,397	10,375,229
<i>Trade receivables from related parties</i>	26	10,113,598	8,008,395	9,959,555
<i>Trade receivables from third parties</i>		1,502,183	900,002	415,674
Other receivables	10	23,343,881	56,909,289	210,948,033
<i>Other receivables from related parties</i>	26	21,553,199	54,634,559	208,113,201
<i>Other receivables from third parties</i>		1,790,682	2,274,730	2,834,832
Inventories	11	1,587,878	54,968,371	46,055,433
Prepaid expenses	9	743,997	3,002,138	2,853,698
Assets related to the current tax	24	1,753,464	171	-
Other current assets	19	615,356	7,634,996	5,252,389
<b>Total current assets</b>		<b>201,317,354</b>	<b>134,474,729</b>	<b>275,511,762</b>
<b>Non-current assets</b>				
Financial investments	6	9,990,294	9,990,294	9,990,294
Other receivables	10	956,827	1,652,230	2,920,467
Investment properties	12	208,734,464	102,000,000	83,466,833
Property, plant and equipment	13	15,752,878	208,886,910	116,903,791
Intangible assets	14	42,401,386	86,877,331	72,538,852
Deferred tax assets	24	-	18,354,731	20,354,547
Prepaid expenses	9	4,652	1,283,389	4,246,607
Other non current assets	19	1,372,270	1,320,748	1,447,591
<b>Total non-current assets</b>		<b>279,212,771</b>	<b>430,365,633</b>	<b>311,868,982</b>
<b>TOTAL ASSETS</b>		<b>480,530,125</b>	<b>564,840,362</b>	<b>587,380,744</b>

Consolidated financial statements as at 30 June 2017 were approved in the Board of Managers' meeting held on 21 August 2017.

(\*) See Note 2.1

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

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017**

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

	Notes	Reviewed 30 June 2017	Restated (*) Prior Period 31 December 2016	Restated (*) Prior Period 31 December 2015
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Obligations under finance leases	7	2,321,349	2,396,771	3,733,139
Trade payables	8	6,256,878	20,566,121	26,249,039
<i>Trade payables to related parties</i>	26	898,313	953,018	2,995,658
<i>Trade payables to third parties</i>	8	5,358,565	19,613,103	23,253,381
Payables related to the employee benefits	16	625,467	3,117,723	2,297,211
Other payables	10	1,934,340	1,429,724	30,783,368
<i>Other payables to related parties</i>	26	86,065	2,803	29,565,160
<i>Other payables to third parties</i>		1,848,275	1,426,921	1,218,208
Deferred income	9	22,621	75,763	1,295,877
Short-term provisions	17	9,858,482	7,111,404	3,617,106
<i>Short-term provisions for employee benefits</i>		975,319	1,804,767	1,748,811
<i>Other provisions</i>		8,883,163	5,306,637	1,868,295
Other current liabilities	19	726,044	1,088,285	7,529,450
<b>Total current liabilities</b>		<b>21,745,181</b>	<b>35,785,791</b>	<b>75,505,190</b>
<b>Non-current liabilities</b>				
Obligations under finance leases	7	1,536,245	2,603,292	2,551,393
Long-term provisions	17	3,244,617	23,419,843	15,515,303
<i>Long-term provisions for employee benefits</i>		3,244,617	16,474,338	8,656,545
<i>Other provisions</i>		-	6,945,505	6,858,758
Deferred tax liabilities	24	20,136,097	-	-
Other long term liabilities	19	1,166,937	1,283,632	-
<b>Total non current liabilities</b>		<b>26,083,896</b>	<b>27,306,767</b>	<b>18,066,696</b>
<b>Total liabilities</b>		<b>47,829,077</b>	<b>63,092,558</b>	<b>93,571,886</b>
<b>EQUITY</b>				
Share capital	20	148,867,243	148,867,243	148,867,243
Restricted reserves appropriated from profit	3	(486,737,853)	54,132,147	54,132,147
Adjustments to share capital	20	16,377,423	16,377,423	16,377,423
Share premium	20	6,307,642	6,307,642	6,307,642
Repurchased shares (-)		(1,573,261)	-	-
Other comprehensive income or expenses that will not be reclassified subsequently to the profit or loss	20	96,983,562	98,076,089	15,600,122
<i>Gain on revaluation of property</i>		96,328,884	97,421,411	14,945,444
<i>Gain on remeasurement of defined benefit plans</i>		654,678	654,678	654,678
Restricted reserves appropriated from profit	20	54,132,453	54,132,453	48,210,830
Prior years' income	20	124,947,334	144,357,174	175,078,568
Net (loss)/ profit for the period		473,396,505	(20,502,367)	29,234,883
<b>Total equity</b>		<b>432,701,048</b>	<b>501,747,804</b>	<b>493,808,858</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>480,530,125</b>	<b>564,840,362</b>	<b>587,380,744</b>

(\*) See Note 2.1

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

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

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

	Notes	1 January - 30 June 2017	1 April - 30 June 2017	Restated (*) 1 January - 30 June 2016	Restated (*) 1 April - 30 June 2016
General administrative expenses	22	(6,803,560)	(3,757,768)	(6,821,955)	(3,553,243)
Income from other operating activities		437,276	50,881	901,528	107,478
Expenses from other operating activities		(286,177)	(154,253)	(644,071)	(325,163)
<b>Operating profit</b>		<b>(6,652,461)</b>	<b>(3,861,140)</b>	<b>(6,564,498)</b>	<b>(3,770,928)</b>
Income from investing activities		645,731	174,123	279,784	163,725
<b>Operating profit before financial income and expense</b>		<b>(6,006,730)</b>	<b>(3,687,017)</b>	<b>(6,284,714)</b>	<b>(3,607,203)</b>
Financial income	23	3,681,600	1,652,862	1,203,512	671,646
Financial expenses	23	(19,296,408)	(6,442,716)	(226,871)	(113,123)
<b>Profit before tax</b>		<b>(21,621,538)</b>	<b>(8,476,871)</b>	<b>(5,308,073)</b>	<b>(3,048,680)</b>
<b>Tax (expense)/ income</b>		<b>(3,689)</b>	<b>13,874</b>	<b>(36,376)</b>	<b>(13,285)</b>
Taxes on income		-	-	-	-
Deferred tax expense		(3,689)	13,874	(36,376)	(13,285)
<b>Profit before tax for the year from continued operations</b>		<b>(21,625,227)</b>	<b>(8,462,997)</b>	<b>(5,344,449)</b>	<b>(3,061,965)</b>
<b>Profit before tax for the year from discontinued operations</b>	21	<b>495,021,732</b>	<b>(9,498,146)</b>	<b>(1,975,560)</b>	<b>(3,042,503)</b>
<b>Net profit/ (loss)</b>		<b>473,396,505</b>	<b>(17,961,143)</b>	<b>(7,320,009)</b>	<b>(6,104,468)</b>
<b>Earnings per share from continued operations</b>		<b>(0.0015)</b>	<b>(0.0006)</b>	<b>(0.0004)</b>	<b>(0.0002)</b>
<b>Earning per share from discontinued operations (*)</b>		<b>0.0318</b>	<b>(0.0012)</b>	<b>(0.0005)</b>	<b>(0.0004)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>473,396,505</b>	<b>(17,961,143)</b>	<b>(7,320,009)</b>	<b>(6,104,468)</b>

(\*) See Note 2.1

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

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

	Share capital	Repurchased capital	Adjustments to share capital	Share premiums	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		
					Gain on revaluation of property	Gain on remeasurement of defined benefit plans			Prior Years' Income	Net Profit/(Loss) for the Period	Total equity
<b>1 January 2016</b>	<b>148,867,243</b>	-	<b>16,377,423</b>	<b>6,307,642</b>	<b>14,945,444</b>	<b>652,822</b>	<b>48,210,830</b>	-	<b>172,131,223</b>	<b>29,234,883</b>	<b>436,727,510</b>
Shareholder effect (*)	-	-	-	-	-	1,856	-	54,132,147	2,947,345	-	57,081,348
<b>Restated 1 January 2016</b>	<b>148,867,243</b>	-	<b>16,377,423</b>	<b>6,307,642</b>	<b>14,945,444</b>	<b>654,678</b>	<b>48,210,830</b>	<b>54,132,147</b>	<b>175,078,568</b>	<b>29,234,883</b>	<b>493,808,858</b>
Dividends	-	-	-	-	-	-	-	-	(55,222,125)	-	(55,222,125)
Transfers	-	-	-	-	(888,792)	-	5,921,623	-	24,202,052	(29,234,883)	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	(7,320,009)	(7,320,009)
<b>30 June 2016</b>	<b>148,867,243</b>	-	<b>16,377,423</b>	<b>6,307,642</b>	<b>14,056,652</b>	<b>654,678</b>	<b>54,132,453</b>	<b>54,132,147</b>	<b>144,058,495</b>	<b>(7,320,009)</b>	<b>431,266,724</b>
<b>1 January 2017</b>	<b>148,867,243</b>	-	<b>16,377,423</b>	<b>6,307,642</b>	<b>97,421,411</b>	<b>652,822</b>	<b>54,132,453</b>	-	<b>141,591,340</b>	<b>(20,502,367)</b>	<b>444,847,967</b>
Shareholder effect (*)	-	-	-	-	-	1,856	-	54,132,147	2,765,834	-	56,899,837
<b>Restated 1 January 2017</b>	<b>148,867,243</b>	-	<b>16,377,423</b>	<b>6,307,642</b>	<b>97,421,411</b>	<b>654,678</b>	<b>54,132,453</b>	<b>54,132,147</b>	<b>144,357,174</b>	<b>(20,502,367)</b>	<b>501,747,804</b>
Transfers	-	-	-	-	(1,092,527)	-	-	-	(19,409,840)	20,502,367	-
Repurchased shares (-)	-	(1,573,261)	-	-	-	-	-	-	-	-	(1,573,261)
Total comprehensive income - Business combinations under common control (*)	-	-	-	-	-	-	-	(540,870,000)	-	-	(540,870,000)
<b>30 June 2017</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>54,132,453</b>	<b>(486,737,853)</b>	<b>124,947,334</b>	<b>473,396,505</b>	<b>432,701,048</b>

(\*) See Note 2.1

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



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

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

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

STATEMENT OF CASH FLOWS	Notes	Current Period 30 June 2017	Prior Period 30 June 2016
<b>Cash flows from operating activities</b>		<b>(14,430,240)</b>	<b>101,423,808</b>
<b>Net profit/ (loss) for the period</b>		<b>473,396,505</b>	<b>(7,320,009)</b>
<b>Net loss for the period from continued operations</b>		<b>(21,625,227)</b>	<b>(5,344,449)</b>
<b>Net (loss)/ profit for the period from discontinued operations</b>		<b>495,021,732</b>	<b>(1,975,560)</b>
<b>Adjustments to reconcile profit/loss for the period</b>		<b>7,014,844</b>	<b>1,349,805</b>
- Adjustments for gains arised from sale of tangible and intangible assets "	25	(645,731)	(279,784)
- Adjustments for amortization and depreciation	13,14	2,853,008	1,027,836
- Adjustments for provisions related with employee benefits	17	1,819,880	1,347,070
- Adjustments for lawsuit and/or penalty provisions	17	4,392,994	198,485
- Adjustments for tax (income)/ expense	24	3,689	36,376
- Adjustments for interest income	23	(1,408,996)	(980,178)
<b>Operating cash flows provided before changes in working capital</b>		<b>42,205,692</b>	<b>78,023,605</b>
Adjustments for decrease/ (increase) in inventories	11	(4,452)	2,909
Adjustments for decrease/ (increase) in other receivables		34,260,811	110,438,853
Adjustments for increase/ (decrease) in trade payables		(35,948)	444,922
Adjustments for increase/ (decrease) in payables related to the employee benefits	16	(2,492,256)	1,020,295
Adjustments for decrease/ (increase) in prepaid expenses	9	3,536,878	732,764
Adjustments for decrease/ (increase) in other current assets	19	6,968,118	(2,091,376)
Adjustments for increase/ (decrease) in other payables from operations	10,29	504,616	(25,674,406)
Adjustments for increase/ (decrease) in deferred income	9	(53,142)	(1,242,755)
Adjustments for increase/ (decrease) in other current liabilities from operations		(478,933)	(5,607,601)
<b>Cash generated from operations</b>		<b>522,617,041</b>	<b>72,053,401</b>
Cash generated from discontinued operations	21	(537,047,281)	29,370,407
<b>Cash flows from investing activities</b>		<b>173,471,146</b>	<b>(44,654,886)</b>
Cash outflows of acquisitions of other businesses		(540,870,000)	-
Cash outflows of acquisitions of fixed assets	13,14	(3,237,514)	(1,295,279)
Proceeds from sales of fixed assets	13,14	2,235,176	302,289
Cash outflows of acquisitions of investment properties		(579,516)	(1,793,697)
Cash flows from discontinued operations		715,923,000	(41,868,199)
<b>Cash flows from financing activities</b>		<b>(435,276)</b>	<b>(56,773,502)</b>
Repayment of obligations under finance leases		(1,142,469)	(2,493,472)
Cash outflows arising repurchased capital		(1,573,261)	-
Interest paid	26	1,408,996	980,178
Dividends paid		-	(55,222,125)
Cash flows from discontinued operations		871,458	(38,083)
<b>Increase/ (decrease) in cash and cash equivalents</b>		<b>158,605,630</b>	<b>(4,580)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>3,051,367</b>	<b>26,980</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>161,656,997</b>	<b>22,400</b>

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

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017**

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

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### **NOTE1 - ORGANIZATION AND OPERATIONS OF THE COMPANY**

Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (“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 mine field of the company located in Siirt, Şirvan and the production was suspended. To use the revenue to be obtained from the sales of assets related with copper production to prevent the negative impacts on the profitability of the Company arising from the uncertainties after the landslide, assets related to the concentrated copper production were sold for USD195,000,000 to Cengiz İnşaat Sanayi ve Ticaret A.Ş. on 17 March 2017. All copper inventory of the Company was not included in the sales transaction. Major part of the copper inventory held by the Company as of the balance sheet date was sold as of the date when the consolidated financial statements were approved. Thus, the Company will not earn any revenues from the copper production activities in the following periods except from the sales of copper inventory held as of 30 June 2017. With this transaction, copper production operations of the company ceased.

The branch of the Company established in Madenköy - Şirvan / Siirt under the title “Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. Madenköy Şubesi” to manage the copper production activities of the Company was shut down on 24 April 2017 as the Company sold its assets related to copper operations.

The Company changed its operations following the sale of the copper production activity and at the Board of Directors meeting held on 18 March 2017, The Company has decided to purchase 100% of the shares of Konya İlgin Elektrik Üretim Sanayi ve Ticaret AS (“Konya İlgin”) owned by the main shareholder of the company, Park Holding A.Ş. and Turgay Ciner for USD150.000.000. The fair value of Konya İlgin, which is planned to be purchased, has been determined as USD163.000.000 by the independent appraisal company and the Company paid TRY540.870.000 to Park Holding A.Ş. as of March 20, 2017 as USD150.000.000. The purchase was approved at the General Assembly meeting held on 10 May 2017. This was followed by the subsequent transfer of shares. (Note 3).

Konya İlgin, which is an affiliate, has license of 138.000.000 tons of lignite ore and electricity generation and sales license. It is planned to establish a thermal power plant with fluidized bed boiler technology for Konya İlgin and it is foreseen that this company will start mining activities in 2018 and will be able to obtain revenue. The Company, together with its subsidiary Konya İlgin, is collectively referred to as the “Group”.

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

As of 30 June 2017, the Company has 47 employees ( 31 December 2016: 488).

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

31.99% of the Company’s capital is listed on the stock exchange.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE1 - ORGANIZATION AND OPERATIONS OF THE COMPANY (Continued)

The Company’s shareholding structure is presented as below:

Shareholders	30 June 2017		31 December 2016	
	Shareholding Ratio	Amount	Shareholding Ratio	Amount
Park Holding A.Ş.	%61.25	91,168,622	%61.25	91,168,622
Turgay Ciner	%6.76	10,065,983	%6.76	10,065,983
Other	%31.99	47,632,638	%31.99	47,632,638
<b>Total</b>	<b>%100.00</b>	<b>148,867,243</b>	<b>%100.00</b>	<b>148,867,243</b>

#### 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 İlgin	Electricity generation and sales	Turkey

#### Approval of Financial Statements

The financial statements were approved by the Board of Directors and authorized for issue on 21 August 2017. 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 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 Accounting Standards / Turkish Financial Reporting Standards and interpretations (“TAS/IFRS”) 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 prepared in accordance with the format announced by Capital Markets Board (“CMB”) on 2 June 2016.

The Group consolidated financial statements are based on the Uniform Chart of Accounts issued by the Turkish Commercial Code (“TCC”), tax legislation and the Ministry of Finance of the Republic of Turkey for the accounting records and preparation. Consolidated financial statements have been prepared in Turkish Lira based on the historical cost basis except for the financial assets and liabilities which are expressed with their fair values. Consolidated financial statements have been prepared by applying the necessary adjustments and reclassifications to the statutory records in accordance with TAS / IFRS.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.1 Basis of Presentation (Continued)

##### 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.

##### Restatement of Financial Statements in Hyperinflationary Periods

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required. Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies”, issued by the TASB, has not been applied in the financial statements for the accounting periods starting 1 January 2005.

##### 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 situation and performance trends. The Group has prepared the consolidated statement of financial position as of 30 June 2017 comparatively with the statement of financial position as of 31 December 2016 and 2015 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 2017 comparatively with the financial statements for the period ended 30 June 2016.

In order to present the comparative information, the Group's comprehensive income statement as of 30 June 2016 has been restated due to the ceased copper operations and does not include income and expenses from copper mine operations. In the scope of discontinued operations, the income statement of copper operations is presented in Note 21.

The Group purchased 100% of Konya Ilgın from Park Holding A.Ş. and Turgay Ciner with the approval of purchase decision in General Assembly meeting dated 10 May 2017. This transaction was concluded to be a business combination under common control. Within the scope of “Accounting of the business combinations under common control” promulgated in the Official Gazette dated 21 July 2013 by the POA, it was stated that goodwill shall not be included in consolidated financial statements prepared and the consolidated financial statements shall be adjusted as if the business combination took place at the beginning of the reporting period when the common control emerged and the statements shall be presented in comparison as of the beginning of that reporting period and that “Impacts of the Business and entity combinations Under common Control” account will be used as a balancing account under shareholders equity to eliminate potential asset/ liability mismatch to arise as a result of business combinations under common control. As per this communiqué, necessary adjustments were applied on the financial statements dated 30 June 2017 and the restated consolidated financial statements for 31 December 2016, 31 December 2015 and 30 June 2016 have been provided comparatively. Had the Group had prepared its consolidated financial statements in line with International Financial Reporting Standards (“IFRS”), the excess of consideration paid for the acquisition of Konya Ilgın over the fair values of identified assets and liabilities could have been recognised as “goodwill” in the consolidated financial statements by using the purchase method stated in Note 2.3.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.1 Basis of Presentation (Continued)

Retrospective adjustments in relation to Business Combinations under Common Control are presented in the following tables:

##### Statement of Financial Position as of 01 January 2016

	Park Elektrik	Konya Ilgın	Adjustments	Consolidated
Cash and cash equivalents	24,851	2,129	-	26,980
Trade receivables	10,375,229	-	-	10,375,229
Other receivables	192,178,409	18,769,624	-	210,948,033
Inventories	45,682,528	372,905	-	46,055,433
Prepaid expenses	2,819,223	34,475	-	2,853,698
Other current assets	5,251,501	888	-	5,252,389
<b>Total current assets</b>	<b>256,331,741</b>	<b>19,180,021</b>	-	<b>275,511,762</b>
Financial investments	9,990,294	-	-	9,990,294
Other receivables	2,920,412	55	-	2,920,467
Investment properties	83,466,833	-	-	83,466,833
Property, plant and equipment	108,024,565	8,879,226	-	116,903,791
Intangible assets	39,046,934	10,751,805	22,740,113	72,538,852
Deferred tax assets	25,522,632	-	(5,168,085)	20,354,547
Prepaid expenses	4,246,607	-	-	4,246,607
Other non-current assets	-	1,447,591	-	1,447,591
<b>Total non-current assets</b>	<b>273,218,277</b>	<b>21,078,677</b>	<b>17,572,028</b>	<b>311,868,982</b>
<b>TOTAL ASSETS</b>	<b>529,550,018</b>	<b>40,258,698</b>	<b>17,572,028</b>	<b>587,380,744</b>
Obligations under finance leases	3,733,139	-	-	3,733,139
Trade payables	25,894,000	355,039	-	26,249,039
Payables related to the employee benefits	2,268,477	28,734	-	2,297,211
Other payables	29,858,850	242,911	681,607	30,783,368
Deferred income	1,295,877	-	-	1,295,877
Current tax liabilities	670,073	11,534	(681,607)	-
Short-term provisions	3,579,473	37,633	-	3,617,106
Other current liabilities	7,522,952	6,498	-	7,529,450
<b>Total current liabilities</b>	<b>74,822,841</b>	<b>682,349</b>	-	<b>75,505,190</b>
Obligations under finance leases	2,551,393	-	-	2,551,393
Long-term provisions	15,448,274	67,029	-	15,515,303
Deferred tax liabilities	-	620,062	(620,062)	-
<b>Total non-current liabilities</b>	<b>17,999,667</b>	<b>687,091</b>	<b>(620,062)</b>	<b>18,066,696</b>
<b>TOTAL LIABILITIES</b>	<b>92,822,508</b>	<b>1,369,440</b>	<b>(620,062)</b>	<b>93,571,886</b>
Share capital	148,867,243	35,940,057	(35,940,057)	148,867,243
Business combinations under common control effect	-	-	54,132,147	54,132,147
Adjustments to share capital	16,377,423	-	-	16,377,423
Share premium	6,307,642	-	-	6,307,642
Other comprehensive income or expenses that will not be reclassified subsequently to the profit or loss	15,598,266	1,856	-	15,600,122
Gain on revaluation of property	14,945,444	-	-	14,945,444
Gain on remeasurement of defined benefit plans	652,822	1,856	-	654,678
Restricted reserves appropriated from profit	48,210,830	181,218	(181,218)	48,210,830
Prior years' income	172,131,223	1,645,015	181,218	175,078,568
Net (loss) / profit for the period	29,234,883	1,121,112	-	29,234,883
<b>Total equity</b>	<b>436,727,510</b>	<b>38,889,258</b>	<b>18,192,090</b>	<b>493,808,858</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>529,550,018</b>	<b>40,258,698</b>	<b>17,572,028</b>	<b>587,380,744</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.1 Basis of Presentation (Continued)

##### Statement of Financial Position as of 31 December 2016

	Park Elektrik	Konya Ilgın	Düzeltilmeler	Konsolide
Cash and cash equivalents	3,049,207	2,160	-	3,051,367
Trade receivables	8,908,397	-	-	8,908,397
Other receivables	48,755,799	8,153,490	-	56,909,289
Inventories	54,598,375	369,996	-	54,968,371
Prepaid expenses	2,957,414	44,724	-	3,002,138
Assets related to the current tax	171	-	-	171
Other current assets	7,634,639	357	-	7,634,996
<b>Total current assets</b>	<b>125,904,002</b>	<b>8,570,727</b>	<b>-</b>	<b>134,474,729</b>
Financial investments	9,990,294	-	-	9,990,294
Other receivables	1,652,175	55	-	1,652,230
Investment properties	102,000,000	-	-	102,000,000
Property, plant and equipment	197,023,643	11,863,267	-	208,886,910
Intangible assets	46,069,169	18,974,632	21,833,530	86,877,331
Deferred tax assets	23,522,467	-	(5,167,736)	18,354,731
Prepaid expenses	1,283,389	-	-	1,283,389
Other non-current assets	-	1,320,748	-	1,320,748
<b>Total non-current assets</b>	<b>381,541,137</b>	<b>32,158,702</b>	<b>16,665,794</b>	<b>430,365,633</b>
<b>TOTAL ASSETS</b>	<b>507,445,139</b>	<b>40,729,429</b>	<b>16,665,794</b>	<b>564,840,362</b>
Obligations under finance leases	2,396,771	-	-	2,396,771
Trade payables	20,262,645	303,476	-	20,566,121
Payables related to the employee benefits	3,079,879	37,844	-	3,117,723
Other payables	1,429,103	621	-	1,429,724
Deferred income	75,763	-	-	75,763
Short-term provisions	7,049,837	61,567	-	7,111,404
Other current liabilities	1,081,653	6,632	-	1,088,285
<b>Total Current Liabilities</b>	<b>35,375,651</b>	<b>410,140</b>	<b>-</b>	<b>35,785,791</b>
Obligations under finance leases	2,603,292	-	-	2,603,292
Long-term provisions	23,334,600	85,243	-	23,419,843
Deferred tax liabilities	-	801,030	(801,030)	-
Other non-current liabilities	1,283,632	-	-	1,283,632
<b>Total Non-current Liabilities</b>	<b>27,221,524</b>	<b>886,273</b>	<b>(801,030)</b>	<b>27,306,767</b>
<b>Total Liabilities</b>	<b>62,597,175</b>	<b>1,296,413</b>	<b>(801,030)</b>	<b>63,092,558</b>
Share capital	148,867,243	35,940,057	(35,940,057)	148,867,243
Business combinations	-	-	-	-
under common control effect	-	-	54,132,147	54,132,147
Adjustments to share capital	16,377,423	-	-	16,377,423
Share premium	6,307,642	-	-	6,307,642
Repurchased shares (-)	-	-	-	-
Other comprehensive income or expenses that will not be reclassified subsequently to the profit or loss	98,074,233	1,856	-	98,076,089
Gain on revaluation of property	97,421,411	-	-	97,421,411
Gain on remeasurement of defined benefit plans	652,822	1,856	-	654,678
Restricted reserves appropriated from profit	54,132,453	190,605	(190,605)	54,132,453
Prior years' income	141,591,340	2,578,384	190,605	144,357,174
Net (loss) / profit for the period	(20,502,367)	722,114	(725,266)	(20,502,367)
<b>Total equity</b>	<b>444,847,967</b>	<b>39,433,016</b>	<b>17,466,824</b>	<b>501,747,804</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>507,445,142</b>	<b>40,729,429</b>	<b>16,665,794</b>	<b>564,840,362</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.1 Basis of Presentation (Continued)

##### Statement of Financial Position as of 30 June 2016

	Park Elektrik	Konya Ilgın	Adjustments	Consolidated
Marketing expenses	-	-	-	-
General administrative expenses	(6,199,545)	(169,118)	(453,292)	(6,821,955)
Income from other operating activities	888,373	13,155	-	901,528
Expenses from other operating activities	(637,477)	(6,594)	-	(644,071)
<b>Operating profit / (loss)</b>	<b>(5,948,649)</b>	<b>(162,557)</b>	<b>(453,292)</b>	<b>(6,564,498)</b>
Income from investing activities	279,784	-	-	279,784
<b>Operating profit / (loss) before financial income and expense</b>	<b>(5,668,865)</b>	<b>(162,557)</b>	<b>(453,292)</b>	<b>(6,284,714)</b>
Financial expenses	179,579	797,062	-	976,641
<b>Profit before tax for the year from continued operations</b>	<b>(5,489,286)</b>	<b>634,505</b>	<b>(453,292)</b>	<b>(5,308,073)</b>
<b>Tax (expense) / income</b>	<b>-</b>	<b>(127,035)</b>	<b>90,659</b>	<b>(36,376)</b>
Taxes on income	-	-	-	-
Deferred tax expense / (income)	-	(127,035)	90,659	(36,376)
<b>Profit for the year from continued operations</b>	<b>(5,489,286)</b>	<b>507,470</b>	<b>(362,633)</b>	<b>(5,344,449)</b>
<b>Profit for the year from discontinued operations</b>	<b>(1,975,560)</b>	<b>-</b>	<b>-</b>	<b>(1,975,560)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(7,464,846)</b>	<b>507,470</b>	<b>(362,633)</b>	<b>(7,320,009)</b>

#### Going concern

The production has been suspended by the landslide in the Group’s Madenköy copper mine located in Şirvan province of Siirt on 17 November 2016. Considering the post-landslide uncertainties regarding copper production activities, the Group sold its assets related to concentrated copper production activities on 17 March 2017, taking into consideration that it could be used for transactions that would enable the Group to continue with the new activities that would prevent the Group from adversely affecting its profitability. The Group generated a cash inflow of USD195.000.000 and a profit of TRY550.386.377 with this sale. At the Board of Directors meeting held on 18 March 2017, the Group decided to engage in electricity production and sales activities by purchasing 100% of the shares of Konya Ilgın Electricity Generation Industry and Trade Co. with USD150.000.000 in order to change operations and the acquisition transaction was approved at the General Assembly meeting held on 10 May 2017. The consolidated financial statements have been prepared on the basis of the going concern assumption that the Group will benefit from its assets and fulfill its obligations within the next year during the natural course of its activities.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.1 Basis of Presentation (Continued)

##### Basis for consolidation

##### Subsidiaries

Subsidiaries are companies in which the Group is controlled, 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 due.

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.

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

#### 2.2 New and Revised Turkish Accounting Standards

##### a) Amendments to TAS affecting amounts reported and/or disclosures in the financial statements

- IAS 7 ‘Statement of cash flows’ on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- IAS 12 ‘Income Taxes’, effective from annual periods beginning on or after 1 January 2017. The amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Annual improvements 2014-2016;

IFRS 12, ‘Disclosure of interests in other entities’ regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

- IFRS 2, ‘Share based payments’ on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
- IFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.



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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(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 (Continued)

- IFRS 15 ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- IFRS 15, ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- IFRS 16 ‘Leases’, effective from annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, ‘Revenue from Contracts with Customers’, is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 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.
- IFRS 4, ‘Insurance contracts’ regarding the implementation of IFRS 9, ‘Financial Instruments’, effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
  - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard— IAS 39.
- IAS 40, ‘Investment property’ relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- Annual improvements 2014-2016;  
IFRS 1, ‘First-time adoption of IFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.  
IAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(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 (Continued)

- IFRIC 22, ‘Foreign currency transactions and advance consideration’, effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.
- IFRS 17, ‘Insurance contracts’, effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Group will evaluate the effects of the above amendments and apply them from the effective date.

#### 2.3 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; or
  - (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.

##### Revenue

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

##### Sale of goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- the Group transfers all the significant risks and rewards of ownership of the goods to the buyer;
- the Group has no continuing managerial involvement associated with the ownership or significant control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Dividend and interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

Dividend revenue from investments is recognized when shareholders have the right to receive such payment.

##### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average out basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

When the net realizable value of inventory is less than cost, inventory is written down to net realizable value and expense is included in statement of income/(loss) in the period in which the write-down or loss occurred. When circumstances that previously caused inventories discounted to net realizable value no longer exist or when there is clear evidence of an increase in net realizable value because of the changes in economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial write-down.

##### **Property, Plant and Equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

Freehold land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line and declining depreciation method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Expected useful lives for property, plant and equipment are as follows:

	<u>Useful life</u>
Buildings	10 - 50 years
Land improvements	8 - 25 years
Machinery and equipments	3 - 15 years
Vehicles	4 - 7 years
Furniture and fixtures	4 - 16 years
Other property, plant and equipment	4 years

Gain or loss arising on the disposal or retirement of a property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

#### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss in accordance with the Group’s general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

##### Intangible Assets

###### Intangible assets acquired

Intangible fixed assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

###### Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (3 years).

###### Trademarks and licenses

Trademarks and licenses acquired are carried at historical cost. Trademarks and licenses have finite useful lives and are carried at cost less accumulated amortization. Trademarks and licenses acquired are depreciated over their expected useful lives using the straight line amortization method.

###### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible fixed asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are carried at cost, less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets acquired separately.

Estimated useful lives of intangible assets are amortized based on the following useful lives:

	<u>Useful life</u>
Rights	2 - 30 years

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

##### Mineral exploration costs

Costs associated with mining preparation expenses (geophysical, topographical, geological etc.) are recognized as an expense as incurred, except where they are expected to contribute to sustainable capital growth in the future. In such cases, those expenses are capitalized and depreciated over the useful life of the mine (total reserve amount) when the mine reaches its trading production capacity. Research and preparation costs written off as expense prior to the development and construction period of a mine cannot be capitalized even though a mine reserve with trading nature is explored following the related period. Estimated useful life, residual value and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimates being accounted for on a prospective basis. Mining preparation costs includes, mine preparation development expenses, mine search expenses, research and development expenses and other assets subject to amortization.

##### **Impairment of Tangible and Intangible Assets Other Than Goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### **Financial Instruments**

##### Financial Assets

Financial assets are classified into the following specified categories: financial assets classified as “at fair value through profit or loss” (“FVTPL”), “held-to-maturity investments”, “available-for-sale” (“AFS”) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group’s cash and cash equivalents are classified under the category of ‘Loans and Receivables’.

##### Recognition and derecognition of financial assets

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

##### Financial Liabilities

When a financial liability is recognised initially, the Group measures it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method

#### **Business Combinations and Goodwill**

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-Based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TAS 39, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.



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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The Group purchased 100% of Konya Ilgın from Park Holding A.Ş. and Turgay Ciner with the approval of purchase decision in General Assembly meeting dated 10 May 2017. This transaction was concluded to be as business combinations under common control. Within the scope of “Accounting of the business combinations under common control” promulgated in the Official Gazette dated 21 July 2013 the by the POA, it was stated that goodwill will not be included in consolidated financial statements prepared, that consolidated financial statements shall be adjusted as if the business combination took place at the beginning of the reporting period when the common control emerged and the financial statements shall be presented in comparison as of the beginning of that reporting period, and that “Impacts of the Business and entity combinations Under common Control” account will be used as a balancing account under shareholders equity to eliminate potential assets/ liabilities mismatch to arise as a result of business combinations under common control.

It would be appropriate to consider the accounting of business combinations under common control to consolidated financial statements considering the carrying values of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. Therefore, on the date when and after the Company takes control of the companies under common control, the consolidated financial statements should be restated retrospectively in line with TAS provisions,. Which are Konya Ilgın’s acquisition by Park Holding A.Ş., which controls the Group (Note 2.1).

In accordance with this Communiqué, necessary adjustments have been made to the financial statements of 31 December 2016, 31 December 2015 and 30 June 2016 presented comparatively with the financial results of 30 June 2017.

#### Foreign Currency Transactions

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

In preparing the financial statements transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies).

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

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

##### Earnings per Share

Earnings per share disclosed in the accompanying statement of income are determined by dividing net income by the weighted average number of shares circulating during the related period.

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such bonus share distributions are treated as issued shares. Accordingly, the retrospective effect for such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

##### Events after the Balance Sheet Date

Events after the balance sheet date comprise any events between the balance sheet date and the date of authorization of the financial statements for issue, even if any events after the balance sheet date occurred subsequent to the announcement of the Group's profit or the publicly disclosed financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

##### Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### Reporting of Financial Information by Segments

A landslide has occurred on 17 November 2016 in Madenköy copper mine area in Şirvan province of Siirt and then the Group has sold all of its assets on 17 March 2017 (Note 1). Prior to this date, all information used by the Group management to decide on the performance evaluation and allocation of resources were related to the "Copper Mine" segment, which operated as a single business in Turkey. After the sale, the Group decided to enter into electricity production and sales activities by taking 100% shares of Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş. at the Board of Directors meeting held on 18 March 2017 in order to change the business activity. With this acquisition, the Group's active business activity became electricity production and sales through coal, which will be extracted from the lignite field. With this development, the information used by the Group Management to decide on performance evaluation and resource allocation is related to the "Electricity Generation and Sales" segment in Turkey, which operates in a single business. Therefore, there are no separate segments that the Group management considers simultaneously in terms of performance determination and resource allocation (Note 4). The financial information of the purchased Konya Ilgın has been presented in Note 2.1.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

##### Discontinued Operations

Discontinued operations are separable parts of the Group which either are classified as held-for-sale or disposed of operations and its cash flows. Discontinued operations represent separate business or geographical segment and they are a part of disposal plans or are held for sale subsidiaries. The Group’s discontinued operations are carried at the lower of the book value of the assets and liabilities and fair value less costs to sell.

On 17 November 2016, a landslide happened in the Madenköy copper mine field of the group located in Siirt, Şirvan and the production was suspended. In order to utilise the proceeds to be obtained from the sales of assets related with copper production, assets related to the concentrated copper production were sold on 17 March 2017.

The Group has restated its financial statements for previous periods for disclosures related to the discontinued operations. For this reason, the activities presented in profit or loss and other comprehensive income statements and the comparative period cash flows have been presented as continued and discontinued operations. On the other hand, the statement of financial position for the previous year has not been restated within the scope of discontinued operations. The income statement for the discontinued operations of the Group is disclosed in Note 21.

##### Government Incentives and Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to income statement on a straight-line basis over the expected lives of the related assets (Note 15).

##### Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change in use.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

##### Taxation and Deferred Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit or loss of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.3 Summary of Significant Accounting Policies (Continued)

##### Employee Benefits

###### Retirement Pay Provisions

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as part of defined retirement benefit plans as per Turkey Accounting Standard 19 (Revised) “Employee Benefits” (“TAS 19”). In this context, in addition to the salary, the Group provides various benefits, such as; bonuses; fuel and food support; leaves of absence, national holidays, marriage, birth and death; and educational incentives to its employees.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and reflected in the financial statements. All actuarial gains and losses calculated are presented in the statement of comprehensive income.

##### Statement of Cash Flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

##### Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

#### 2.4 Significant Accounting Estimates and Assumptions

The Group management makes estimates and assumptions for future periods. For the following reporting period, estimates and assumptions that may have significant effect on the carrying amount of assets and liabilities are summarized as follows:

###### Impairment of trade receivables

Impairment measured for loans and receivables represent the difference between the present value and carrying amount of estimated future cash flows discounted by using the effective interest rate of the financial asset, and as of the balance sheet date, the Group has calculated TRY3,024,808 (31 December 2016:TRY3,033,018 and 31 December 2015: TRY2,618,043 ) (Note: 8).

###### Amortization of mine field preparation expenses

In order to amortize stripping costs regarding open mining, the Group uses a methodology based on information that is heavily dependent on management estimates such as total reserve of the field that is made available by the stripping activity and the yearly volume of reserve. By utilization of this method, amount of reserve that corresponds to a specific amount of stripping has been estimated and this estimation has been used in the amortization of stripping costs.

According to the studies related to the copper reserve determination, assumptions and techniques used to determine mineral reserves consists some of the uncertainties (like copper prices, foreign exchange rates, geographical and statistical variables) could change according to a new usable information developed related to mineral reserve dramatically. Assets related to mine development expenses and depreciations are changing related to the new informations gathered proactively as it is stated.

As of 30 June 2017, there are no mining assets related to copper operations in the balance sheet as of the end of the Group's copper production activities.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

#### 2.4 Significant Accounting Estimates and Assumptions (Continued)

##### Environmental liabilities

The Group is subject to extensive environmental controls and regulations in Turkey. The Group’s operations may lead, as a result of the discharge of materials and contaminants into the environment, to a disturbance of land and thereby create a negative impact on the flora and fauna.

The Group’s management is of the opinion that it is in full compliance with all current existing environmental laws and regulations in Turkey. However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those environmental laws and regulations may change. Such change, if it occurs, may require that the Group modernize technology to meet standards that are more stringent.

Within the scope of various laws, mining licenses and ‘use of mineral rights’ agreements, the Group decommissions mine facilities on cessation of its mining operations and restores the environment. The Group management believes that its environmental obligations mainly include the following:

- rehabilitation of land and other types of on-going rehabilitation; and
- decommissioning of mining assets and bringing mine sites into a condition that ensures the safety of population, protection of environment, buildings and facilities.

The extent and future costs related to environmental obligations are inherently difficult to estimate. They depend on the scale of operations, timing and further development of environmental legislation. The Group management believes that all required provisions with respect to environmental matters have been provided as of the balance sheet date.

##### Amortization of acquired mining licenses

The Group reviews the estimated useful life of mining licenses at the end of each reporting period. In this respect, the Group uses the lower of license period or expected useful life the mining field, which is calculated as total reserve amount divided by the estimated annual production amount, as the useful life of the license.

##### Deferred Tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized.

##### Income Taxes

The Group operates in various tax jurisdictions and is subject to the related tax regulations. Significant judgment is required to determine the Group provision for income taxes. The Group estimates its liabilities for tax obligations as well as the utilization of available loss carry forwards. When the final tax outcome is known, the actual positions may vary from these estimates and adjustments to deferred income tax positions may be required.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 3 - BUSINESS COMBINATION

The Group has acquired %100 of Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş. shares as of 10 May 2017. This acquisition was treated as a "business combination under common control" and the difference between the purchase price and the net equity at the date of acquisition is classified under equity under the "Effects of Consolidations involving Enterprises or Enterprises Subject to Joint Control". The reconciliation table for this amount classified under equity is presented as follows:

#### Effect of transactions under common control

Capital of Konya Ilgın (1 January 2016)	35,940,057
Ownership ratio	100%
Ownership of the Group on Konya Ilgın	35,940,057
Net book value of mining right (*)	22,740,113
Deferred tax amount of mining right (*)	(4,548,023)
<b>Effect of transactions under common control (1 January 2016)</b>	<b>54,132,147</b>
<b>Effect of transactions under common control (31 December 2016)</b>	<b>54,132,147</b>
Purchase consideration	(540,870,000)
<b>Effect of transactions under common control (30 June 2017) (**)</b>	<b>(486,737,853)</b>

(\*) Other financial items related to Konya Ilgın in the financial statements of Park Holding A.Ş. that have control of the Group.

(\*\*) Also see Note 2.1

### NOTE 4 - SEGMENT REPORTING

None (Note 2.3).

### NOTE 5 - CASH AND CASH EQUIVALENTS

	30 June - 2017	31 December - 2016	31 December - 2015
Cash on hand	169	3,645	3,969
Cash in banks	161,656,828	3,047,722	23,011
<i>Demand deposits</i>	151,403,964	3,047,722	23,011
<i>Time deposits less than 3 months</i>	10,252,864	-	-
	<b>161,656,997</b>	<b>3,051,367</b>	<b>26,980</b>

#### Time deposits

	Interest rate (%)	Maturity	30 June - 2017	31 December - 2016	31 December - 2015
TRY	7.5	July 2017	10,252,864	-	-
			<b>10,252,864</b>	-	-

As of 30 June 2017, the Group has no blocked cash or cash equivalents (31 December 2016: None).

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 6 - FINANCIAL INVESTMENTS

#### a) Short-term financial investments

As of 30 June 2017, the Group has no short term financial investments (31 December 2016: None).

#### b) Long-term financial investments

As of 30 June 2017, the Group’s long-term financial investments is as follows:

	30 June - 2017	31 December - 2016	31 December - 2015
<b>Long-term financial investments</b>			
Financial investments without an active mark carried at cost -	9,990,294	9,990,294	9,990,294
	<b>9,990,294</b>	<b>9,990,294</b>	<b>9,990,294</b>

Unquoted equity shares with an carrying amount of TRY9,990,294 (31 December 2016: TRY9,990,294 and 31 December 2015: TRY9,990,294), of which’s fair values cannot be measured reliably due to having wide range of estimated values and estimated values cannot be measured reliably, are carried at cost, less impairment loss, if any.

	30 June 2017		31 December 2016		31 December 2015	
	Shareholding Ratio (%)	Amount	Shareholding Ratio (%)	Amount	Shareholding Ratio (%)	Amount
Park Termik Elektrik San. ve Tic. A.Ş.	10	9,990,294	10	9,990,294	10	9,990,294
		<b>9,990,294</b>		<b>9,990,294</b>		<b>9,990,294</b>

### NOTE 7 - OBLIGATIONS UNDER FINANCE LEASES

	30 June - 2017	31 December - 2016	31 December - 2015
<b>Obligations under finance leases</b>			
Payable within one year	2,467,947	2,598,958	3,950,383
Payable between one to five years	1,583,155	2,707,341	2,663,495
	<b>4,051,102</b>	<b>5,306,299</b>	<b>6,613,878</b>
Less: Future interest charges	(193,508)	(306,236)	(329,346)
<b>Present value of obligations under finance leases</b>	<b>3,857,594</b>	<b>5,000,063</b>	<b>6,284,532</b>
Payable within one year	2,321,349	2,396,771	3,733,139
Payable over one year	1,536,245	2,603,292	2,551,393

As of 30 June 2017 The Group does not have any tangible assets acquired through finance lease. (31 December 2016: TRY2,315,842 and 31 December 2015: TRY3,084,854). Finance leases have an average effective rate of 6.68% and a lease term of 3 years. The Group is entitled to the ownership of the equipment at the end of lease term. The Group’s obligations under finance leases are secured by the lessors’ title to the leased assets. Payments are fixed by a plan and there is no contingent leasing payments.



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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 8 - TRADE RECEIVABLES AND PAYABLES

#### Trade Receivables

<b>Short-term trade receivables</b>	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Trade receivables from related parties (Note: 26)	10,113,598	8,008,395	9,959,555
Trade receivables	4,337,422	3,670,160	2,887,727
Allowance for doubtful trade receivables (-)	(3,024,808)	(3,033,018)	(2,618,043)
Other trade receivables	189,569	262,860	145,990
	<b>11,615,781</b>	<b>8,908,397</b>	<b>10,375,229</b>

Daily sales outstanding is 30 days in the domestic sales to related parties. (31 December 2016 and 31 December 2015: 30 days). In overseas sales made to related parties, 90% of the receivables are due in advance and the remaining 10% is assumed to have an average delivery time of 90 days (31 December 2016: 90 days and 31 December 2015: 90 days).

The maturity analysis of the receivables is provided in Note 27.

The movement of allowance for doubtful receivables is as follows:

	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Within 1 - 5 years	236,000	236,000	236,000
5 years or more	2,788,808	2,797,018	2,382,043
	<b>3,024,808</b>	<b>3,033,018</b>	<b>2,618,043</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 balance sheet 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 2017</b>	<b>1 January - 30 June 2016</b>
Opening Balance, 1 January	(3,033,018)	(2,618,043)
Foreign currency exchange differences	8,210	9,499
<b>Closing balance, 30 June</b>	<b>(3,024,808)</b>	<b>(2,608,544)</b>

The Group has no guarantees received for past due receivables (31 December 2016: None and 31 December 2015: None).

#### Trade Payables

<b>Short-term trade payables</b>	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Trade payables to related parties (Note 26)	898,313	953,018	2,995,658
Trade payables	5,358,565	19,613,103	23,253,381
	<b>6,256,878</b>	<b>20,566,121</b>	<b>26,249,039</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 9 -PREPAID EXPENSES, OTHER ASSETS, AND DEFERRED INCOME

#### a) Prepaid Expenses, Other Assets

<b>Short-term prepaid expenses, Other assets</b>	<b>30 June- 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Prepaid expenses	402,796	2,276,865	2,455,803
Advances given	341,201	725,273	397,895
	<b>743,997</b>	<b>3,002,138</b>	<b>2,853,698</b>
<b>Long-term prepaid expenses, Other assets</b>	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Prepaid expenses	4,652	1,283,389	1,220,845
Advances given	-	-	3,025,762
	<b>4,652</b>	<b>1,283,389</b>	<b>4,246,607</b>

#### b) Deferred Income

<b>Short-term deferred income,</b>	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Advances received	22,621	75,763	70,720
Deferred revenue	-	-	1,225,157
	<b>22,621</b>	<b>75,763</b>	<b>1,295,877</b>

#### c) Other Receivables and Payables

<b>Other short term receivables</b>	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Due from related parties (Note 26)	21,553,199	54,634,559	208,113,201
Allowance for doubtful trade receivables (-)	(22,306)	(22,306)	(22,306)
Deposits and guarantess given	12,345	395,016	12,345
Other trade receivables	1,800,643	1,902,020	2,844,793
	<b>23,343,881</b>	<b>56,909,289</b>	<b>210,948,033</b>

(\*) TRY1,800,643 (31 December 2016: TRY1,902,020 and 31 December 2015:TRY2,844,793) in “other sundry receivables” consists of the receivables from the contractors that the Group made financial leasing agreement with finance corporations in the name of its contractors.

<b>Other long-term receivables</b>	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Deposits and guarantees given	425,137	415,203	369,074
Other sundry receivables (*)	531,690	1,237,027	2,551,393
	<b>956,827</b>	<b>1,652,230</b>	<b>2,920,467</b>

(\*) TRY531,690 (31 December 2016: TRY1,237,027 and 31 December 2015: TRY2,551,393) in “other sundry receivables” consists of the receivables from the contractors that the Group made financial leasing agreement with finance corporations in the name of its contractors.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

<b>Other short-term payables</b>	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Deposits and guarantees received	1,845,170	1,426,300	536,601
Dividends payables (Note 26)	2,803	2,803	29,318,518
Payables to Group companies (Note 26)	83,262	0	246,642
Other payables	3,105	621	681,607
	<b>1,934,340</b>	<b>1,429,724</b>	<b>30,783,368</b>

### NOTE 11 - INVENTORIES

	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Raw materials	374,446	20,560,885	19,197,947
Finished goods	24,653	34,397,014	26,805,110
Other inventories	1,206,028	27,721	69,625
Allowance for diminution in value of inventories (-)	(17,249)	(17,249)	(17,249)
	<b>1,587,878</b>	<b>54,968,371</b>	<b>46,055,433</b>

### NOTE 12 - INVESTMENTS PROPERTIES

<b>Fair Value</b>	<b>Buildings</b>
Opening balance, 1 January 2017	102,000,000
Fair value adjustments of investment properties	579,516
Transfers from property, plant and equipment (*)	106,154,948
<b>Carrying value as of 30 June 2017</b>	<b>208,734,464</b>

As of 30 June 2017, there are no mortgages on the Group’s investments properties (31 December 2016: None and 31 December 2015: None).

<b>Fair Value</b>	<b>Buildings</b>
Opening balance, 1 January 2016	83,466,833
Fair value adjustments of investment properties	1,793,697
<b>Carrying value as of 30 June 2016</b>	<b>85,260,530</b>

(\*) The Group has classified it as investment property by determining that it will not use the land and building of the spinning mill located at Edirne on the Kapikule road and its spinning factory located at Ceyhan / Adana related to its operations

The fair value of the Group’s investment property as at 31 December 2016 and 31 December 2015 determined by an independent valuer A Pozitif Gayrimenkul Değerleme A.Ş. A Pozitif Gayrimenkul Değerleme A.Ş. is authorized by Capital Markets Board (“CMB”) and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations according to the Capital Markets Board’s legislations. The fair value was determined based on the capitalization of net income method, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 12 - INVESTMENTS PROPERTIES (Continued)

During the determination of fair values of investment properties, the highest and the best value of existing usage value.

Details of the Group’s investment properties and information about the fair value hierarchy as at 30 June 2017 is as follows:

	30 June 2017	Raporlama tarihi itibariyle Fair value as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
<b>Lands</b>	<b>85,308,000</b>	-	<b>85,308,000</b>	-
- Ceyhan	26,991,405	-	26,991,405	-
- Edirne	58,316,595	-	58,316,595	-
<b>Buildings</b>	<b>123,426,464</b>	-	<b>123,426,464</b>	-
- Ceyhan	12,872,851	-	12,872,851	-
- Edirne	7,974,097	-	7,974,097	-
- Şişhane	102,579,516	-	102,579,516	-

For the residential unit, the fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Leasehold improvements	Construction in progress	Total
<b>Opening balance, 1 January 2017</b>	<b>87,069,068</b>	<b>7,979,107</b>	<b>114,622,408</b>	<b>84,149,269</b>	<b>1,102,806</b>	<b>8,365,558</b>	<b>94,595</b>	<b>33,862,112</b>	<b>26,844,390</b>	<b>364,089,313</b>
Additions	-	-	-	-	-	-	-	-	1,628,384	1,628,384
Transfers (*)	(85,308,000)	(32,313)	(100,050,334)	-	-	-	-	-	-	(185,390,647)
Disposals	(564,979)	(7,946,794)	(14,572,074)	(75,795,133)	(606,221)	(7,808,032)	(94,595)	(33,862,112)	(16,596,508)	(157,846,448)
<b>Closing balance, 30 June 2017</b>	<b>1,196,089</b>	<b>-</b>	<b>-</b>	<b>8,354,136</b>	<b>496,585</b>	<b>557,526</b>	<b>-</b>	<b>-</b>	<b>11,876,266</b>	<b>22,480,602</b>
<b>Accumulated depreciation</b>										
<b>Opening balance, 1 January 2017</b>	<b>-</b>	<b>5,299,608</b>	<b>84,363,570</b>	<b>49,184,878</b>	<b>888,627</b>	<b>5,493,208</b>	<b>74,130</b>	<b>9,898,382</b>	<b>-</b>	<b>155,202,403</b>
Charge for the period	-	106,025	135,041	1,354,075	29,702	114,781	1,506	508,525	-	2,249,655
Transfers (*)	-	(31,000)	(79,204,700)	-	-	-	-	-	-	(79,235,700)
Disposals	-	(5,374,633)	(5,293,911)	(44,739,017)	(536,322)	(5,062,208)	(75,636)	(10,406,907)	-	(71,488,634)
<b>Closing balance, 30 June 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,799,936</b>	<b>382,007</b>	<b>545,781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,727,724</b>
<b>Carrying value as of 1 January 2017</b>	<b>87,069,068</b>	<b>2,679,499</b>	<b>30,258,838</b>	<b>34,964,391</b>	<b>214,179</b>	<b>2,872,350</b>	<b>20,465</b>	<b>23,963,730</b>	<b>26,844,390</b>	<b>208,886,910</b>
<b>Carrying value as of 30 June 2017</b>	<b>1,196,089</b>	<b>-</b>	<b>-</b>	<b>2,554,200</b>	<b>114,578</b>	<b>11,745</b>	<b>-</b>	<b>-</b>	<b>11,876,266</b>	<b>15,752,878</b>

(\*) These property, plant and equipments previously registered as tangible assets upon the decision of the Board of Directors in March 2017, the idle factory building in Edirne and the idle spinning factory in Adana, will not be used for the operations related to the operations of the Group has been transferred to investment properties.

As of 30 June 2017, there are no mortgages or pledges on the Group’s property, plant and equipment (31 December 2016: None).

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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#### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Leasehold improvements	Construction in progress	Total
<b>Opening balance, 1 January 2016</b>	<b>11,824,016</b>	<b>7,117,498</b>	<b>50,308,932</b>	<b>77,108,852</b>	<b>1,058,147</b>	<b>7,357,937</b>	<b>67,345</b>	<b>33,848,091</b>	<b>15,888,794</b>	<b>204,579,612</b>
Additions	80,193	364,471	22,350	2,818,006	9,600	617,908	18,000	14,021	2,457,943	6,402,492
Disposals	-	-	-	(946,857)	(29,566)	-	-	-	0	(976,423)
Transfers	-	349,796	-	32,806	-	-	-	-	(382,602)	-
<b>Closing balance, 30 June 2016</b>	<b>11,904,209</b>	<b>7,831,765</b>	<b>50,331,282</b>	<b>79,012,807</b>	<b>1,038,181</b>	<b>7,975,845</b>	<b>85,345</b>	<b>33,862,112</b>	<b>17,964,135</b>	<b>210,005,681</b>
<b>Accumulated depreciation</b>										
<b>Opening balance, 1 January 2016</b>	-	<b>4,456,465</b>	<b>31,258,942</b>	<b>40,926,199</b>	<b>800,233</b>	<b>4,752,475</b>	<b>62,454</b>	<b>5,419,053</b>	-	<b>87,675,821</b>
Charge for the period	-	499,452	1,213,716	5,466,385	51,523	362,692	5,632	1,948,582	-	9,547,982
Disposals	-	-	-	(898,085)	(21,704)	-	-	-	-	(919,789)
<b>Closing balance, 30 June 2016</b>	-	<b>4,955,917</b>	<b>32,472,658</b>	<b>45,494,499</b>	<b>830,052</b>	<b>5,115,167</b>	<b>68,086</b>	<b>7,367,635</b>	-	<b>96,304,014</b>
<b>Carrying value as of 1 January 2016</b>	<b>11,824,016</b>	<b>2,661,033</b>	<b>19,049,990</b>	<b>36,182,653</b>	<b>257,914</b>	<b>2,605,462</b>	<b>4,891</b>	<b>28,429,038</b>	<b>15,888,794</b>	<b>116,903,791</b>
<b>Carrying value as of 30 June 2016</b>	<b>11,904,209</b>	<b>2,875,848</b>	<b>17,858,624</b>	<b>33,518,308</b>	<b>208,129</b>	<b>2,860,678</b>	<b>17,259</b>	<b>26,494,477</b>	<b>17,964,135</b>	<b>113,701,667</b>

As of 30 June 2016, there are no mortgages or pledges on the Group’s property, plant and equipment (30 June 2015: None)..

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

#### Fair value measurements of the Group's land and buildings

The carrying values of Group's revalued land, building, machinery and machinery determined on historical cost basis are as follows:

	30 June - 2017	31 December - 2016
Land	-	526,359
Buildings	-	7.555,947
Machinery and equipment	-	484,859
<b>Total</b>	<b>-</b>	<b>8,567,165</b>

### NOTE 14 - INTANGIBLE ASSETS

Cost	Mine preparation development expenses	Mine search expenses	Research and development expenses	Other assets subject to amortization	Rights	Total
Opening balance, 1 January 2017	18,974,632	7,170,357	33,600	47,177,942	33,961,488	107,318,019
Additions	1,609,130	-	-	-	-	1,609,130
Disposals	-	(6,379,152)	(33,600)	(47,177,942)	(10,055,605)	(63,646,299)
<b>Closing balance, 30 June 2017</b>	<b>20,583,762</b>	<b>791,205</b>	<b>-</b>	<b>-</b>	<b>23,905,883</b>	<b>45,280,850</b>
<b>Accumulated amortization</b>						
Opening balance, 1 January 2017	-	1,707,790	33,600	7,052,634	11,646,664	20,440,688
Charge for the period	-	91,475	-	-	511,878	603,353
Disposal	-	(1,403,663)	(33,600)	(7,052,634)	(9,674,680)	(18,164,577)
<b>Closing balance, 30 June 2017</b>	<b>-</b>	<b>395,602</b>	<b>-</b>	<b>-</b>	<b>2,483,862</b>	<b>2,879,464</b>
<b>Carrying value as of 1 January 2017</b>	<b>18,974,632</b>	<b>5,462,567</b>	<b>-</b>	<b>40,125,308</b>	<b>22,314,824</b>	<b>86,877,331</b>
<b>Carrying value as of 30 June 2017</b>	<b>20,583,762</b>	<b>395,603</b>	<b>-</b>	<b>-</b>	<b>21,422,021</b>	<b>42,401,386</b>
Cost	Mine preparation development expenses	Mine search expenses	Research and development expenses	Other assets subject to amortization	Rights	Total
Opening balance, 1 January 2016	283,645,121	7,051,742	33,600	37,202,852	34,863,942	362,797,257
Additions	31,383,400	90,900	-	5,742,104	3,011	37,219,415
<b>Closing balance, 30 June 2016</b>	<b>315,028,521</b>	<b>7,142,642</b>	<b>33,600</b>	<b>42,944,956</b>	<b>34,866,953</b>	<b>400,016,672</b>
<b>Accumulated amortization</b>						
Opening balance, 1 January 2016	272,893,316	1,035,973	30,217	4,910,865	11,388,034	290,258,405
Charge for the period	31,126,042	203,915	2,117	1,234,526	589,952	33,156,552
<b>Closing balance, 30 June 2016</b>	<b>304,019,358</b>	<b>1,239,888</b>	<b>32,334</b>	<b>6,145,391</b>	<b>11,977,986</b>	<b>323,414,957</b>
<b>Carrying value as of 1 January 2016</b>	<b>10,751,805</b>	<b>6,015,769</b>	<b>3,383</b>	<b>32,291,987</b>	<b>23,475,908</b>	<b>72,538,852</b>
<b>Carrying value as of 30 June 2016</b>	<b>11,009,163</b>	<b>5,902,754</b>	<b>1,266</b>	<b>36,799,565</b>	<b>22,888,967</b>	<b>76,601,715</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 15 - GOVERNMENT GRANTS AND INCENTIVES

The Group has a license for Investment Incentive Certificate regulated by Ministry of Economy General Directorate of Foreign Investment Promotion and Application of the Republic of Turkey related with the investment at its copper plant in Siirt / Madenköy, dated 17 September 2012 and numbered 106816. The Group will benefit from the benefits of this Investment Incentive Certificate after the beginning of the investment. In this respect, the Group began to utilize local support elements like tax deduction, exemptions for VAT, custom tax, social security premium employer share support, interest support, withholding tax support and insurance premium support and started to utilize from VAT supports in 2012. As of 30 June 2017, the Group used the advantage of TRY121,800 tax allowances and incentives (31 December 2016: TRY883,885). The Group invested total of TRY63,595,719 (31 December 2016: TRY62,927,612) from date of having incentive certificate to 31 March 2017 and deserved total of TRY31,797,859 investments allowances and incentives (31 December 2016: TRY31,463,806). As of 30 June 2017, the Group used the tax advantage of TRY21,082,796 within investments allowances and incentives (31 December 2016: TRY3,366,136). As a result of the sale of the Group's assets belonging to copper plant in Siirt / Madenköy as of 17 March 2017, the related incentives were transferred to the buyer together with the assets. (Note 21)

### NOTE 16 - EMPLOYEE BENEFITS

	30 June - 2017	31 December - 2016	31 December - 2015
Due to personnel	245,613	1,423,368	1,298,909
Social security premiums payables	98,350	1,198,467	533,712
Other sundry payables	281,504	495,888	464,590
	<b>625,467</b>	<b>3,117,723</b>	<b>2,297,211</b>

### NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### a) Short-term provisions

Short-term provisions for employee enefits	30 June - 2017	31 December - 2016	31 December - 2015
Unused vacation liability	975,319	1,804,767	1,748,811
	<b>975,319</b>	<b>1,804,767</b>	<b>1,748,811</b>

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

	30 June - 2017	30 June - 2016
Opening balance, 1 January	<b>1,804,767</b>	<b>1,748,811</b>
Used/ paid during the period (-)	(1,083,119)	(367,100)
Increases during the period	253,671	470,887
<b>Closing Balance, 30 June</b>	<b>975,319</b>	<b>1,852,598</b>



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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

<b>Other short-term provisions</b>	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Provisions for litigation	8,883,163	4,490,169	695,315
Quarry government share	-	797,918	1,172,980
Other	-	18,550	-
	<b>8,883,163</b>	<b>5,306,637</b>	<b>1,868,295</b>

As of 30 June 2017, total of pending lawsuits filed against the Group amounts to TRY8,883,163 (31 December 2016: TRY4,490,169 and 31 December 2015: TRY695,315). The Group’s management provided a provision amounting to TRY8,883,163 (31 December 2016: TRY4,490,169 and 31 December 2015: None). TRY8,883,163 of these lawsuits relates to personnel claims (31 December 2016: TRY4,458,079 and 31 December 2015: TRY663,225).

As explained above, the Group, in the current period, has become a party to various lawsuits both as a defendant and plaintiff during the course of its business. 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:

	<b>30 June - 2017</b>	<b>30 June - 2016</b>
Opening balance, 1 January	4,490,169	695,315
Charge for the period	4,416,667	244,023
Payment during the period (-)	(23,673)	(45,538)
<b>Closing balance, 30 June</b>	<b>8,883,163</b>	<b>893,800</b>

#### b) Long-term provisions

	<b>30 June - 2017</b>	<b>31 December - 2016</b>	<b>31 December - 2015</b>
Retirement pay provisions	3,244,617	16,474,338	8,656,545
Other provisions	-	6,945,505	6,858,758
	<b>3,244,617</b>	<b>23,419,843</b>	<b>15,515,303</b>

#### Retirement Pay Provisions

Under Turkish Labor 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 TRY4,732.48 for each period of service at 30 June 2017 (2016: TRY4,297,21 and 2015: TRY3,828.27).

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Revised IFRS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the Group’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 2017, 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 4.21% real discount rate (31 December 2016: 4.21% and 31 December 2015: 4.21%) calculated by using 7% annual inflation rate and 11,5% 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 TRY4,732,48 which is in effect since 1 July 2017 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.

- If the discount rate had been 1% higher (lower), provision for employee termination benefits would decrease (increase) by TRY82,051.
- If the anticipated turnover rate had been 1% lower (higher) while all other variables were held constant, provision for employee termination benefits would increase/ (decrease) by TRY71,423.

The movement of the employment termination benefits is as follows:

	<b>30 June - 2017</b>	<b>30 June - 2016</b>
Opening balance, 1 January	16,474,338	8,656,545
Interest cost	263,777	178,146
Service cost	1,302,432	698,037
Payments during the period (-)	(14,795,930)	(526,046)
<b>Closing balance, 30 June</b>	<b>3,244,617</b>	<b>9,006,682</b>

Other long-term provisions consisted of mine closure costs. As the Group sold its assets related to copper production activity on 17 March 2017, the Group did not have any liability for mine closure.,

	<b>30 June - 2017</b>	<b>30 June - 2016</b>
Opening bakiyesi, 1 January	6,945,505	6,858,758
Interest cost	-	142,346
Provisions no longer required	(6,945,505)	0
<b>Closing balance, 30 June</b>	<b>-</b>	<b>7,001,104</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### c) Guarantees received and given

Guarantees received (TRY)	30 June 2017		31 December 2016		31 December 2015	
	FC Balance	Equivalent of TRY	FC Balance	Equivalent of TRY	FC Balance	Equivalent of TRY
Letters of guarantees (TRY)	-	1,000,686	-	1,415,686	-	500,000
Letters of guarantees (EUR)	10,000	40,030	10,000	37,099	10,000	31,776
Promissory cheques (TRY)	-	1,135,000	-	1,135,000	-	1,119,500
Promissory cheques (USD)	-	-	90,000	316,728	90,000	261,684
Promissory notes (TRY)	-	210,147,615	-	210,247,615	-	210,102,599
Promissory notes (EUR)	562,770	2,252,769	562,770	2,087,820	117,120	372,161
Cash guarantees	-	715,000	-	-	-	-
<b>Total</b>		<b>215,291,100</b>		<b>215,239,948</b>		<b>212,387,720</b>

The details of the Group’s Guarantees/Pledges/Mortgages (“GPMs”) position as of 30 June 2017, 31 December 2016 and 31 December 2015 is presented as follows:

30 June 2017	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	46,918,003	46,918,003
<i>Promissory notes</i>	46,403,638	46,403,638
<i>Cash guarantees</i>	414,365	414,365
<i>Obligations granted on behalf of shareholders</i>	100,000	100,000
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>46,918,003</b>	<b>46,918,003</b>

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

31 December 2016	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	54,168,632	54,168,632
<i>Promissory notes</i>	53,284,872	53,284,872
<i>Cash guarantees</i>	-	-
<i>Obligations granted on behalf of shareholders</i>	883,760	883,760
B. GPMs given on behalf of consolidated subsidiaries	-	-
C. GPMs given to behalf of third parties within ordinary business activities	4,150,000	4,150,000
D. GPMs given for other purposes	-	-
<b>Total (*)</b>	<b>58,318,632</b>	<b>58,318,632</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 FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

31 December 2015	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	44,187,572	44,187,572
<i>Promissory notes</i>	43,832,435	43,832,435
<i>Cash guarantees</i>	-	-
<i>Obligations granted on behalf of shareholders</i>	355,137	355,137
B. GPMs given on behalf of consolidated subsidiaries	-	-
C. GPMs given to behalf of third parties within ordinary business activities	4,500,000	4,500,000
D. GPMs given for other purposes	-	-
<b>Total</b>	<b>48,687,572</b>	<b>48,687,572</b>

Proportion of GPMs given to the Group’s equity as of 30 June 2017 is 0.00% (31 December 2016: 0.00% and 31 December 2015: 0.00%).

### 30 June 2017

Related Parties	Nature of Relationship	Received	Guarantees / Bails Commitments	Amount	Risk Amount
Turgay Ciner	Shareholder	Received	Bail - TRY	7,150,000	-
		Received	Bail - EUR	1,757,000	531,687
Park Holding	Shareholder	Received	Bail - TRY	613,193	162,002
		Received	Bail - USD	924,000	557,231
		Received	Bail - TRY	300,000	3,010
Park Holding, Turgay Ciner	Shareholder	Received	Bail - TRY	17,126,800	1,756,800
Park Holding, Park Termik, Park Teknik ve Turgay Ciner	Shareholder/ Group Company /Shareholder	Received	Bail - TRY	44,568,845	-
Park Termik, Park Teknik ve Turgay Ciner	Shareholder/ Associate/ Group Company	Received	Bail - USD	28,956,770	49,894
		Received	Bail - TRY	82,500	50,000
		Received	Bail - EUR	640,768	-
Park Holding, Park Teknik Park Termik	Shareholder/ Group Company Associate	Received	Bail - TRY	315,046	-
		Received	Bail - TRY	5,622	-
<b>Total</b>		<b>Received</b>	<b>Bail - USD</b>	<b>29,880,770</b>	<b>607,125</b>
		<b>Received</b>	<b>Bail - EUR</b>	<b>2,397,768</b>	<b>531,687</b>
		<b>Received</b>	<b>Bail - TRY</b>	<b>70,162,006</b>	<b>1,971,812</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

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

**NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

**31 December 2016**

Related Parties	Nature of Relationship	Received	Guarantees / Bails Commitments	Amount	Risk Amount
Turgay Ciner	Shareholder	Received	Bail – TRY	7,150,000	5,000
		Received	Bail – USD	1,757,000	772,618
Park Holding	Shareholder	Received	Bail – TRY	613,193	334,517
		Received	Bail – USD	924,000	633,999
		Received	Bail – TRY	300,000	93,010
Park Holding, Turgay Ciner	Shareholder	Received	Bail – TRY	17,126,800	8,406,800
Park Holding, Park Termik, Park Teknik ve Turgay Ciner	Shareholder/ Group Company /Shareholder	Received	Bail – TRY	44,268,848	-
Park Termik, Park Teknik ve Turgay Ciner	Shareholder/ Associate/ Group Company	Received	Bail – USD	28,956,770	136,224
		Received	Bail – TRY	82,500	50,000
		Received	Bail – EUR	640,768	100
	Shareholder/ Group Company	Received	Bail – TRY	315,046	100
Park Holding, Park Teknik	Shareholder/ Group Company	Received	Bail – TRY	5,622	5,622
Park Termik	Associate	Received	Bail – TRY	5,622	5,622
<b>Total</b>		<b>Received</b>	<b>Bail – USD</b>	<b>29,880,770</b>	<b>770,223</b>
		<b>Received</b>	<b>Bail – EUR</b>	<b>2,397,768</b>	<b>772,718</b>
		<b>Received</b>	<b>Bail – TRY</b>	<b>69,862,009</b>	<b>8,895,049</b>

**31 December 2015**

Related Parties	Nature of Relationship	Received	Guarantees / Bails Commitments	Amount	Risk Amount
Turgay Ciner	Shareholder	Received	Bail – TRY	7,150,000	5,000
		Received	Bail – EUR	2,060,000	1,350,405
Park Holding	Shareholder	Received	Bail – TRY	613,193	453,542
		Received	Bail – USD	-	-
		Received	Bail – TRY	300,000	93,010
Park Holding, Turgay Ciner	Shareholder	Received	Bail – TRY	1,756,800	1,756,800
Park Holding, Park Termik, Park Teknik ve Turgay Ciner	Shareholder/ Group Company /Shareholder	Received	Bail - TRY	41,429,011	26
Park Termik, Park Teknik ve Turgay Ciner	Shareholder/ Associate/ Group Company	Received	Bail - USD	28,956,770	87,294
		Received	Bail – TRY	82,500	50,000
		Received	Bail – EUR	3,184,416	603,446
	Shareholder/ Group Company	Received	Bail – TRY	315,046	77,972
Park Holding, Park Teknik	Shareholder/ Group Company	Received	Bail – TRY	5,622	5,622
Park Termik	Associate	Received	Bail – TRY	5,622	5,622
<b>Total</b>		<b>Received</b>	<b>Bail – USD</b>	<b>28,956,770</b>	<b>87,294</b>
		<b>Received</b>	<b>Bail – EUR</b>	<b>5,244,416</b>	<b>1,953,851</b>
		<b>Received</b>	<b>Bail - TRY</b>	<b>51,652,172</b>	<b>2,441,972</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 18 - COMMITMENTS

#### Operating Leases

Details of the finance lease transactions of the Group were given in Note 7 for the year 2016. The Group has operating lease transactions with the Group companies or third parties and the details of its operating lease transactions are as follows:

	30 June - 2017	30 June - 2016
Land rent expenses	340,175	5,759
Building rent expenses	322,030	315,090
Vehicle rent expenses	227,863	1,090,459
Machinery rent expenses	393,694	1,843,886
	<b>1,283,762</b>	<b>3,255,194</b>

### NOTE 19 - OTHER ASSETS AND LIABILITIES

Other current assets	30 June - 2017	31 December - 2016	31 December - 2015
Deferred VAT	525,186	7,465,422	4,684,504
Other VAT	57,000	160,316	90,833
Income accruals	19,068	6,356	431,138
Business advances	14,102	2,902	45,914
	<b>615,356</b>	<b>7,634,996</b>	<b>5,252,389</b>

Other fixed assets	30 June - 2017	31 December - 2016	31 December - 2015
VAT deductible in future years	1,372,270	1,320,748	1,447,591
	<b>1,372,270</b>	<b>1,320,748</b>	<b>1,447,591</b>

Other short-term liabilities	30 June - 2017	31 December - 2016	31 December - 2015
Taxes and funds payables	13,610	381,486	7,522,952
Other liabilities payable (*)	712,434	706,799	6,498
	<b>726,044</b>	<b>1,088,285</b>	<b>7,529,450</b>

(\*) TRY700,167 of the other liabilities to be paid, consists of tax rebate restructured under Law No. 6736 (31 December 2016 : TRY700,167 and 31 December 2015: TRY6,498).

Other long-term liabilities	30 June - 2017	31 December - 2016	31 December - 2015
Other long-term liabilities(**)	1,166,937	1,283,632	-
	<b>1,166,937</b>	<b>1,283,632</b>	<b>-</b>

(\*\*) The amount consists of tax rebate restructured under Law No. 6736 (31 December 2016 : TRY1,283,629 and 31 December 2015: None ).

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 20 - EQUITY

#### a) Share Capital

The Company’s share capital structure as of 30 June 2017, 31 December 2016 and 31 December 2015 is presented as follows:

Shareholders	30 June 2017		31 December 2016		31 December 2015	
	Shareholding ratio (%)	Amount	Shareholding ratio (%)	Amount	Shareholding ratio (%)	Amount
Park Holding A.Ş.	61.25	91,168,622	61.25	91,168,622	61.25	91,168,622
Turgay Ciner	6.76	10,065,983	6.76	10,065,983	6.76	10,065,983
Other	31.99	47,632,638	31.99	47,632,638	31.99	47,632,638
<b>Total</b>	<b>100.00</b>	<b>148,867,243</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 Partipation (%)	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 Company’s Extraordinary General Assembly approved the change in Article 6, which is related to “Share Capital”, in its Articles of Association at the meeting held on 13 March 2009. In accordance with the related change, TRY6,310,000,000 of B Group shares, which represent the share capital, has been registered in the name of the shareholders and the registered capital ceiling is increased to TRY300,000,000. Amendment to the Company’s Articles of Association was registered and published in the Turkish Trade Registry Gazette as at 13 March 2009 and 18 March 2009, respectively.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 21 - DISCONTINUED OPERATIONS

The Group sold its assets related to concentrated copper production activities to Cengiz İnşaat Sanayi ve Ticaret A.Ş. for USD195,000,000 on 17 March 2017. As of 30 June 2017, the Group will not receive any income from copper production activities other than the sales proceeds of the copper inventory in the following reporting periods. As a result of this, the Group's operations related to copper production were terminated. For this reason, cease of the production of concentrated copper have been reported separately from continuing operations as discontinued operations in accordance with TFRS 5 (Not 2.3).

	Footnote Reference	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Revenue		93,786,869	24,356,783	83,545,262	25,131,539
Cost of sales (-)		(64,050,993)	(16,452,266)	(87,194,683)	(32,964,807)
<b>Gross profit</b>		<b>29,735,876</b>	<b>7,904,517</b>	<b>(3,649,421)</b>	<b>(7,833,268)</b>
Marketing, selling and distribution expenses (-)		(6,218,465)	(1,666,654)	(6,321,920)	(2,096,412)
General administrative expenses (-)		(8,509,999)	(4,334,944)	(1,157,174)	(553,355)
Other income from operating activities		2,486,955	1,284,587	1,261,953	639,353
Other expenses from operating activities (-)		(13,653,752)	(472,770)	(4,788,711)	275,525
<b>Operating profit / (loss)</b>		<b>3,840,615</b>	<b>2,714,736</b>	<b>(14,655,273)</b>	<b>(9,568,157)</b>
Income from investing activities		550,386,377	-	424,300	358,217
<b>Operating profit before finance income/expense</b>		<b>554,226,992</b>	<b>2,714,736</b>	<b>(14,230,973)</b>	<b>(9,209,940)</b>
Finance income / expenses		3,166,319	1,551,647	7,913,175	3,746,728
<b>Profit / (Loss) before taxation</b>		<b>557,393,311</b>	<b>4,266,383</b>	<b>(6,317,798)</b>	<b>(5,463,212)</b>
<b>Tax (expense) / income</b>		<b>(62,371,579)</b>	<b>(13,764,529)</b>	<b>4,342,238</b>	<b>2,420,709</b>
Current tax (charge) / income		(34,599,502)	1,591,810	-	-
Deferred tax (expense) / income		(27,772,077)	(15,356,339)	4,342,238	2,420,709
<b>Net profit / (loss) for the period</b>		<b>495,021,732</b>	<b>(9,498,146)</b>	<b>(1,975,560)</b>	<b>(3,042,503)</b>
<b>Earnings pers hare from discontinued operations (*)</b>		<b>0,0318</b>	<b>(0,0012)</b>	<b>(0,0005)</b>	<b>(0,0004)</b>

Income received from the removal of copper production activities and profits obtained:

	2017
The sale of tangible and intangible assets	715,923,000
Net book values of related tangible and intangible assets as of the date of sale (-)	(148,196,006)
Provisions no longer required for mine closure costs	2,371,020
Remuneration and compensation paid to the personnel in relation to the sale of assets (-)	(3,748,275)
Assigned investment incentives (*)	(10,715,063)
Other expenses (**)	(5,248,299)
	<b>550,386,377</b>

(\*) Investment incentive reductions transferred to buyer

(\*\*) Mainly costs incurred for sales



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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 21 - DISCONTINUED OPERATIONS (Continued)

"Net cash flows from discontinued operations" in the cash flow statement on the consolidated cash flow statement for the purpose of compliance with the POA taxonomy refers to the changes in the working capital of the discontinued operations and adjustments to reconcile profit/ loss for the period on discontinued operations. The operation, investment and financing cash flows from discontinued operations are presented in the following table:

<b>Net cash flows from discontinued operations</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
Discontinued operations profit	495,021,732	(1,975,560)
Adjustments to reconcile profit/ loss for the period and changes in working capital on discontinued operations	(537,047,281)	29,370,407
Net cash flows from discontinued operational activities	(42,025,549)	27,394,847
Net cash flows from discontinued investment activities	715,923,000	(41,868,199)
Net cash flows from discontinued financing activities	871,458	(38,083)
<b>Net cash flows from discontinued operations</b>	<b>674,768,909</b>	<b>(14,511,435)</b>

### NOTE 22 - GENERAL ADMINISTRATIVE EXPENSE

<b>General administrative expenses</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2017</b>	<b>1 January - 30 June 2016</b>	<b>1 April - 30 June 2016</b>
Personnel expenses	2,582,242	1,469,341	2,371,084	1,185,003
Consultancy and expense shares	1,732,694	896,814	2,367,514	1,298,106
Amortization expenses	571,369	284,606	487,172	243,967
Rent expenses	442,484	232,641	454,028	215,836
Severance and notice pay	370,994	239,693	319,546	156,074
Advertising expenses	200,863	88,668	165,460	55,124
Taxes and other legal expenses	143,846	125,050	127,552	122,367
Donation and aid expenses	18,950	18,950	-	-
Other	740,118	402,005	529,599	276,766
	<b>6,803,560</b>	<b>3,757,768</b>	<b>6,821,955</b>	<b>3,553,243</b>

### NOTE 23 - FINANCIAL INCOME / (EXPENSE)

<b>Financial Expenses</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2017</b>	<b>1 January - 30 June 2016</b>	<b>1 April - 30 June 2016</b>
Foreign exchange losses	19,239,178	6,440,920	17,520	3,759
Interest expenses	2,321	(6,889)	24,024	16,014
Other financial expenses	54,909	8,685	185,327	93,350
	<b>19,296,408</b>	<b>6,442,716</b>	<b>226,871</b>	<b>113,123</b>
<b>Financial Income</b>				
Foreign exchange income	2,270,283	638,750	199,310	176,412
Interest income	1,411,317	1,014,112	1,004,202	495,234
	<b>3,681,600</b>	<b>1,652,862</b>	<b>1,203,512</b>	<b>671,646</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 24 - 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 TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes.

The tax rate used in the calculation of deferred tax assets and liabilities is 20% (2016: 20%).

	1 January - 30 June 2017	1 January - 31 December 2016	1 January - 31 December 2015
Deferred tax assets	2,328,590	34,159,582	27,834,276
Deferred tax liabilities (-)	(22,464,687)	(15,804,851)	(7,479,729)
<b>Deferred tax assets / (liabilities), net</b>	<b>(20,136,097)</b>	<b>18,354,731</b>	<b>20,354,547</b>

  

Deferred tax assets / (liabilities)	30 June - 2017	31 December - 2016	31 December - 2015
Allowances for investment incentives	-	28,097,670	25,337,571
Useful life and valuation differences on property, plant, and equipment and intangible asstes	(22,464,687)	(15,804,851)	(7,479,729)
Mine reclamation costs	-	1,389,101	173,700
Provision for reteriment pay and unused vacation	680,783	3,655,821	2,081,072
Discount on receivable and payables	85,658	15,667	102,869
Provisions of liability and expense	1,484,954	898,034	139,064
Other	77,195	103,289	-
	<b>(20,136,097)</b>	<b>18,354,731</b>	<b>20,354,547</b>

  

Deferred tax assets movement	2017	2016
Opening balance as of 1 January	18,354,731	20,354,547
Associated with income statement of discontinued operations (Note 21)	(27,772,077)	4,342,238
Reversal of the deferred tax effect of the transferred investment incentive certificate (Note 21)	(10,715,063)	-
Accounted in the income statement	(3,689)	(36,376)
<b>Closing balance as of 30 June</b>	<b>(20,136,097)</b>	<b>24,660,408</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 24 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

#### Corporate Tax

	30 June - 2017	31 December - 2016	31 December - 2015
Corporate tax provision	-	-	-
Prepaid taxes and funds (-)	1,753,464	171	-
<b>Current tax assets/ (liability)</b>	<b>1,753,464</b>	<b>171</b>	<b>-</b>

#### Tax Reconciliation

	2017	2016
Profit before tax for the year from continued operations	(21,621,538)	(5,308,073)
Profit before tax for the year from discontinued operations	557,393,311	(6,317,798)
<b>Profit/ (loss) before tax</b>	<b>535,771,773</b>	<b>(11,625,871)</b>
Applicable tax rate	%20	%20
Calculated tax expense	(107,154,355)	2,325,174
Unrecognized deferred tax in previous years	4,141,138	-
Exceptions	45,036,736	1,882,375
Assigned investment incentive certificate	(2,143,013)	-
Other	(2,255,774)	98,313
<b>Total tax (expense)/ income of continued and discontinued operations</b>	<b>(62,375,268)</b>	<b>4,305,862</b>

Turkish tax legislation does not permit a parent company, its subsidiaries and joint ventures to file a tax return in its consolidated financial statements. For this reason, the tax provisions reflected in the financial statements in the console are calculated separately for all companies that are included in consolidation.

In Turkey, the corporate tax rate is 20% for 2017 (2016: 20%). Institutions tax rate is applied to the tax base that will be deducted from the income of the corporations for commercial income according to the tax law, deduction of the deductible expenses, exemption in tax laws (exemption of participation gains, investment discount exception etc.) and deductions (such as R&D deduction). No further tax is payable unless the profit is distributed (except for the withholding tax at the rate of 19,8% calculated and paid on the exemption amount utilized in case of the exemption of investment discount utilized in accordance with Article 61 of the Income Tax Law).

No deductions from dividends paid to non-resident corporations that earn income through a business office or permanent representative in Turkey and dividends paid to resident corporations in Turkey. Dividend payments made to persons and institutions other than these are subject to 15% stoppage, profit distribution is not considered.

Corporations are required to declare a temporary tax of 20% on their quarterly financial income until the 14th day of the second month following that period and pay until the evening of 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated on the tax declaration of the institutions to be given in the following year. If the temporary tax amount paid remains in spite of the indictment, this amount can be refunded or any other financial debt to the state can be deducted.

There is no practice to reconcile with the tax authority on the taxes payable in Turkey. The corporation tax returns are given to the tax authority until the evening of the 25th day of the fourth month following the month of the accounting period.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 24 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Authorities of the tax examination may examine their accounting records over a period of five years, and if incorrect operation is detected, the amount of tax may change due to tax assessment to be made.

According to Turkish tax legislation, financial losses shown on the tax return can be deducted from the period corporate income for not more than 5 years. However, financial losses can not be deducted from retained earnings.

There are many exceptions to the Institutions in the Corporate Tax Law. These exceptions related with the Group are explained below:

#### Gains from subsidiaries

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayed is exempt from corporation tax.

#### Exemption from sales income of real estate and subsidiary shares

75% of the profits from the sale of shares of associates, real estates, goodwill, founding sans and usufruct shares in the assets of the institutions for at least two full years are exempted from the corporation tax. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is made.

The profits obtained from the sale of securities and real estate trade and the assets held by the entities engaged in the leasing transactions for this purpose are beyond the scope of exception.

### NOTE 25 - EARNINGS PER SHARE

	1 January - 30 June 2017	1 January - 30 June 2016
<b>Earnings per share</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	473,396,505	(7,320,009)
<b>Basic and diluted earnings per share</b>	<b>0,0318</b>	<b>(0,0005)</b>

### NOTE 26 - RELATED PARTY DISCLOSURES

#### Due from Related Parties

Related party	Type of Relationship	30 June 2017		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş.	Shareholder	521,288	21,524,509	22,045,797
Ciner İç ve Dış Tic. A.Ş.	Group Company	9,408,438	-	9,408,438
Silopi Elektrik Üretim A.Ş.	Group Company	89,691	26,773	116,464
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	75,279	1,917	77,196
Kazan Soda Maden Enerji Nakliyat San. Tic. A.Ş.	Group Company	18,902	-	18,902
<b>Total</b>		<b>10,113,598</b>	<b>21,553,199</b>	<b>31,666,797</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

Related party	Type of Relationship	31 December 2016		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş.	Shareholder	-	54,523,397	54,523,397
Ciner İç ve Dış Tic. A.Ş.	Group Company	7,931,844	-	7,931,844
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	-	110,119	110,119
Silopi Elektrik Üretim A.Ş.	Group Company	76,551	-	76,551
Park Teknik Elektrik Maden Turizm San. Tic. A.Ş.	Group Company	-	1,043	1,043
<b>Total</b>		<b>8,008,395</b>	<b>54,634,559</b>	<b>62,642,954</b>

Related party	Type of Relationship	31 December 2015		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş.	Shareholder	-	208,113,201	208,113,201
Ciner İç ve Dış Tic. A.Ş.	Group Company	9,891,136	-	9,891,136
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	-	-	-
Silopi Elektrik Üretim A.Ş.	Group Company	68,419	-	68,419
Park Teknik Elektrik Maden Turizm San. Tic. A.Ş.	Group Company	-	-	-
<b>Total</b>		<b>9,959,555</b>	<b>208,113,201</b>	<b>218,072,756</b>

The Group’s interest rate applied for January-March: % 12.911 and April-June: % 14.35.(2016: January-March: % 11.173, April-June: % 8.96).

### Due to Related Parties

Related party	Type of Relationship	30 June 2017		Total
		Trade Payables	Other Payables	
Park Teknik Elekt, Maden Turizm San. Tic. A.Ş.	Group Company	1,059	1,893	2,952
Silopi Elektrik Üretim A.Ş.	Group Company	2,350	-	2,350
Park Holding A.Ş.	Shareholder	418,148	-	418,148
Kasımpaşa Sportif Faaliyetler A.Ş.	Related Party	290,515	-	290,515
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	-	81,369	81,369
Ciner İç ve Dış Ticaret A.Ş.	Group Company	43,838	-	43,838
Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.	Group Company	19,066	-	19,066
Park Sig. Ara. Hiz. Ltd. Şti.	Group Company	85,814	-	85,814
Ciner Maden Proje ve Teknik Danışmanlık	Group Company	-	37,523	37,523
Dividends payables to other affiliates	Shareholder	-	2,803	2,803
<b>Total</b>		<b>898,313</b>	<b>86,065</b>	<b>984,378</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

Related party	Type of Relationship	31 December 2016		Total
		Trade Payables	Other Payables	
Kasımpaşa Sportif Faaliyetler A.Ş.	Group Company	275,323	-	275,323
Silopi Elektrik Üretim A.Ş.	Group Company	219,256	-	219,256
Park Teknik Elekt. Maden				
Turizm San. Tic. A.Ş.	Group Company	157,068	-	157,068
Park Termik Elektrik San ve Tic. A.Ş.	Associate	100,849	-	100,849
Park Holding A.Ş.	Shareholder	97,962	-	97,962
Ciner İç ve Dış Ticaret A.Ş.	Group Company	48,274	-	48,274
Park Sigorta Ara. Hiz. Ltd. Şti.	Group Company	32,094	-	32,094
Havaş Turizm Seyahat ve				
Kargo Taşımacılığı A.Ş.	Group Company	22,192	-	22,192
Dividends payables to other affiliates	Shareholder	-	2,803	2,803
<b>Total</b>		<b>953,018</b>	<b>2,803</b>	<b>955,821</b>

Related party	Type of Relationship	31 December 2015		Total
		Trade Payables	Other Payables	
Kasımpaşa Sportif Faaliyetler A.Ş.	Group Company	272,545	-	272,545
Kazan Soda Maden Enerji Nak.				
San.Tic.A.Ş.Group Company	10,824	-	10,824	
Silopi Elektrik Üretim A.Ş.	Group Company	-	3,088	3,088
Turgay Ciner	Shareholder	719,378	-	719,378
Park Teknik Elekt, Maden				
Turizm San. Tic. A.Ş.	Group Company	579,430	246,642	826,072
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	-	-	0
Park Holding A.Ş.	Shareholder	1,085,162	3,782,874	4,868,036
Ciner İç ve Dış Ticaret A.Ş.	Group Company	185,788	-	185,788
Park Sigorta Ara, Hiz. Ltd. Şti.	Group Company	94,196	-	94,196
Havaş Turizm Seyahat ve				
Kargo Taşımacılığı A.Ş.	Group Company	48,335	-	48,335
Dividends payables to other affiliates	Shareholder	-	25,532,556	25,532,556
<b>Total</b>		<b>2,995,658</b>	<b>29,565,160</b>	<b>32,560,818</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

#### Goods and Services Purchased from Related Parties

Related party	Type of Relationship	30 June 2017						Total
		Goods	Service	Fixes Assets	Interest and Exchange Losses	Rent	Other	
-Silopi Elektrik Üretim A.Ş.	Group Company	2,060,117	-	-	-	-	1,226	2,061,343
-Ciner İç ve Dış Tic. A.Ş.	Group Company	-	175,872	-	877,317	-	-	1,053,189
-Turgay Ciner	Shareholder	-	-	72,830	-	-	-	72,830
-Park Holding A.Ş.	Shareholder	-	1,329,163	540,797,170	149,009	314,580	753,780	543,343,702
-Park Teknik Madencilik Turizm San.ve Tic. A.Ş.	Group Company	-	18,303	635,593	3,585	93,455	29,048	779,984
-Park Termik Elektrik San.ve Tic. A.Ş.	Associate	-	3,177	-	6,684	-	111,162	121,023
-Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	153,248	-	2,810	-	33,108	189,166
-Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	1,481	-	591	46,629	29,902	78,603
-Ciner Maden Proje ve Teknik Danışmanlık A.Ş.	Group Company	-	102,400	-	-	-	-	102,400
<b>Total</b>		<b>2,060,117</b>	<b>1,783,644</b>	<b>541,505,593</b>	<b>1,039,996</b>	<b>454,664</b>	<b>958,226</b>	<b>547,802,240</b>

Related party	Type of Relationship	30 June 2016						Total
		Goods	Service	Fixes Assets	Interst and Exchange Losses	Rent	Other	
-Silopi Elektrik Üretim A.Ş.	Group Company	6,070,239	-	-	-	-	23,746	6,093,985
-Park Holding A.Ş.	Shareholder	-	2,339,908	-	-	296,700	422,811	3,059,419
-Park Teknik Madencilik Turizm San.ve Tic. A.Ş.	Group Company	9,575	1,083,663	-	29,114	1,073,876	123,644	2,319,872
-Ciner İç ve Dış Tic. A.Ş.	Group Company	39,474	115,717	-	2,835,804	-	-	2,990,995
-Ciner Turizm Tic. İnş. Servis Hizmet A.Ş.	Group Company	-	1,825	-	-	-	-	1,825
-Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	107,527	-	189	-	55,148	162,864
-Park Termik Elektrik San.ve Tic. A.Ş.	Associate	6,206	7,382	-	5,254	-	107,756	126,598
-Havaş Turizm Sey ve Kargo Taş. A.Ş.	Group Company	-	-	-	403	57,450	27,454	85,307
-Kazan Soda Elektrik Üretim A.Ş.	Group Company	-	-	-	-	37,677	-	37,677
-Ciner Yapı Teknik İnşaat San. ve Tic. A.Ş.	Group Company	-	-	-	-	-	26,450	26,450
<b>Total</b>		<b>6,125,494</b>	<b>3,656,022</b>	<b>-</b>	<b>2,870,764</b>	<b>1,465,703</b>	<b>787,009</b>	<b>14,904,992</b>

Services procured from Park Sigorta Aracılık Hiz. Ltd. Şti. which are the subsidiaries of the Company are composed of directly reflected amount of services procured from the third parties by aforementioned group companies.

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

#### NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

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

Related party	Type of Relationship	30 June 2017						Total
		Goods	Services	Fixes Assets	Interest Income	Rent	Other	
-Ciner İç ve Dış Tic. A.Ş.	Group Company	73,343,042	-	-	155,684	-	-	73,498,726
-Kazan Soda Maden Enerji Nakliyat San.Tic. A.Ş.	Group Company	15,961	-	-	80	-	-	16,041
-Park Holding A.Ş.	Shareholder	-	-	-	3,579,472	-	3,940	3,583,412
-Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	-	-	763	-	-	763
-Silopi Elektrik Üretim A.Ş.	Group Company	573,735	-	-	56,579	95,600	275	726,189
-Park Termik Elektrik San. ve Tic. A.Ş.	Associate	104,627	-	15,000	3,002	-	-	122,629
-Park Teknik Mad. Turz. San. ve Tic. A.Ş.	Group Company	2,645	17,019	-	24	-	14,693	34,381
<b>Total</b>		<b>74,040,010</b>	<b>17,019</b>	<b>15,000</b>	<b>3,795,604</b>	<b>95,600</b>	<b>18,908</b>	<b>77,982,141</b>

Related party	Type of Relationship	30 June 2016						Total
		Goods	Services	Fixes Assets	Interest Income	Rent	Other	
-Ciner İç ve Dış Tic. A.Ş.	Group Company	83,378,145	-	-	2,912,510	-	-	86,290,655
-Park Holding A.Ş.	Shareholder	-	-	-	8,996,733	-	-	8,996,733
-Eti Soda Üretim Pazarlama Nak. San. Tic. A.Ş.	Group Company	-	-	-	6,007	-	441	6,448
-Silopi Elektrik Üretim A.Ş.	Group Company	668	-	-	1,135	90,000	-	91,803
-Park Termik Elektrik San. ve Tic. A.Ş.	Associate	55,608	-	-	7,297	-	4,263	67,168
-Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	-	-	1,238	-	-	1,238
-Park Teknik Madencilik Turizm San.ve Tic. A.Ş.	Group Company	-	-	-	1,260	-	20,569	21,829
<b>Total</b>		<b>83,434,421</b>	<b>-</b>	<b>-</b>	<b>11,926,180</b>	<b>90,000</b>	<b>25,273</b>	<b>95,475,874</b>

Short term benefits provided to directors and executive person	1 January- 30 June 2017	1 January- 30 June 2016
Wages, premiums and other similar benefits	578,844	499,019
Provision for retirement pay and unused vacation as of balance sheet date	637,979	551,509



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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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### NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

#### Park Holding A.S.

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 TRY3,579,472 in 2017. (30 June 2016: TRY8,996,733).

#### Other Group Companies

The Group received machinery equipment, vehicle and labour force in return of copper field rent from Park Teknik Madencilik Turizm Sanayi ve Ticaret A.S. located in Siirt / Madenköy.

The Group purchases electricity energy from Silopi Elektrik Üretim A.Ş. to be used copper mine in Siirt / Madenköy.

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..

In 2011, the Group acquired interior and exterior decoration and maintenance services for investment properties from Ciner Yapı Teknik İnş. San. Tic. A.Ş..

Per board of directors meeting held on 29 July 2013, the Group began to make its copper exports via Ciner İç ve Dış Ticaret A.Ş..

### NOTE 27 - 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 7 and 8, cash and cash equivalents disclosed in Note 5 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 20.

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 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 FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2017, 30 June 2016 and 31 December 2015, the Group’s net debt / total equity ratio is detailed as follows:

	30 June - 2017	31 December - 2016	31 December - 2015
Financial Liabilities	3,857,594	5,000,063	6,284,532
Less: Cash and cash equivalents (-) and short-term financial investments	(161,656,997)	(3,051,367)	(26,980)
Net debt	(157,799,403)	1,948,696	6,257,552
Total equity	432,701,048	501,747,807	493,808,858
<b>Net debt / Total equity ratio (%)</b>	<b>(0,365)</b>	<b>0,004</b>	<b>0,013</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 8).

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017**

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

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

<b>Credit risks exposed through types of financial instruments</b>	<b>30 June 2017</b>				
	<b>Receivables</b>				
	<b>Trade Receivables</b>		<b>Other Receivables</b>		<b>Bank Deposits</b>
<b>Related Parties</b>	<b>Third Parties</b>	<b>Related Parties</b>	<b>Third Parties</b>		
<b>Maximum credit risk exposed as of the balance sheet date (*)</b> <b>(A+B+C+D+E)</b>	<b>10,113,598</b>	<b>1,502,183</b>	<b>21,553,199</b>	<b>2,747,509</b>	<b>161,656,828</b>
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(643,158)	(14,732,814)	1,467,493	-
A. Net book value of financial assets neither overdue nor impaired	10,072,054	134,848	21,553,199	2,747,509	161,656,828
- Portion covered by guarantees, collaterals etc.	-	(643,158)	(14,732,814)	1,467,493	-
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	41,544	1,367,335	-	-	-
- Portion covered by guarantees, collaterals etc.	-	(643,158)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due ( gross carrying amount)	-	3,024,808	-	29,041	-
- Impairment ( - )	-	(3,024,808)	-	(29,041)	-
- Net value portion covered by guarantees, collaterals, etc. ( - )	-	-	-	-	-
- Impairment( - )	-	-	-	-	-
- 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.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017**

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

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

<b>Credit risks exposed through types of financial instruments</b>	<b>31 December 2016</b>				
	<b>Receivables</b>				
	<b>Trade Receivables</b>		<b>Other Receivables</b>		<b>Bank Deposits</b>
<b>Related Parties</b>	<b>Third Parties</b>	<b>Related Parties</b>	<b>Third Parties</b>		
<b>Maximum credit risk exposed as of the balance sheet date (*) (A+B+C+D+E)</b>	<b>8,008,395</b>	<b>900,002</b>	<b>54,634,559</b>	<b>3,926,960</b>	<b>3,047,722</b>
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(633,918)	(54,634,559)	1,332,887	-
A. Net book value of financial assets neither overdue nor impaired	8,008,395	712,365	54,634,559	3,926,960	3,047,722
- Portion covered by guarantees, collaterals etc.	-	(633,918)	(54,634,559)	1,332,887	-
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	-	187,637	-	65,861	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due ( gross carrying amount)	-	3,033,018	-	29,041	-
- Impairment ( - )	-	(3,033,018)	-	(29,041)	-
- Net value portion covered by guarantees, collaterals, etc. ( - )	-	-	-	-	-
- Impairment( - )	-	-	-	-	-
- 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.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017**

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

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

<b>Credit risks exposed through types of financial instruments</b>	<b>31 December 2015</b>				
	<b>Trade Receivables</b>		<b>Receivables</b>		<b>Bank Deposits</b>
	<b>Related Parties</b>	<b>Third Parties</b>	<b>Other Receivables</b>		
	<b>Related Parties</b>	<b>Third Parties</b>	<b>Related Parties</b>	<b>Third Parties</b>	
<b>Maximum credit risk exposed as of the balance sheet date (*)</b>					
(A+B+C+D+E)	<b>9,959,555</b>	<b>415,674</b>	<b>208,113,201</b>	<b>5,755,299</b>	<b>23,011</b>
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(115,000)	189,361,433	-	-
A. Net book value of financial assets neither overdue nor impaired	9,959,555	410,048	208,113,201	5,689,438	23,011
- Portion covered by guarantees, collaterals etc.	-	(115,000)	189,361,433	-	-
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	-	5,626	-	65,861	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due ( gross carrying amount)	-	2,618,043	-	29,041	-
- Impairment ( - )	-	(2,618,043)	-	(29,041)	-
- Net value portion covered by guarantees, collaterals, etc. ( - )	-	-	-	-	-
- Impairment( - )	-	-	-	-	-
- Net value portion covered by guarantees, collaterals, etc. ( - )	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Past due but not impaired assets are presented as below:

	30 June 2017	
	Trade Receivables	Other Receivables
Due within 1-30 days	76,792	-
Due within 1-3 months	1,144,232	-
Due within 3-12 months	184,879	-
Due within 1-5 years	2,796	-
<b>Total overdue receivables</b>	<b>1,408,699</b>	<b>-</b>

  

	31 December 2016	
	Trade Receivables	Other Receivables
Due within 1-30 days	184,011	-
Due within 1-3 months	830	-
Due within 3-12 months	-	-
Due within 1-5 years	2,796	65,861
<b>Total overdue receivables</b>	<b>187,637</b>	<b>65,861</b>

  

	31 December 2015	
	Trade Receivables	Other Receivables
Due within 1-30 days	-	-
Due within 1-3 months	1,232	-
Due within 3-12 months	1,597	-
Due within 1-5 years	2,797	65,861
<b>Total overdue receivables</b>	<b>5,626</b>	<b>65,861</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.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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:

<b>30 June 2017</b>					
<b>Contractual maturities</b>	<b>Carrying value</b>	<b>Total cash Outflows in accordance with contracts (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months(II)</b>	<b>1-5 year months (III)</b>
<b>Non-derivate financial liabilities</b>	<b>10,200,537</b>	<b>10,414,572</b>	<b>6,613,105</b>	<b>2,218,312</b>	<b>1,583,155</b>
Obligation under finance leases	3,857,594	4,051,102	649,962	1,817,985	1,583,155
Trade payables	6,256,878	6,277,405	5,877,078	400,327	-
Other payables	86,065	86,065	86,065	-	-
<b>31 December 2016</b>					
<b>Contractual maturities</b>	<b>Carrying value</b>	<b>Total cash Outflows in accordance with contracts (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months(II)</b>	<b>1-5 year months (III)</b>
<b>Non-derivate financial liabilities</b>	<b>25,568,987</b>	<b>25,930,583</b>	<b>20,705,955</b>	<b>2,517,287</b>	<b>2,707,341</b>
Obligation under finance leases	5,000,063	5,306,299	700,498	1,898,460	2,707,341
Trade payables	20,566,121	20,621,481	20,002,654	618,827	-
Other payables	2,803	2,803	2,803	-	-
<b>31 December 2015</b>					
<b>Contractual maturities</b>	<b>Carrying value</b>	<b>Total cash Outflows in accordance with contracts (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months(II)</b>	<b>1-5 year months (III)</b>
<b>Non-derivate financial liabilities</b>	<b>62,098,731</b>	<b>62,515,988</b>	<b>56,979,713</b>	<b>2,872,463</b>	<b>2,663,812</b>
Obligation under finance leases	6,284,532	6,613,878	1,392,511	2,557,555	2,663,812
Trade payables	26,249,039	26,336,950	26,022,042	314,908	-
Other payables	29,565,160	29,565,160	29,565,160	-	-

#### (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.

As the Group policy, due to / from related party transactions denominated in USD have been followed in TRY starting from the beginning of 2010. Accordingly, the Group starts to determine maturities for all of its receivables and payables in TRY.

#### (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:

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

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FOR THE PERIOD ENDED 30 JUNE 2017**

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

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

		<b>30 June 2017</b>			
		<b>TRY Equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>
1.	Trade Receivable	9,291,704	2,649,398	-	-
2a.	Monetary Financial Assets	49,336,928	13,636,672	377,654	1
2b.	Non-monetary Financial Assets	-	-	-	-
3.	Other	-	-	-	-
4.	<b>CURRENT ASSETS</b>	<b>58,628,632</b>	<b>16,286,070</b>	<b>377,654</b>	<b>1</b>
5.	Trade Receivable	-	-	-	-
6a.	Monetary Financial Assets	502,599	-	125,555	-
6b.	Non-monetary Financial Assets	-	-	-	-
7.	Other	-	-	-	-
8.	<b>NON-CURRENT ASSETS</b>	<b>502,599</b>	<b>-</b>	<b>125,555</b>	<b>-</b>
<b>9.</b>	<b>TOTAL ASSETS</b>	<b>59,131,231</b>	<b>16,286,070</b>	<b>503,209</b>	<b>1</b>
10.	Trade Payables	1,572,552	404,457	38,491	-
11.	Financial Liabilities	2,214,821	200,603	377,539	-
12a.	Other Monetary Liabilities	-	-	-	-
12b.	Other Non-monetary Liabilities	-	-	-	-
13.	<b>CURRENT LIABILITIES</b>	<b>3,787,373</b>	<b>605,060</b>	<b>416,030</b>	<b>-</b>
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	1,507,154	286,435	125,556	-
16a.	Other Monetary Liabilities	-	-	-	-
16b.	Other Non-monetary Liabilities	-	-	-	-
17.	<b>NON-CURRENT LIABILITIES</b>	<b>1,507,154</b>	<b>286,435</b>	<b>125,556</b>	<b>-</b>
<b>18.</b>	<b>TOTAL LIABILITIES</b>	<b>5,294,527</b>	<b>891,495</b>	<b>541,586</b>	<b>-</b>
<b>19.</b>	<b>Net assets / (liability) position of off balance sheet derivates 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>53,836,704</b>	<b>15,394,575</b>	<b>(38,377)</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>53,836,704</b>	<b>15,394,575</b>	<b>(38,377)</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	-	-	-	-



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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

		31 December 2016			
		TRY Equivalent	USD	EUR	GBP
1.	Trade Receivable	8,365,131	2,376,998	-	-
2a.	Monetary Financial Assets	4,645,102	861,846	434,537	1
2b.	Non-monetary Financial Assets	36,079	-	9,725	-
3.	Other	-	-	-	-
4.	CURRENT ASSETS	13,046,312	3,238,844	444,262	-
5.	Trade Receivable	-	-	-	-
6a.	Monetary Financial Assets	1,152,770	-	310,728	-
6b.	Non-monetary Financial Assets	-	-	-	-
7.	Other	-	-	-	-
8.	NON-CURRENT ASSETS	1,152,770	-	310,728	-
<b>9.</b>	<b>TOTAL ASSETS</b>	<b>14,199,082</b>	<b>3,238,844</b>	<b>754,990</b>	<b>1</b>
10.	Trade Payables	1,707,342	223,281	242,914	4,720
11.	Financial liabilities	2,297,484	194,859	434,442	-
12a.	Other monetary liabilities	9,931	2,822	-	-
12b.	Other non monetary liabilities	8,548	2,429	-	-
13.	CURRENT LIABILITIES	4,023,305	423,391	677,356	4,720
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	2,519,036	388,232	310,728	-
16a.	Other Monetary Liabilities	-	-	-	-
16b.	Other Non-monetary Liabilities	-	-	-	-
17.	NON-CURRENT LIABILITIES	2,519,036	388,232	310,728	-
<b>18.</b>	<b>TOTAL LIABILITIES</b>	<b>6,542,341</b>	<b>811,623</b>	<b>988,084</b>	<b>4,720</b>
<b>19.</b>	<b>Net assets / (liability) position of off balance sheet derivates items / (19a-19b)</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>7,656,741</b>	<b>2,427,221</b>	<b>(233,094)</b>	<b>(4,719)</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>7,629,210</b>	<b>2,429,650</b>	<b>(242,819)</b>	<b>(4,179)</b>
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Total amount of assets hedged	-	-	-	-
24.	Total amount of liabilities hedged	-	-	-	-

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2015			
	TRY Equivalent	USD	EUR	GBP
1. Trade Receivable	2,113,192	678,507	44,173	-
2a. Monetary Financial Assets	2,144,495	209	674,686	1
2b. Non-monetary Financial Assets	209,176	24,230	48,000	-
3. Other	-	-	-	-
4. CURRENT ASSETS	4,466,863	702,946	766,859	1
5. Trade Receivable	-	-	-	-
6a. Monetary Financial Assets	2,367,854	-	745,171	-
6b. Non-monetary Financial Assets	72,863	-	24,750	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	2,440,717	-	769,921	-
<b>9. TOTAL ASSETS</b>	<b>6,907,580</b>	<b>702,946</b>	<b>1,536,780</b>	<b>1</b>
10. Trade Payables	1,494,388	493,068	19,116	-
11. Financial Liabilities	3,573,255	-	1,124,514	-
12a. Other monetary Liabilities	1,232,689	423,954	-	-
12b. Other non monetary Liabilities	-	-	-	-
13. CURRENT LIABILITIES	6,300,332	917,022	1,143,630	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	2,367,854	-	745,171	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-monetary Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	2,367,854	-	745,171	-
<b>18. TOTAL LIABILITIES</b>	<b>8,668,186</b>	<b>917,022</b>	<b>1,888,800</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>(1,760,606)</b>	<b>(214,076)</b>	<b>(352,021)</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>(2,042,645)</b>	<b>(238,306)</b>	<b>(424,771)</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	-	-	-	-

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 2017 (30 June 2016: USD1 = TRY3.5071, EUR1 = TRY4.0030, GBP1= TRY4.5413, 31 December 2016: USD11 = TRY3.5192, EUR1 = TRY3.7099, GBP1 = TRY4.3189).

The table below presents the Group’s sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% 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 10% 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

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

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

**Foreign currency sensitivity**

	<b>30 June 2017</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
When 10% appreciation of USD against TRY:		
<b>USD net asset/ (liability)</b>	<b>53,990,324</b>	<b>(53,990,324)</b>
When 10% appreciation of EUR against TRY:		
<b>EUR net asset/ (liability)</b>	<b>(153,619)</b>	<b>153,619</b>
When 10% appreciation of other foreign currency against TRY		
<b>Other foreign currency net asset/ (liability)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>53,836,705</b>	<b>(53,836,705)</b>
	<b>31 December 2016</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
When 10% appreciation of USD against TRY:		
<b>USD net asset/ (liability)</b>	<b>854,701</b>	<b>(854,701)</b>
When 10% appreciation of EUR against TRY:		
<b>EUR net asset/ (liability)</b>	<b>90,083</b>	<b>(90,083)</b>
When 10% appreciation of other foreign currency against TRY		
<b>Other foreign currency net asset/ (liability)</b>	<b>1,697</b>	<b>(1,697)</b>
<b>Total</b>	<b>762,921</b>	<b>(762,921)</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

### NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2015	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY:		
<b>USD net asset/ (liability)</b>	<b>(69,290)</b>	<b>69,290</b>
When 10% appreciation of EUR against TRY:		
<b>EUR net asset/ (liability)</b>	<b>(134,975)</b>	<b>134,975</b>
When 10% appreciation of other foreign currency against TRY		
<b>Other foreign currency net asset/ (liability)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(204,265)</b>	<b>204,265</b>

(b.3.2) Interest rate risk management

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

#### Financial Instruments Categories

30 June 2017	Financial liabilities at amortizes cost	Loans and receivables (including cash and cash equivalents)	Financial assets and liabilities at fair value through profit or loss	Carrying value	Note
<b>Financial assets</b>	-	<b>197,573,486</b>	<b>9,990,294</b>	<b>207,563,780</b>	
Cash and cash equivalents	-	161,656,997	-	161,656,997	5
Trade receivables	-	1,502,183	-	1,502,183	8
Due from related parties	-	31,666,797	-	31,666,797	26
Other receivables	-	2,747,509	-	2,747,509	10
Financial investments	-	-	9,990,294	9,990,294	6
<b>Financial liabilities</b>	<b>10,200,537</b>	-	-	<b>10,200,537</b>	
Obligations under finance leases	3,857,594	-	-	3,857,594	7
Trade payables	5,358,565	-	-	5,358,565	8
Due to related parties	984,378	-	-	984,378	26

31 December 2016	Financial liabilities at amortizes cost	Loans and receivables (including cash and cash equivalents)	Financial assets and liabilities at fair value through profit or loss	Carrying value	Note
<b>Financial assets</b>	-	<b>70,521,283</b>	<b>9,990,294</b>	<b>80,511,577</b>	
Cash and cash equivalents	-	3,051,367	-	3,051,367	5
Trade receivables	-	900,002	-	900,002	8
Due from related parties	-	62,642,954	-	62,642,954	26
Other receivables	-	3,926,960	-	3,926,960	10
Financial investments	-	-	9,990,294	9,990,294	6
<b>Financial liabilities</b>	<b>25,568,987</b>	-	-	<b>25,568,987</b>	
Obligations under finance leases	5,000,063	-	-	5,000,063	7
Trade payables	19,613,103	-	-	19,613,103	8
Due to related parties	955,821	-	-	955,821	26

The Group management believes that carrying values of financial instruments reflect their fair values.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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### NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2015	Financial liabilities at amortizes cost	Loans and receivables (including cash and cash equivalents)	Financial assets and liabilities at fair value through profit or loss	Carrying value	Note
<b>Financial assets</b>	-	<b>224,270,709</b>	<b>9,990,294</b>	<b>234,261,003</b>	
Cash and cash equivalents	-	26,980	-	26,980	5
Trade receivables	-	415,674	-	415,674	8
Due from related parties	-	218,072,756	-	218,072,756	26
Other receivables	-	5,755,299	-	5,755,299	10
Financial investments	-	-	9,990,294	9,990,294	6
<b>Financial liabilities</b>	<b>62,098,731</b>	-	-	<b>62,098,731</b>	
Obligations under finance leases	6,284,532	-	-	6,284,532	7
Trade payables	23,253,381	-	-	23,253,381	8
Due to related parties	32,560,818	-	-	32,560,818	26