

**(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 FOR THE INTERIM  
PERİOD 1 JANUARY - 30 JUNE 2018 AND INDEPENDENT  
AUDITOR'S REVIEW REPORT**



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

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

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

*Introduction*

1. We have reviewed the accompanying consolidated statement of balance sheet of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2018, the consolidated statements of income 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 consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the consolidated interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

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 and financial performance of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. and its subsidiaries as of 30 June 2018, and of its cash flows for the six-month period then ended in accordance with TAS 34.

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

  
Çağlar Sürücü, SMMM  
Partner

İstanbul, 13 August 2018

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

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY - 30 JUNE 2018**

---

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>CONSOLIDATED BALANCE SHEET.....</b>	<b>1 - 2</b>
<b>CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME.....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOW.....</b>	<b>5</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>6 - 52</b>

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

## CONSOLIDATED BALANCE SHEET AT 30 JUNE 2018

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

	Notes	Current period Reviewed 30 June 2018	Prior period Audited 31 December 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	68,405	76,805
Trade receivables	8	1,223,720	1,002,280
<i>Trade receivables from related parties</i>	27	206,922	132,112
<i>Trade receivables from third parties</i>		1,016,798	870,168
Other receivables	10	233,145,466	198,969,021
<i>Other receivables from related parties</i>	27	232,767,662	198,143,966
<i>Other receivables from third parties</i>		377,804	825,055
Inventories	11	1,378,555	1,487,957
Prepaid expenses	9	243,650	162,248
Other current assets	19	335,630	17,645
<b>Total current assets</b>		<b>236,395,426</b>	<b>201,715,956</b>
<b>Non-current assets</b>			
Financial investments	6	17,153,200	9,990,294
Other receivables	10	551,675	312,897
Investment properties	12	222,445,599	222,442,000
Property, plant and equipment	13	3,465,170	10,763,458
Intangible assets	14	49,950,020	43,085,068
Prepaid expenses	9	206	436
Other non current assets	19	1,390,287	1,312,031
<b>Total non-current assets</b>		<b>294,956,157</b>	<b>287,906,184</b>
<b>TOTAL ASSETS</b>		<b>531,351,583</b>	<b>489,622,140</b>

The consolidated interim financial statements for the interim period 1 January - 30 June 2018 have been approved by the Board of Directors on 13 August 2018.

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

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

**CONSOLIDATED BALANCE SHEET AT 30 JUNE 2018**

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

	Notes	Current period Reviewed 30 June 2018	Prior period Audited 31 December 2017
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Obligations under finance leases	7	969,781	779,123
Trade payables	8	1,915,525	2,860,679
<i>Trade payables to related parties</i>	27	472,474	199,872
<i>Trade payables to third parties</i>	8	1,443,051	2,660,807
Payables related to the employee benefits	16	402,515	788,754
Other payables	10	2,274,211	1,829,215
<i>Other payables to related parties</i>	27	11,227	2,803
<i>Other payables to third parties</i>		2,262,984	1,826,412
Deferred income	9	33,291	45,021
Current income tax liability	25	6,706,102	1,779,151
Short-term provisions	17	12,393,048	12,474,691
<i>Short-term provisions for employee benefits</i>		578,304	894,779
<i>Other provisions</i>		11,814,744	11,579,912
Other current liabilities	19	705,458	1,894,392
<b>Total current liabilities</b>		<b>25,399,931</b>	<b>22,451,026</b>
<b>Non-current liabilities</b>			
Obligations under finance leases	7	336,562	685,271
Long-term provisions	17	3,336,192	3,232,461
<i>Long-term provisions for employee benefits</i>		3,336,192	3,232,461
Deferred tax liabilities	25	21,577,682	19,850,000
Other long term liabilities	19	466,771	816,857
<b>Total non current liabilities</b>		<b>25,717,207</b>	<b>24,584,589</b>
<b>Total liabilities</b>		<b>51,117,138</b>	<b>47,035,615</b>
<b>EQUITY</b>			
Share capital	20	148,867,243	148,867,243
Effect of business combinations under common control	3	(486,737,853)	(486,737,853)
Adjustments to share capital		16,377,423	16,377,423
Share premium		6,307,642	6,307,642
Repurchased shares (-)		(1,573,261)	(1,573,261)
Other comprehensive income or expenses that will not be reclassified subsequently to the profit or loss		97,028,314	96,983,562
<i>Gain on revaluation of property</i>		96,328,884	96,328,884
<i>Gain on remeasurement of defined benefit plans</i>		699,430	654,678
Other comprehensive income or expenses that will be reclassified subsequently to the profit or loss		6,768,950	-
<i>Gain on revaluation of financial assets for sale</i>		6,768,950	-
Restricted reserves appropriated from profit		303,430,035	55,705,714
Prior years' income		358,931,734	119,289,102
Net profit for the period		30,834,218	487,366,953
<b>Total equity</b>		<b>480,234,445</b>	<b>442,586,525</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>531,351,583</b>	<b>489,622,140</b>

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

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

**CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

	Notes	Current period Reviewed 1 January - 30 June 2018	1 April - 30 June 2018	Prior period Reviewed 1 January - 30 June 2017	1 April - 30 June 2017
Revenue		260,606	167,895	-	-
Cost of sales (-)		(109,402)	(102,531)	-	-
<b>Gross profit</b>		<b>151,204</b>	<b>65,364</b>	-	-
General administrative expenses	22	(6,076,866)	(3,094,330)	(6,803,560)	(3,757,768)
Income from other operating activities		1,449,115	1,364,363	437,276	50,881
Expenses from other operating activities		(682,707)	(634,165)	(286,177)	(154,253)
<b>Operating loss</b>		<b>(5,159,254)</b>	<b>(2,298,768)</b>	<b>(6,652,461)</b>	<b>(3,861,140)</b>
Income from investing activities	23	1,346,901	777,264	645,731	174,123
<b>Operating loss before financial income and expense</b>		<b>(3,812,353)</b>	<b>(1,521,504)</b>	<b>(6,006,730)</b>	<b>(3,687,017)</b>
Financial income	24	45,046,442	33,342,713	3,681,600	1,652,862
Financial expenses	24	(426,383)	(232,032)	(19,296,408)	(6,442,716)
<b>Profit/(loss) before tax</b>		<b>40,807,706</b>	<b>31,589,177</b>	<b>(21,621,538)</b>	<b>(8,476,871)</b>
<b>Tax (expense)/income</b>		<b>(9,973,488)</b>	<b>(8,181,408)</b>	<b>(3,689)</b>	<b>13,874</b>
Taxes on income		(8,650,953)	(6,706,102)	-	-
Deferred tax (expense)/income		(1,322,535)	(1,475,306)	(3,689)	13,874
<b>Profit/(loss) before tax for the year from continued operations</b>		<b>30,834,218</b>	<b>23,407,769</b>	<b>(21,625,227)</b>	<b>(8,462,997)</b>
<b>Profit/(loss) before tax for the year from discontinued operations</b>	21	-	-	495,021,732	(9,498,146)
<b>Net profit/(loss)</b>		<b>30,834,218</b>	<b>23,407,769</b>	<b>473,396,505</b>	<b>(17,961,143)</b>
<b>Earnings per share from continued operations</b>		<b>0.0021</b>	<b>0.0016</b>	<b>(0.0015)</b>	<b>(0.0006)</b>
<b>Earning/(loss) per share from discontinued operations</b>		-	-	0.0318	(0.0012)
<b>Other comprehensive income</b>		<b>44,752</b>	<b>44,752</b>	-	-
<b>Total comprehensive income(loss)</b>		<b>30,878,970</b>	<b>23,452,521</b>	<b>473,396,505</b>	<b>(17,961,143)</b>

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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

(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		Other comprehensive income or expenses that will 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	Gain on revaluation of financial assets for sale	Prior Years' Income			Net Profit/(Loss) for the Period	Total equity	
<b>1 January 2017</b>	148,867,243	-	16,377,423	6,307,642	97,421,411	654,678	-	-	54,132,453	54,132,147	144,357,174	(20,502,367)	501,747,804
Transfers	-	-	-	-	(1,092,527)	-	-	-	-	-	(19,409,840)	20,502,367	-
Repurchased shares (-)	-	(1,573,261)	-	-	-	-	-	-	-	-	-	-	(1,573,261)
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	473,396,505	473,396,505
Business combinations under common control	-	-	-	-	-	-	-	-	-	(540,870,000)	-	-	(540,870,000)
<b>30 June 2017</b>	148,867,243	(1,573,261)	16,377,423	6,307,642	96,328,884	654,678	-	-	54,132,453	(486,737,853)	124,947,334	473,396,505	432,701,048
<b>1 January 2018</b>	148,867,243	(1,573,261)	16,377,423	6,307,642	96,328,884	654,678	-	-	55,705,714	(486,737,853)	119,289,102	487,366,953	442,586,525
<b>Amendments to mandatory changes in accounting standards (Note 2)</b>													
IFRS 9 application effect, net	-	-	-	-	-	-	6,768,950	-	-	-	-	-	6,768,950
<b>Balance after amendment</b>	148,867,243	(1,573,261)	16,377,423	6,307,642	96,328,884	654,678	6,768,950	55,705,714	(486,737,853)	119,289,102	487,366,953	449,355,475	
Transfers	-	-	-	-	-	-	-	247,724,321	-	-	239,642,632	(487,366,953)	-
Total comprehensive income	-	-	-	-	-	44,752	-	-	-	-	-	30,834,218	30,878,970
<b>30 June 2018</b>	148,867,243	(1,573,261)	16,377,423	6,307,642	96,328,884	699,430	6,768,950	303,430,035	(486,737,853)	358,931,734	30,834,218	480,234,445	

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

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

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

STATEMENT OF CASH FLOWS	Notes	Current Period Reviewed 30 June 2018	Prior Period Reviewed 30 June 2017
<b>A. Cash flows from operating activities</b>		<b>(1,519)</b>	<b>(12,964,014)</b>
<b>Net profit for the period</b>		<b>30,834,218</b>	<b>473,396,505</b>
Net profit/(loss) for the period from continued operations		30,834,218	(21,625,227)
Net profit for the period from discontinued operations		-	495,021,732
<b>Adjustments to reconcile profit for the period</b>		<b>(35,237,187)</b>	<b>7,764,314</b>
Adjustments for (losses)/gains arised from sale of tangible and intangible assets		(734,826)	-
Adjustments for amortization and depreciation	13,14	942,505	2,853,008
Adjustments for provisions related with employee benefits	17	34,580	1,925,940
Adjustments for lawsuit and/or penalty provisions	17	426,029	4,392,994
Adjustments for tax expense	25	8,973,662	3,689
Adjustments for interest income		(8,258,354)	(1,411,317)
Adjustments for unrealized currency translation differences		(36,620,783)	-
<b>Operating cash flows provided before changes in working capital</b>		<b>7,508,207</b>	<b>42,922,448</b>
Adjustments for decrease/(increase) in inventories	11	109,402	(4,452)
Adjustments for increase in trade receivables		(221,440)	(602,181)
Adjustments for decrease in other receivables		10,534,805	34,862,992
Adjustments for increase in trade payables		(945,154)	(35,948)
Adjustments for increase in payables related to the employee benefits	16	(386,239)	(2,492,256)
Adjustments for increase/(decrease) in prepaid expenses	9	(81,172)	3,536,878
Adjustments for increase/(decrease) in other current assets	19	(396,241)	6,968,118
Adjustments for decrease in other payables from operations		444,996	1,221,372
Adjustments for increase in other liabilities from operations		(1,539,020)	(478,933)
Adjustments for increase in deferred income	9	(11,730)	(53,142)
<b>Cash generated from operations</b>		<b>3,105,238</b>	<b>524,083,267</b>
Payments made related to provisions for employee benefits	17	(191,384)	-
Payments made related to other provisions	17	(191,197)	-
Tax returns/(payments)		(2,724,176)	-
<b>Cash generated from discontinued operations</b>	<b>21</b>	<b>-</b>	<b>(537,047,281)</b>
<b>B. Cash flows from investing activities</b>		<b>222,058</b>	<b>173,471,146</b>
Cash outflows of acquisitions of other businesses		-	(540,870,000)
Cash outflows of acquisitions of fixed assets	13,14	(1,074,123)	(3,237,514)
Proceeds from sales of fixed assets	13,14	1,299,780	2,235,176
Cash outflows of acquisitions of investment properties	12	(3,599)	(579,516)
Cash flows from discontinued operations		-	715,923,000
<b>C. Cash flows from financing activities</b>		<b>(228,939)</b>	<b>(1,901,502)</b>
Repayment of obligations under finance leases		(158,051)	(1,142,469)
Cash outflows arising repurchased capital		-	(1,573,261)
Interest paid	24	(70,888)	(57,230)
Cash flows from discontinued operations		-	871,458
<b>(Decrease)/increase in cash and cash equivalents, net (A+B+C)</b>		<b>(8,400)</b>	<b>158,605,630</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>76,805</b>	<b>3,051,367</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>68,405</b>	<b>161,656,997</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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 1 - 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. 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. 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 Ilgın Elektrik Üretim Sanayi ve Ticaret AS (“Konya Ilgın”) owned by the main shareholder of the company, Park Holding A.Ş. and Turgay Ciner for USD150,000,000. The fair value of Konya Ilgın, 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 20 March 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 Ilgın, which is an affiliate, has license of 138.000.000 tons of processable lignite ore and electricity generation and sales license. It is planned to establish a thermal power plant of 500MW with fluidized bed boiler technology at Konya Ilgın . The Company, together with its subsidiary Konya Ilgın, 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 2018, the Company has 30 employees (31 December 2017: 41).

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

The Company’s shareholding structure is presented as below:

Shareholders	30 June 2018		31 December 2017	
	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</b>	<b>148,867,243</b>	<b>100.00</b>	<b>148,867,243</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

The Company’s main shareholder Park Holding A.Ş., is ultimately controlled by Turgay Ciner.

#### The company included in consolidation:

##### Subsidiaries:

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

<u>Company title</u>	<u>Operations</u>	<u>Country</u>
Konya Ilgın	Electricity generation and sales	Turkey

#### Approval of Financial Statements

The financial statements were approved by the Board of Directors on 13 August 2018 and authorized for issue. 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/TFRS”) 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”) and TAS taxonomy announced by Central Securities Depository of Turkey.

The Group has prepared consolidated interim financial statements for the period ended as of 30 June 2018 according to Turkish Accounting Standards 34 "Interim Financial Reporting".

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

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.

##### 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### 2.1 Basis of Presentation (Continued)

##### 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 2018 comparatively with the statement of financial position as of 31 December 2017 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 2018 comparatively with the financial statements for the period ended 30 June 2017.

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.

##### *TFRS 9 “Financial Instruments” Amendments*

TFRS 9 “Financial instruments”; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. The Group has preferred to classify financial instruments that are not traded in organized markets, equity based and have been previously presented in book value, as Fair Value Difference Reflected to Other Comprehensive Income. The Group has accounted for the cumulative effect for the first transition to TFRS 9 within the opening balance of other comprehensive income at the date of first application. For this reason, there is no need to restate the consolidated financial statements of the previous years, and the related financial statements have been presented in accordance with TAS 39.

The amendments of TFRS 9 which are effective for the financial information as of 1 January 2018 are follows;

<b>Revaluation gain on financial assets for sale by January 1</b>	<b>2018</b>
<b>Reported</b>	-
The amendments of TFRS 9, net	6.768.950
<b>Revised</b>	<b>6.768.950</b>

##### Going concern

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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

(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.

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

#### 2.2 New and Revised Turkish Accounting Standards

##### a) Amendments and interpretations to existing and new standards as of 30 June 2018:

- **IFRS 9, “Financial instruments”**; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 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. The Company is in the process of assessing the impact of the interpretation on financial position or performance of the Company.
- **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. The Company is in the process of assessing the impact of the interpretation on financial position or performance of the Company.
- **Amendment to 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 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 recognize 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.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

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

- **Amendment to TAS 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.
  - **Amendments to TFRS 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 TFRS 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.
  - **Annual improvements 2014-2016**, effective from annual periods beginning on or after 1 January 2018.
    - TFRS 1, “First-time adoption of TFRS”; regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10.
    - TAS 28, “Investments in associates and joint ventures”; regarding measuring an associate or joint venture at fair value.
  - **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.
- b) Standards and amendments that were promulgated as of 30 June 2018 but not effective yet:**
- **Amendment to TFRS 9, ‘Financial instruments’**; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39. The impacts of related amendment on financial position of the Group is evaluated.
  - **Amendment to TAS 28, ‘Investments in associates and joint venture’**; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.
  - **TFRS 16, ‘Leases’**; effective from annual periods beginning on or after 1 January 2019, this standard replaces the current guidance in IAS 17 and is a farreaching 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 recognize 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

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

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

- **IFRIC 23, ‘Uncertainty over income tax treatments’;** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- **TFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

**2015-2017 annual amendments;** effective from annual periods beginning on or after 1 January 2019. These amendments include the following changes:

- TFRS 3, ‘Business Combinations’; means that the controlling entity remeasures its share of the joint operations.
- TFRS 11, ‘Joint Arrangements’; the entity in joint control can not remeasure its share in joint operations.
- TAS 12, ‘Income Taxes’; entities recognize income tax effects of dividends in the same way.
- TAS 23, ‘Borrowing Costs’; assesses each borrowing made to bring a qualifying asset to its intended use or sale as part of its overall borrowing.

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

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

#### 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

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

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

- (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.

#### 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;
- 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

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

##### Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value. Depreciation is calculated using the straight-line method over the estimated useful lives of property, plant and equipment.

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>
Machinery and equipment	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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

### 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 (not above 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

### 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 by Group into the following specified categories; financial assets recognized at amortized costs, financial assets which change in fair value is reflected to other comprehensive income statement and financial assets which change in fair value is reflected to profit or loss. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group classifies the financial assets on purchase date.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

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

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

(a) Financial assets recognized at amortized costs

"Financial assets measured at amortized cost" are financial assets held for trading under a business model which aims to collect cash flows and includes cash flows of principal and interest generated from the principal balance with respect to specific dates of contractual terms, has no transaction in market and is non-derivative. Financial assets with maturities less than 12 months are classified as current assets and as non-current assets if more than 12 months. Financial assets of the Group that are recognized at amortized cost include "cash and cash equivalents", "trade receivables" and "other receivables". Related assets are initially recognized at fair value in the financial statements and measured at amortized cost using the effective interest rate method in next recognitions. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated income statement.

(b) Financial assets which change in fair value is reflected to other comprehensive income statement

The assets are classified as "assets recognized at fair value" once the management adopts the business model of collecting and / or selling contract cash flows. If management does not intend to derecognize the related assets within 12 months from the balance sheet date, assets are classified as non-current assets. is an the Group makes an irrevocable decision during initial recognition of equity based investments by recognizing fair value difference of the investment in other comprehensive income or profit or loss. Financial assets recognized as other comprehensive income at fair value are presented as "financial investments" in the financial statements. The fair value difference of the assets recognized as other comprehensive income can be classified as retained earnings in case they are sold.

(c) Financial assets which change in fair value is reflected to profit or loss

Financial assets which change in fair value is reflected to profit or loss are financial assets other than assets measured at amortized cost and assets which change in fair value is reflected as other comprehensive income. The resulting gain and loss arised from revaluation of the assets are recognized in the income statement.

#### Recognition and derecognition of financial assets

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. The Group derecognizes the financial liability only if its defined liability on the contract is removed, cancelled or expired.

#### Financial Liabilities

When a financial liability is recognized 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

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

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

##### Business Combinations and Goodwill

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.

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).

##### Foreign Currency Transactions

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.

##### 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 increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders. 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

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

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

##### 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).

##### 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 incentives granted in order to provide emergency financial support or to compensate incurred costs or expenses without incur a cost in the future are recognized in profit or loss when they become recoverable.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

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

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

##### 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.

##### 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

---

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

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

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.

#### 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 has estimates and assumptions for the future. The estimates and assumptions that could cause significant adjustments in the carrying value of assets and liabilities in the upcoming financial reporting period are as follows:

##### 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.

##### Fair values of investment properties

The assumptions used in the expertise reports used to determine the fair value of the properties classified as investment property in the consolidated financial statements are as follows:

In 2017, the Group has undertaken revaluation studies to determine the fair value of investment property.

The basic method of expertise reports used to determine the fair value of the properties classified as investment property was determined as the nominal value approach in consolidated financial statements.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

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

##### Fair value of financial investments

The Group has started applying standard TFRS 9 "Financial instruments" replacing the guidance in TAS 39 as of its effective date 1 January 2018 by reporting equity based financial instruments that have been previously presented in book value, as financial assets Fair Value Difference Reflected to Other Comprehensive Income and had undertaken revaluations in 2018 in order to determine the fair value of its financial investments. The Group is required to make assumptions and estimations within the scope of fair valuation determinations of these financial investments. These assumptions and estimates include the fair value calculations of financial investments and the impairment of financial assets, are regularly reviewed, necessary corrections are made and the effect of these corrections are reflected in the financial statements.

### 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**

Net assets of Konya Ilgın (1 January 2017)	35,967,031
Ownership ratio	100%
Ownership of the Group	
on Konya Ilgın	35,967,031
Net book value of mining right (*)	22,558,602
Deferred tax amount of mining right (*)	(4,548,023)
Other	154,537
<b>Effect of transactions under common control (1 January 2017)</b>	<b>54,132,147</b>
<b>Effect of transactions under common control (30 June 2017)</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.

### NOTE 4 - SEGMENT REPORTING

None (Note 2.3).



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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 5 - CASH AND CASH EQUIVALENTS

	30 June 2018	31 December 2017
Cash on hand	759	442
Cash in banks	67,646	76,363
<i>Demand deposits</i>	67,646	76,363
	<b>68,405</b>	<b>76,805</b>

As of 30 June 2018, the Group has no blocked cash or cash equivalents (31 December 2017: None).

### NOTE 6 - FINANCIAL INVESTMENTS

#### a) Short-term financial investments

As of 30 June 2018, the Group has no short term financial investments (31 December 2017: None).

#### b) Long-term financial investments

As of 30 June 2018, the Group’s long-term financial investments is as follows:

	30 June 2018	31 December 2017
<b>Long-term financial investments</b>		
Financial investments without an active mark carried at cost	17,153,200	9,990,294
	<b>17,153,200</b>	<b>9,990,294</b>

The Group has started applying standard TFRS 9 “Financial instruments”; as of its effective date 1 January 2018. The Group has preferred to classify financial instruments that are not traded in organized markets, equity based and have been previously presented in book value, as Fair Value Difference Reflected to Other Comprehensive Income. The Group has accounted for the cumulative effect for the first transition to TFRS 9 within the opening balance of other comprehensive income at the date of first application. For this reason, there is no need to restate the consolidated financial statements of the previous years, and the related financial statements have been presented in accordance with TAS 39.

Fair value	Financial investments
Opening balance, 31 December 2017	9,990,294
IFRS 9 effect, net	7,162,906
<b>Opening balance, 1 January 2018</b>	<b>17,153,200</b>

	30 June 2018		31 December 2017	
	Shareholding Ratio (%)	Amount	Shareholding Ratio (%)	Amount
Park Termik Elektrik San. ve Tic. A.Ş.	10	17,153,200	10	9,990,294
		<b>17,153,200</b>		<b>9,990,294</b>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

#### NOTE 7 - OBLIGATIONS UNDER FINANCE LEASES

	30 June 2018	31 December 2017
<b>Obligations under finance leases</b>		
Payable within one year	1,020,361	843,906
Payable between one to five years	340,576	703,613
	<b>1,360,937</b>	<b>1,547,519</b>
Less: Future interest charges	(54,594)	(83,125)
<b>Present value of obligations under finance leases</b>	<b>1,306,343</b>	<b>1,464,394</b>
Payable within one year	969,781	779,123
Payable over one year	336,562	685,271

#### NOTE 8 - TRADE RECEIVABLES AND PAYABLES

##### Trade Receivables

	30 June 2018	31 December 2017
<b>Short-term trade receivables</b>		
Trade receivables	4,756,482	4,071,848
Trade receivables from related parties (Note 27)	206,922	132,112
Allowance for doubtful trade receivables (-)	(3,739,684)	(3,204,477)
Other trade receivables	-	2,797
	<b>1,223,720</b>	<b>1,002,280</b>

The maturity analysis of the receivables is provided in Note 28.

The movement of allowance for doubtful receivables is as follows:

	30 June 2018	31 December 2017
Within 1 - 5 years	236,000	236,000
5 years or more	3,503,684	2,968,477
	<b>3,739,684</b>	<b>3,204,477</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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of allowance for doubtful receivables is as follows:

<b>Movement of allowance for doubtful trade receivables</b>	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
Opening balance	(3,204,477)	(3,033,018)
Foreign currency exchange differences	(535,207)	8,210
<b>Closing balance</b>	<b>(3,739,684)</b>	<b>(3,024,808)</b>

### Trade Payables

<b>Short-term trade payables</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
Trade payables to related parties (Note 27)	472,474	199,872
Trade payables	1,443,051	2,660,807
	<b>1,915,525</b>	<b>2,860,679</b>

### 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 2018</b>	<b>31 December 2017</b>
Prepaid expenses	243,650	114,248
Advances given	-	48,000
	<b>243,650</b>	<b>162,248</b>

<b>Long-term prepaid expenses, Other assets</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
Prepaid expenses	206	436
	<b>206</b>	<b>436</b>

#### b) Deferred Income

<b>Short-term deferred income</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
Advances received	33,291	45,021
	<b>33,291</b>	<b>45,021</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

**NOTE 10 - OTHER RECEIVABLES AND PAYABLES**

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Other short term receivables</b>		
Due from related parties (Note 27)	232,767,662	198,143,966
Deposits and guarantess given	11,527	11,527
Other trade receivables	366,277	813,528
	<b>233,145,466</b>	<b>198,969,021</b>

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Other long-term receivables</b>		
Deposits and guarantees given	327,955	312,897
Other sundry receivables	223,720	-
	<b>551,675</b>	<b>312,897</b>

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Other short-term payables</b>		
Deposits and guarantees received	1,742,391	1,825,170
Dividends payables (Note 27)	2,803	2,803
Payables to Group companies (Note 27)	8,424	-
Other payables	520,593	1,242
	<b>2,274,211</b>	<b>1,829,215</b>

**NOTE 11 - INVENTORIES**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Finished goods	24,653	24,653
Other inventories	1,380,642	1,490,044
Allowance for diminution in value of inventories (-)	(26,740)	(26,740)
	<b>1,378,555</b>	<b>1,487,957</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 12 - INVESTMENTS PROPERTIES

Fair Value	Buildings
Opening balance, 1 January 2018	222,442,000
Expenses related to investment property	3,559
<b>Carrying value as of 30 June 2018</b>	<b>222,445,599</b>

As of 30 June 2018, there are no mortgages on the Group’s investments properties (31 December 2017: None).

Fair Value	Buildings
Opening balance, 1 January 2017	102,000,000
Expenses related to investment property	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>

(\*) 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.

As of 31 December 2017, the fair values of the investment properties of the Group are determined by independent valuation companies authorized by Capital Market Board (“CMB”) and providing real estate valuation services in accordance with the capital market legislation. The fair value of investment properties is determined by the comparative approach.

Details of the Group’s investment properties and information about the fair value hierarchy as at 30 June 2018 and 31 December 2017 as follows:

	30 June 2018	Fair value as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
<b>Lands</b>	<b>91,564,200</b>	-	<b>91,564,200</b>	-
- Ceyhan	45,014,200	-	45,014,200	-
- Edirne	46,550,000	-	46,550,000	-
<b>Buildings</b>	<b>130,881,399</b>	-	<b>130,881,399</b>	-
- Ceyhan	17,405,800	-	17,405,800	-
- Edirne	8,741,000	-	8,741,000	-
- Şiřhane	104,734,599	-	104,734,599	-

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

	31 December 2017	Fair value as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
<b>Arsa ve Arazi</b>	<b>91.564.200</b>	-	<b>91.564.200</b>	-
- Ceyhan	45.014.200	-	45.014.200	-
- Edirne	46.550.000	-	46.550.000	-
<b>Binalar</b>	<b>130.877.800</b>	-	<b>130.877.800</b>	-
- Ceyhan	17.405.800	-	17.405.800	-
- Edirne	8.741.000	-	8.741.000	-
- Şiřhane	104.731.000	-	104.731.000	-

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

#### 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 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>

As of 31 December 2017, there are no mortgages or pledges on the Group’s property, plant and equipment.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 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 2018	21,828,491	791,205	-	-	24,812,466	47,432,162
Additions	515,718	-	-	-	-	515,718
Transfer	6,893,185	-	-	-	-	6,893,185
<b>Closing balance, 30 June 2018</b>	<b>29,237,394</b>	<b>791,205</b>	<b>-</b>	<b>-</b>	<b>24,812,466</b>	<b>54,841,065</b>
<b>Accumulated amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Opening balance, 1 January 2018	-	474,723	-	-	3,872,371	4,347,094
Charge for the period	-	79,121	-	-	464,830	543,951
<b>Closing balance, 30 June 2018</b>	<b>-</b>	<b>553,844</b>	<b>-</b>	<b>-</b>	<b>4,337,201</b>	<b>4,891,045</b>
<b>Carrying value as of 1 January 2018</b>	<b>21,828,491</b>	<b>316,482</b>	<b>-</b>	<b>-</b>	<b>20,940,095</b>	<b>43,085,068</b>
<b>Carrying value as of 30 June 2018</b>	<b>29,237,394</b>	<b>237,361</b>	<b>-</b>	<b>-</b>	<b>20,475,265</b>	<b>49,950,020</b>
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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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>

### NOTE 15 - GOVERNMENT INCENTIVES AND GRANTS

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. In this respect, the Group benefited 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 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.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

#### NOTE 16 - EMPLOYEE BENEFITS

	30 June 2018	31 December 2017
Due to personnel	234,598	310,969
Social security premiums payables	118,498	354,674
Other sundry payables	49,419	123,111
	<b>402,515</b>	<b>788,754</b>

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

##### a) Short-term provisions

Short-term provisions for employee enefits	30 June 2018	31 December 2017
Unused vacation liability	578,304	894,779
	<b>578,304</b>	<b>894,779</b>

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

	1 January - 30 June 2018	1 January - 30 June 2017
Opening balance	894,779	1,804,767
Used/paid during the period (-)	(276,378)	359,731
Payment during the period	(40,097)	(1,189,179)
<b>Closing Balance</b>	<b>578,304</b>	<b>975,319</b>

Other short-term provisions	30 June 2018	31 December 2017
Provisions for litigation	11,814,744	11,579,912
	<b>11,814,744</b>	<b>11,579,912</b>

As of 30 June 2018, total of provisions set for pending lawsuits filed against the Group amounts to TRY11,814,744 (31 December 2017: TRY11,579,912).

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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

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

	1 January - 30 June 2018	1 January - 30 June 2017
Opening balance	11,579,912	4,490,169
Charge for the period	426,029	4,392,994
Payment during the period	(191,197)	-
<b>Closing balance</b>	<b>11,814,744</b>	<b>8,883,163</b>

#### b) Long-term provisions

	30 June 2018	31 December 2017
Retirement pay provisions	3,336,192	3,232,461
	<b>3,336,192</b>	<b>3,232,461</b>

#### Retirement Pay Provisions

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed 25 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 TRY5,434.42 for each period of service at 30 June 2018 (31 December 2017: TRY4,297,21).

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

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Revised 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 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption 4.96% real discount rate (31 December 2017: 4.21%) calculated by using 9,18% annual inflation rate and 14,60% discount rate. Voluntary leave rates are also taken into consideration as 5,16% for employees 0-15 years and 0% for employees 15 years and over.

Ceiling amount of TRY5,434.42 which is in effect since 1 July 2018 is used in the calculation of Group’s provision for retirement pay liability.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

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

The movement of the employment termination benefits is as follows:

	1 January - 30 June 2018	1 January - 30 June 2017
Opening balance	3,232,461	16,474,338
Actuarial gain/loss	(55,940)	-
Interest cost	65,906	263,777
Service cost	245,052	1,302,432
Payments during the period (-)	(151,287)	(14,795,930)
<b>Closing balance</b>	<b>3,336,192</b>	<b>3,244,617</b>

#### c) Guarantees received and given

Guarantees received (TRY)	30 June 2018		31 December 2017	
	FC Balance	Equivalent of TRY	FC Balance	Equivalent of TRY
Letters of guarantees (TRY)	85,000	85,000	655.686	655,686
Letters of guarantees (EUR)	10,000	53,092	10,000	45,155
Promissory cheques (TRY)	1,135,000	1,135,000	1.135.000	1,135,000
Promissory notes (TRY)	210,147,615	210,147,615	210,147,615	210,147,615
Promissory notes (EUR)	553,020	2,936,094	553,020	2,497,162
Cash guarantees	1,742,391	1,742,391	847,720	847,720
<b>Total</b>		<b>216,099,192</b>		<b>215,328,338</b>

The details of the Group’s Guarantees/Pledges/Mortgages (“GPMs”) position as of 30 June 2018 and 31 December 2017 is presented as follows:

30 June 2018	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	48,924,121	48,924,121
<i>Promissory notes</i>	48,499,283	48,499,283
<i>Cash guarantees</i>	324,838	324,838
<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>48,924,121</b>	<b>48,924,121</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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

31 December 2017	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	47,891,365	47,891,365
<i>Promissory notes</i>	47,481,585	47,481,585
<i>Cash guarantees</i>	309,780	309,780
<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>47,891,365</b>	<b>47,891,365</b>

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

### NOTE 18 - COMMITMENTS

#### Operating Leases

Details of the finance lease transactions of the Group were given in Note 7. 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 2018	30 June 2017
Land rent expenses	50,131	340,175
Building rent expenses	353,400	322,030
Vehicle rent expenses	48,230	227,863
Machinery rent expenses	-	393,694
	<b>451,761</b>	<b>1,283,762</b>

### NOTE 19 - OTHER ASSETS AND LIABILITIES

	30 June 2018	31 December 2017
<b>Other current assets</b>		
Deferred VAT	305,949	-
Income accruals	24,938	8,313
Business advances	4,743	332
Other VAT	-	9,000
	<b>335,630</b>	<b>17,645</b>
<b>Other fixed assets</b>		
VAT deductible in future years	1,390,287	1,312,031
	<b>1,390,287</b>	<b>1,312,031</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 19 - OTHER ASSETS AND LIABILITIES (Continued)

	30 June 2018	31 December 2017
<b>Other short-term liabilities</b>		
Taxes and funds payables	2,916	1,179,973
Other liabilities payable	702,542	714,419
	<b>705,458</b>	<b>1,894,392</b>
<b>Other long-term liabilities</b>		
Other long-term liabilities	466,771	816,857
	<b>466,771</b>	<b>816,857</b>

### NOTE 20 - EQUITY

#### a) Share Capital

The Company's share capital structure as of 30 June 2018 and 31 December 2017 is presented as follows:

Shareholders	30 June 2018		31 December 2017	
	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</b>	<b>148,867,243</b>	<b>100</b>	<b>148,867,243</b>

#### Information Regarding to Equity Shares

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

#### a) Restricted reserves appropriated from profit

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

In the ordinary General Assembly meeting of the Company held on 12 June 2018, the Company has decided to allocate a general legal reserve amounting to TRY4.189.336, which is calculated in accordance with the related legislation and allocate 75% of the profits derived from the sale of immovable properties related to copper production activities by reporting that amount under equity as a special reserve to benefit from the tax exemption in accordance with the first paragraph (e) of the fifth paragraph of Article 5 of the Corporate Tax Law numbered 5520, which is TRY243.523.090. In this context, the related amounts in the Group's financial statements as of 30 June 2018 are reported as "Restricted Reserves Allocated from Profit".

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 20 - EQUITY (Continued)

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

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

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

### NOTE 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 2018, 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.

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Revenue	-	-	93,786,869	24,356,783
Cost of sales (-)	-	-	(64,050,993)	(16,452,266)
<b>Gross profit</b>	-	-	<b>29,735,876</b>	<b>7,904,517</b>
Marketing, selling and distribution expenses (-)	-	-	(6,218,465)	(1,666,654)
General administrative expenses (-)	-	-	(8,509,999)	(4,334,944)
Other income from operating activities	-	-	2,486,955	1,284,587
Other expenses from operating activities (-)	-	-	(13,653,752)	(472,770)
<b>Operating profit/(loss)</b>	-	-	<b>3,840,615</b>	<b>2,714,736</b>
Income from investing activities	-	-	550,386,377	-
<b>Operating profit before finance income/expense</b>	-	-	<b>554,226,992</b>	<b>2,714,736</b>
Finance income / expenses	-	-	3,166,319	1,551,647
<b>Profit / (Loss) before taxation</b>	-	-	<b>557,393,311</b>	<b>4,266,383</b>
<b>Tax (expense) / income</b>	-	-	<b>(62,371,579)</b>	<b>(13,764,529)</b>
Current tax (charge) / income	-	-	(34,599,502)	1,591,810
Deferred tax (expense) / income	-	-	(27,772,077)	(15,356,339)
<b>Net profit/(loss) for the period</b>	-	-	<b>495,021,732</b>	<b>(9,498,146)</b>
<b>Earnings per hare from discontinued operations</b>	-	-	<b>0,0318</b>	<b>(0,0012)</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

(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 amount of TRY674,768,909 as of 30 June 2017 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 2018</b>	<b>30 June 2017</b>
Discontinued operations profit	-	495,021,732
Adjustments to reconcile profit/loss for the period and changes in working capital on discontinued operations	-	(537,047,281)
Net cash flows from discontinued operational activities	-	(42,025,549)
Net cash flows from discontinued investment activities	-	715,923,000
Net cash flows from discontinued financing activities	-	871,458
<b>Net cash flows from discontinued operations</b>	<b>-</b>	<b>674,768,909</b>

### NOTE 22 - GENERAL ADMINISTRATIVE EXPENSE

<b>General administrative expenses</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2017</b>
Personnel expenses	1,839,712	1,191,554	2,582,242	1,469,341
Consultancy and expense shares	1,485,547	685,904	1,732,694	896,814
Amortization expenses	942,504	487,695	571,369	284,606
Rent expenses	564,102	286,803	442,484	232,641
Taxes and other legal expenses	183,540	157,467	143,846	125,050
Severance and notice pay	34,580	(241,625)	370,994	239,693
Donation and aid expenses	900	450	18,950	18,950
Advertising Expenses	-	-	200,863	88,668
Other	1,025,981	526,082	740,118	402,005
	<b>6,076,866</b>	<b>3,094,330</b>	<b>6,803,560</b>	<b>3,757,768</b>

### NOTE 23 - INCOME FROM INVESTING ACTIVITIES

<b>Income from investing activities</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2017</b>
Sale of tangible and intangible assets	734,826	534,118	-	-
Rent income	612,075	243,146	645,731	174,123
	<b>1,346,901</b>	<b>777,264</b>	<b>645,731</b>	<b>174,123</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

**NOTE 24 - FINANCIAL INCOME/(EXPENSE)**

	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2017</b>
<b>Financial Income</b>				
Foreign exchange income	36,695,310	28,461,179	2,270,283	638,750
Interest income	8,351,132	4,881,534	1,411,317	1,014,112
	<b>45,046,442</b>	<b>33,342,713</b>	<b>3,681,600</b>	<b>1,652,862</b>
<b>Financial Expenses</b>				
Foreign exchange losses	259,703	195,926	19,239,178	6,440,920
Interest expenses	49,284	(71,178)	2,321	(6,889)
Other financial expenses	21,604	11,492	54,909	8,685
	<b>330,591</b>	<b>136,240</b>	<b>19,296,408</b>	<b>6,442,716</b>

**NOTE 25 - DEFERRED TAX ASSETS AND LIABILITIES**

**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 22% (31 December 2017: 20%).

	<b>1 January - 30 June 2018</b>	<b>1 January - 31 December 2017</b>
Deferred tax assets	3,197,263	13,832,873
Deferred tax liabilities (-)	(24,774,945)	(33,682,873)
<b>Deferred tax (liabilities)/assets, net</b>	<b>(21,577,682)</b>	<b>(19,850,000)</b>
<b>Deferred tax assets/(liabilities)</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
Useful life and valuation differences on property, plant, and equipment and intangible assets	(24,611,406)	(22,472,917)
Provision for reteriment pay and unused vacation	794,465	662,243
Evaluation differences on financial investments	(393,961)	-
Discount on receivable and payables	20,045	(367)
Provisions of liability and expense	2,605,127	1,953,707
Other	8,048	7,334
	<b>(21,577,682)</b>	<b>(19,850,000)</b>



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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 25 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

#### Tax Reconciliation

	1 January - 30 June 2018	1 January - 31 December 2017
Profit/(loss) before tax for the year from continued operations	40,807,706	(21,621,538)
Profit before tax for the year from discontinued operations	-	557,393,311
<b>Profit before tax</b>	<b>40,807,706</b>	<b>535,771,773</b>
Applicable tax rate	%22	%20
Calculated tax expense	(8,977,695)	(107,154,355)
Unrecognized deferred tax in previous years	-	4,141,138
Exceptions	-	45,036,736
Assigned investment incentive certificate	-	(2,143,013)
Other	(995,793)	(2,255,774)
<b>Total tax expense of continued and discontinued operations</b>	<b>(9,973,488)</b>	<b>(62,375,268)</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 22% for 2018 (31 December 2017: 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).

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%.

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% stopage, profit distribution is not considered.

Corporations are required to declare a temporary tax of 22% (for 2018, 2019, 2020) 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 attached until the evening of the 25th day of the fourth month following the month of the accounting period.

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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

**NOTE 26 - EARNINGS PER SHARE**

	1 January - 30 June 2018	1 January - 30 June 2017
<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/(loss) for attributable to equity holders of the Group	30,834,218	(21,625,227)
<b>Basic and diluted earnings/(loss) per share</b>	<b>0,0021</b>	<b>(0.0015)</b>

	1 January - 30 June 2018	1 January - 30 June 2017
<b>Earning/(loss) per share from discontinued operations</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	-	495,021,732
<b>Basic and diluted earnings per share</b>	<b>-</b>	<b>0.033</b>

**NOTE 27 - RELATED PARTY DISCLOSURES**

**Due from Related Parties**

Related party	Type of Relationship	30 June 2018		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş.	Shareholder	-	232,751,466	232,751,466
Silopi Elektrik Üretim A.Ş.	Group Company	35,861	-	35,861
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	150,715	-	150,715
Park Teknik Elekt.Maden.Turizm.San. Tic. A.Ş.	Group Company	20,346	16,196	36,452
		<b>206,922</b>	<b>232,767,662</b>	<b>232,974,584</b>

Related party	Type of Relationship	31 December 2017		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş.	Shareholder	-	198,143,966	198,143,966
Ciner İç ve Dış Tic. A.Ş.	Group Company	62,197	-	62,197
Silopi Elektrik Üretim A.Ş.	Group Company	69,915	-	69,915
		<b>132,112</b>	<b>198,143,966</b>	<b>198,276,078</b>

The Group’s interest rate applied for trade and financial transactions in TRY for January-March: %14.82 and April-June: %21.16.(2017: January-March: %12.91, April-June: %14.35). The interest rate applied for financial transactions in USD for January-March: %6.01 and April-June: %6.90 (2017 January-June: None).

**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

**NOTE 27 - RELATED PARTY DISCLOSURES (Continued)****Due to Related Parties**

Related party	Type of Relationship	30 June 2018		Total
		Trade Payables	Other Payables	
Park Teknik Elekt. Maden Turizm San. Tic. A.Ş.	Group Company	-	6,573	6,573
Silopi Elektrik Üretim A.Ş.	Group Company	6,669	-	6,669
Park Holding A.Ş.	Shareholder	337,834	-	337,834
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	-	1,851	1,851
Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.	Group Company	5,165	-	5,165
Park Sigorta Ara. Hiz. Ltd. Şti.	Group Company	95,459	-	95,459
Ciner Maden Proje ve Teknik Danışmanlık Group Company	Group Company	27,347	-	27,347
Dividends payables to other affiliates	Shareholder	-	2,803	2,803
		<b>472,474</b>	<b>11,277</b>	<b>483,701</b>

  

Related party	Type of Relationship	31 December 2017		Total
		Trade Payables	Other Payables	
Silopi Elektrik Üretim A.Ş.	Group Company	9,999	-	9,999
Park Holding A.Ş.	Shareholder	130,073	-	130,073
Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.	Group Company	14,369	-	14,369
Park Sigorta Ara. Hiz. Ltd. Şti.	Group Company	23,143	-	23,143
Ciner Maden Proje ve Teknik Danışmanlık Group Company	Group Company	22,288	-	22,288
Dividends payables to other affiliates	Shareholder	-	2,803	2,803
		<b>199,872</b>	<b>2,803</b>	<b>202,675</b>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

#### NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

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

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

Related party	Type of Relationship	30 June 2017						Total
		Goods	Service	Fixes Assets	Finance Expense	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>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>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

#### NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

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

Related party	Type of Relationship	30 June 2018						
		Goods	Services	Fixed Assets	Finance Income	Rent	Other	Total
Ciner İç ve Dış Tic. A.Ş.	Group Company	-	-	-	-	-	-	-
Kazan Soda Maden Enerji Nakliyat -San.Tic. Park Holding A.Ş.	Group Company	-	-	-	-	-	-	-
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Shareholder	-	-	-	45,028,908	-	187	45,029,095
Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	-	-	427	-	-	427
Silopi Elektrik Üretim A.Ş.	Group Company	-	-	-	-	-	-	-
Kasımpaşa Sportif Faaliyetler A.Ş.	Group Company	-	-	-	2,085	91,920	-	94,005
Park Termik Elektrik San. ve Tic. A.Ş.	Group Company	-	-	-	-	-	8	8
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	188,853	-	-	5,617	-	-	194,470
Park Teknik Mad. Turz. San. ve Tic. A.Ş.	Group Company	-	-	-	19,024	130,000	-	149,024
		<b>188,853</b>	<b>-</b>	<b>-</b>	<b>45,056,061</b>	<b>221,920</b>	<b>195</b>	<b>45,467,029</b>

Related party	Type of Relationship	30 June 2017						
		Goods	Services	Fixed Assets	Finance Income	Rent	Other	Total
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>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>

Benefits provided to directors and executive personnel (*)	1 January-30 June 2018	1 January-30 June 2017
Wages, premiums and other similar benefits	158,080	578,844
Benefits related with retirement pay and unused vacation	121,705	637,979

(\*) Senior management consists of the members of the Board of Directors of the Company and its subsidiaries, the General Manager and their assistants. Only the independent members of the Board of Directors are paid in line with the decision taken at the Ordinary General Assembly meeting, and no payment is made to the other members due to their duties in the Board of Directors.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 27 - 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 finance income amounting to TRY45,028,908 in 2018. (30 June 2017: TRY3,579,472).

#### 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.Ş. 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 line with the Board of Directors’ decision dated 29 July 2013, the Group sold copper concentrate transactions through Ciner İç ve Dış Ticaret A.Ş. until the sale of its assets related to copper production activities.

### NOTE 28 - 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 the calculated as net debt divided by the total equity amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents.

As of 30 June 2018 and 31 December 2017 the Group’s net debt / total equity ratio is detailed as follows:

	30 June 2018	31 December 2017
Financial Liabilities	1,306,343	1,464,394
Less: Cash and cash equivalents and short-term financial investments	(68,405)	(76,805)
Net debt	1,237,938	1,387,589
Total equity	480,234,445	442,586,525
<b>Net debt/Total equity ratio (%)</b>	<b>0,003</b>	<b>0.003</b>

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

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

---

#### **NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

##### **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.

##### **(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. 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

**NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

Credit risks exposed through types of financial instruments	30 June 2018				
	Trade Receivables		Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits
<b>Maximum credit risk exposed as of the balance sheet date (*)</b>					
(A+B+C+D+E)	<b>206,922</b>	<b>1,016,798</b>	<b>232,767,662</b>	<b>929,479</b>	<b>67,646</b>
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(847,720)	(200,000,000)	(574,616)	-
A. Net book value of financial assets neither overdue nor impaired	188,873	-	232,767,662	924,510	64,646
- Portion covered by guarantees, collaterals etc.	-	-	(200,000,000)	(574,616)	-
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	18,049	1,016,798	-	4,969	-
- Portion covered by guarantees, collaterals etc.	-	(847,720)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due ( gross carrying amount)	-	3,739,684	-	-	-
- Impairment ( - )	-	(3,739,684)	-	-	-
- 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

**NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

Credit risks exposed through types of financial instruments	31 December 2017				
	Trade Receivables		Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits
<b>Maximum credit risk exposed as of the balance sheet date (*)</b>					
(A+B+C+D+E)	<b>132,112</b>	<b>870,168</b>	<b>198,969,021</b>	<b>1,137,952</b>	<b>76,805</b>
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(847,720)	(193,144,302)	(765,739)	-
A. Net book value of financial assets neither overdue nor impaired	104,647	-	198,969,021	367,255	76,805
- Portion covered by guarantees, collaterals etc.	-	(847,720)	(193,144,302)	(765,739)	-
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.	-	-	-	770,697	-
C. Net book value of assets over due but not impaired	27,465	870,168	-	-	-
- Portion covered by guarantees, collaterals etc.	-	(847,720)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due ( gross carrying amount)	-	3,204,477	-	-	-
- Impairment (-)	-	(3,204,477)	-	-	-
- 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Past due but not impaired assets are presented as below:

	30 June 2018	
	Trade Receivables	Other Receivables
Due within 1-30 days	18,987	-
Due within 1-3 months	-	-
Due within 3-12 months	-	11
Due within 1-5 years	1,015,860	4,958
<b>Total overdue receivables</b>	<b>1,034,847</b>	<b>4,969</b>

  

	31 December 2017	
	Trade Receivables	Other Receivables
Due within 1-30 days	-	27,465
Due within 1-3 months	-	-
Due within 3-12 months	867,371	770,697
Due within 1-5 years	2,797	-
<b>Total overdue receivables</b>	<b>870,168</b>	<b>798,162</b>

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

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

#### Liquidity risk tables

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

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

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

Contractual maturities	Carrying value	30 June 2018			
		Total cash Outflows in accordance with contracts (I+II+III)	Less than 3 months (I)	3-12 months(II)	1-5 year months (III)
<b>Non-derivate financial liabilities</b>	<b>3,753,688</b>	<b>3,813,584</b>	<b>2,146,157</b>	<b>803,455</b>	<b>863,972</b>
Obligation under finance leases	1,306,343	1,360,937	255,090	765,271	340,576
Trade payables	1,915,525	1,920,827	1,882,643	38,184	-
Other payables	531,820	531,820	8,424	-	523,396

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Contractual maturities	31 December 2017				
	Carrying value	Total cash Outflows in accordance with contracts (I+II+III)	Less than 3 months (I)	3-12 months(II)	1-5 year months (III)
<b>Non-derivate financial liabilities</b>	<b>4,327,876</b>	<b>4,413,161</b>	<b>3,076,636</b>	<b>632,912</b>	<b>703,613</b>
Obligation under finance leases	1,464,394	1,547,519	210,994	632,912	703,613
Trade payables	2,860,679	2,862,839	2,862,839	-	-
Other payables	2,803	2,803	2,803	-	-

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

**NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

		<b>30 June 2018</b>			
		<b>TRY Equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>
1.	Trade Receivable	858,541	188,248	-	-
2a.	Monetary Financial Assets	219,052,225	48,030,288	91	1
2b.	Non-monetary Financial Assets	-	-	-	-
3.	Other	-	-	-	-
4.	<b>CURRENT ASSETS</b>	<b>219,910,766</b>	<b>48,218,536</b>	<b>91</b>	<b>1</b>
5.	Trade Receivable	-	-	-	-
6a.	Monetary Financial Assets	-	-	-	-
6b.	Non-monetary Financial Assets	-	-	-	-
7.	Other	-	-	-	-
8.	<b>NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.</b>	<b>TOTAL ASSETS</b>	<b>219,910,766</b>	<b>48,218,536</b>	<b>91</b>	<b>1</b>
10.	Trade Payables	340,995	40,833	29,151	-
11.	Financial Liabilities	969,781	212,639	-	-
12a.	Other Monetary Liabilities	520,593	114,148	-	-
12b.	Other Non-monetary Liabilities	-	-	-	-
13.	<b>CURRENT LIABILITIES</b>	<b>1,831,369</b>	<b>367,620</b>	<b>29,151</b>	<b>-</b>
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	336,562	73,796	-	-
16a.	Other Monetary Liabilities	-	-	-	-
16b.	Other Non-monetary Liabilities	-	-	-	-
17.	<b>NON-CURRENT LIABILITIES</b>	<b>336,562</b>	<b>73,796</b>	<b>-</b>	<b>-</b>
<b>18.</b>	<b>TOTAL LIABILITIES</b>	<b>2,167,931</b>	<b>441,416</b>	<b>29,151</b>	<b>-</b>
<b>19.</b>	<b>Net assets/(liability) position of off balance sheet derivatives items (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a.	Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b.	Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
<b>20.</b>	<b>Net foreign currency assets/(liability) position</b>	<b>217,742,835</b>	<b>47,777,120</b>	<b>(29,060)</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>217,742,835</b>	<b>47,777,120</b>	<b>(29,060)</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 CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

**NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

		31 December 2017			
		TRY Equivalent	USD	EUR	GBP
1.	Trade Receivable	3,269,313	866,755	-	-
2a.	Monetary Financial Assets	175,470,466	46,520,328	96	1
2b.	Non-monetary Financial Assets	-	-	-	-
3.	Other	-	-	-	-
4.	<b>CURRENT ASSETS</b>	<b>178,739,779</b>	<b>47,387,083</b>	96	1
5.	Trade Receivable	-	-	-	-
6a.	Monetary Financial Assets	-	-	-	-
6b.	Non-monetary Financial Assets	-	-	-	-
7.	Other	-	-	-	-
8.	<b>NON-CURRENT ASSETS</b>	-	-	-	-
<b>9.</b>	<b>TOTAL ASSETS</b>	<b>178,739,779</b>	<b>47,387,083</b>	<b>96</b>	<b>1</b>
10.	Trade Payables	457,601	115,134	5,166	-
11.	Financial Liabilities	779,123	206,554	5	-
12a.	Other Monetary Liabilities	-	-	-	-
12b.	Other Non-monetary Liabilities	-	-	-	-
13.	<b>CURRENT LIABILITIES</b>	<b>1,236,724</b>	<b>321,688</b>	<b>5,171</b>	-
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	685,271	181,678	-	-
16a.	Other Monetary Liabilities	-	-	-	-
16b.	Other Non-monetary Liabilities	-	-	-	-
17.	<b>NON-CURRENT LIABILITIES</b>	<b>685,271</b>	<b>181,678</b>	-	-
<b>18.</b>	<b>TOTAL LIABILITIES</b>	<b>1,921,995</b>	<b>503,366</b>	<b>5,171</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>176,817,784</b>	<b>46,883,717</b>	<b>(5,075)</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>176,817,784</b>	<b>46,883,717</b>	<b>(5,075)</b>	<b>1</b>
<b>22.</b>	<b>Fair value of derivative instruments used in foreign currency hedge</b>	-	-	-	-
<b>23.</b>	<b>Total amount of assets hedged</b>	-	-	-	-
<b>24.</b>	<b>Total amount of liabilities hedged</b>	-	-	-	-

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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 2018 (30 June 2018: USD1 = TRY4.5607, EUR1 = TRY5.3092 and GBP1 = TRY5.9810, 31 December 2017: USD1 = TRY3.7719, EUR1 = TRY4.5155, GBP1 = TRY5.0803).

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.

#### Foreign currency sensitivity

	30 June 2018	
	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY:		
<b>USD net asset/(liability)</b>	<b>21,789,711</b>	<b>(21,789,711)</b>
When 10% appreciation of EUR against TRY:		
<b>EUR net asset/(liability)</b>	<b>(15,429)</b>	<b>15,429</b>
When 10% appreciation of other foreign currency against TRY		
<b>Other foreign currency net asset/(liability)</b>	<b>1</b>	<b>(1)</b>
<b>Total</b>	<b>21,774,283</b>	<b>(21,774,283)</b>
	31 December 2017	
	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY:		
<b>USD net asset/(liability)</b>	<b>17,684,070</b>	<b>(17,684,070)</b>
When 10% appreciation of EUR against TRY		
<b>EUR net asset/(liability)</b>	<b>2,292</b>	<b>(2,292)</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>17,681,778</b>	<b>(17,681,778)</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018**

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

**NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

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

**Financial Instruments Categories**

<b>30 June 2018</b>	<b>Financial liabilities at amortizes cost</b>	<b>Loans and receivables (including cash and cash equivalents)</b>	<b>Financial assets and liabilities at fair value through profit or loss</b>	<b>Carrying value</b>	<b>Note</b>
<b>Financial assets</b>	-	<b>234,649,784</b>	<b>17,153,200</b>	<b>251,802,984</b>	
Cash and cash equivalents	-	68,405	-	68,405	5
Trade receivables	-	1,016,798	-	1,016,798	8
Due from related parties	-	232,974,584	-	232,974,584	27
Other receivables	-	589,997	-	589,997	10
Financial investments	-	-	17,153,200	17,153,200	6
<b>Financial liabilities</b>	<b>3,432,614</b>	<b>317,946</b>	-	<b>3,750,560</b>	
Obligations under finance leases	1,306,343	-	-	1,306,343	7
Trade payables	1,179,250	263,801	-	1,443,051	8
Due to related parties	426,428	54,145	-	480,573	27
Other payables	520,593	-	-	520,593	10
<b>31 December 2017</b>	<b>Financial liabilities at amortizes cost</b>	<b>Loans and receivables (including cash and cash equivalents)</b>	<b>Financial assets and liabilities at fair value through profit or loss</b>	<b>Carrying value</b>	<b>Note</b>
<b>Financial assets</b>	-	<b>200,045,309</b>	<b>9,990,294</b>	<b>205,017,167</b>	
Cash and cash equivalents	-	76,805	-	69,560	5
Trade receivables	-	867,371	-	867,371	8
Due from related parties	-	193,276,414	-	193,276,414	27
Other receivables	-	5,824,719	-	813,528	10
Financial investments	-	-	9,990,294	9,990,294	6
<b>Financial liabilities</b>	<b>4,329,118</b>	-	-	<b>3,877,365</b>	
Obligations under finance leases	1,464,394	-	-	1,464,394	7
Trade payables	2,684,080	-	-	2,213,099	8
Due to related parties	180,644	-	-	199,872	27

.....