

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

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

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020**



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT  
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH  
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

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

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2020 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

*Scope of review*

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed consolidated 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 interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

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

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

Çağlar Sürücü, SMMM  
Partner

İstanbul, 18 August 2020

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

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2020**

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

	Notes	Current Period Reviewed 30 June 2020	Prior Period Audited 31 December 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	6,115,976	6,214,119
Trade receivables	6	4,365,223	5,294,840
<i>Trade receivables from related parties</i>	23	2,259,803	2,213,763
<i>Trade receivables from third parties</i>		2,105,420	3,081,077
Other receivables	7	275,843,443	46,857,213
<i>Other receivables from related parties</i>	23	274,815,349	43,261,995
<i>Other receivables from third parties</i>		1,028,094	3,595,218
Inventories	8	6,628,730	938,990
Prepaid expenses		585,632	249,448
Current income tax assets		87,440	-
Other current assets	13	7,340	7,006
<b>Total current assets</b>		<b>293,633,784</b>	<b>59,561,616</b>
<b>Non-current assets</b>			
Financial investments	5	5,499,457	13,842,856
Other receivables	7	187,315,968	198,679,420
<i>Other receivables from related parties</i>	23	187,067,427	198,447,905
<i>Other receivables from third parties</i>		248,541	231,515
Investment properties	9	189,181,641	191,995,000
Property, plant and equipment	10	13,703,272	7,052,984
Intangible assets	11	90,667,947	86,323,493
Deferred tax assets	21	156,885	-
Other non-current assets	13	10,353,328	7,350,528
<b>Total non-current assets</b>		<b>496,878,498</b>	<b>505,244,281</b>
<b>TOTAL ASSETS</b>		<b>790,512,282</b>	<b>564,805,897</b>

The condensed interim consolidated financial statements for the period of 1 January - 30 June 2020 were approved in the Board of Directors’ meeting held on 18 August 2020 and management is authorized for issue.

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

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

	Notes	Current Period Reviewed 30 June 2020	Prior Period Audited 31 December 2019
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings		-	588
Trade payables	6	14,296,318	11,081,736
<i>Trade payables to related parties</i>	23	1,343,748	343,862
<i>Trade payables to third parties</i>		12,952,570	10,737,874
Payables related to the employee benefits		1,201,747	343,096
Other payables	7	564,702	566,383
<i>Other payables to related parties</i>	23	5,381	5,634
<i>Other payables to third parties</i>		559,321	560,749
Deferred income	14	4,486,533	114,002
Current income tax liability	21	20,738,579	2,869,969
Short-term provisions	12	37,327,482	35,869,200
<i>Short-term provisions for employee benefits</i>		926,047	731,496
<i>Other provisions</i>		36,401,435	35,137,704
Other current liabilities	13	14,036,837	2,044,763
<b>Total current liabilities</b>		<b>92,652,198</b>	<b>52,889,737</b>
<b>Non-current liabilities</b>			
Other payables		2,855,358	2,620,970
<i>Other payables to third parties</i>		2,855,358	2,620,970
Long-term provisions	12	7,083,261	6,977,430
<i>Long-term provisions for employee benefits</i>		3,697,403	3,657,145
<i>Other provisions</i>		3,385,858	3,320,285
Deferred tax liabilities	21	12,748,811	12,929,745
<b>Total non-current liabilities</b>		<b>22,687,430</b>	<b>22,528,145</b>
<b>Total liabilities</b>		<b>115,339,628</b>	<b>75,417,882</b>
<b>EQUITY</b>			
Paid in Share capital	15	148,867,243	148,867,243
Effects of business combinations under common control	23	(322,280,157)	(486,737,853)
Adjustments to share capital		16,377,423	16,377,423
Share premiums / (discounts)		6,307,642	6,307,642
Repurchased shares (-)		(1,573,261)	(1,573,261)
Other comprehensive income or expenses that will not be reclassified subsequently to the profit or loss		92,154,715	100,617,738
<i>Gain on revaluation of property</i>		96,328,884	96,328,884
<i>Gain on remeasurement of defined benefit plans</i>		648,183	648,183
<i>Gain on financial assets measured at fair value through other comprehensive income /(loss)</i>	5	(4,822,352)	3,640,671
Restricted reserves		303,430,035	303,430,03
Retained earnings		402,099,048	398,043,573
Net profit for the period		29,789,966	4,055,475
<b>Total equity</b>		<b>675,172,654</b>	<b>489,388,015</b>
<b>Total Liabilities and Equity</b>		<b>790,512,282</b>	<b>564,805,897</b>

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

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

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

	Notes	Current Period Reviewed 1 January - 30 June 2020	1 April - 30 June 2020	Prior Period Reviewed 1 January - 30 June 2019	1 April - 30 June 2019
<b>Profit or loss</b>					
Revenue	16	20,652,364	10,012,288	733,036	669,292
Cost of sales (-)	16	(10,976,050)	(5,734,189)	(41,310)	(32,816)
<b>Gross profit</b>		<b>9,676,314</b>	<b>4,278,099</b>	<b>691,726</b>	<b>636,476</b>
General administrative expenses (-)	17	(4,989,236)	(2,580,197)	(6,178,200)	(3,125,343)
Income from other operating activities	18	754,492	704,891	927,929	912,111
Expenses from other operating activities (-)	18	(3,386,293)	(3,012,362)	(14,299,719)	(2,791,258)
<b>Operating profit/(loss)</b>		<b>2,055,277</b>	<b>(609,569)</b>	<b>(18,858,264)</b>	<b>(4,368,014)</b>
Income from investing activities	19	307,211	171,855	544,454	208,532
Loss on investing activities (-)	19	(12,115)	(12,115)	-	-
<b>Operating profit/(loss) before financial income</b>		<b>2,350,373</b>	<b>(449,829)</b>	<b>(18,313,810)</b>	<b>(4,159,482)</b>
Financial income	20	36,821,229	15,665,473	28,885,668	8,870,537
Financial expenses (-)	20	(647,659)	(578,929)	(194,935)	(68,859)
<b>Profit before tax from continued operations</b>		<b>38,523,943</b>	<b>14,636,715</b>	<b>10,376,923</b>	<b>4,642,196</b>
<b>Tax expense from continued operations</b>		<b>(8,733,977)</b>	<b>(3,489,710)</b>	<b>(2,207,327)</b>	<b>(1,016,875)</b>
Taxes on income	21	(9,191,419)	(4,015,843)	(5,103,457)	(1,419,513)
Deferred tax income / (expense)	21	457,442	526,133	2,896,130	402,638
<b>Net profit from continued operations</b>		<b>29,789,966</b>	<b>11,147,005</b>	<b>8,169,596</b>	<b>3,625,321</b>
<b>Net profit</b>		<b>29,789,966</b>	<b>11,147,005</b>	<b>8,169,596</b>	<b>3,625,321</b>
<b>Earnings per share from continued operations</b>		<b>0.0020</b>	<b>0.0007</b>	<b>0.0005</b>	<b>0.0003</b>
<b>Other comprehensive income</b>					
<b>Other comprehensive (loss)/income</b>		<b>(8,463,023)</b>	<b>(8,463,023)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>21,326,943</b>	<b>2,683,982</b>	<b>8,169,596</b>	<b>3,625,321</b>

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

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020**

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

	Paid in Share capital	Repurchased capital	Adjustments to share capital	Share premiums	Gain on revaluation of property	Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Restricted reserves	Business combinations under common control	Retained earnings		Total equity
						Gain on remeasurement of defined benefit plans	Gain on financial assets measured at fair value through other comprehensive income/(loss)			Retained earnings	Net income / (loss)	
<b>1 January 2019</b>	<b>148,867,243</b>	<b>(1,573,261)</b>	<b>16,377,423</b>	<b>6,307,642</b>	<b>96,328,884</b>	<b>699,430</b>	<b>1,337,181</b>	<b>303,430,035</b>	<b>(486,737,853)</b>	<b>358,931,734</b>	<b>39,111,839</b>	<b>483,080,297</b>
Transfers	-	-	-	-	-	-	-	-	-	39,111,839	(39,111,839)	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	8,169,596	8,169,596
<b>30 June 2019</b>	<b>148,867,243</b>	<b>(1,573,261)</b>	<b>16,377,423</b>	<b>6,307,642</b>	<b>96,328,884</b>	<b>699,430</b>	<b>1,337,181</b>	<b>303,430,035</b>	<b>(486,737,853)</b>	<b>398,043,573</b>	<b>8,169,596</b>	<b>491,249,893</b>
<b>1 January 2020</b>	<b>148,867,243</b>	<b>(1,573,261)</b>	<b>16,377,423</b>	<b>6,307,642</b>	<b>96,328,884</b>	<b>648,183</b>	<b>3,640,671</b>	<b>303,430,035</b>	<b>(486,737,853)</b>	<b>398,043,573</b>	<b>4,055,475</b>	<b>489,388,015</b>
Transfers	-	-	-	-	-	-	-	-	-	4,055,475	(4,055,475)	-
Total comprehensive (loss)/income-	-	-	-	-	-	-	(8,463,023)	-	-	-	29,789,966	21,326,943
Effect of business combinations under common control (Note 23)	-	-	-	-	-	-	-	-	164,457,696	-	-	164,457,696
<b>30 June 2020</b>	<b>148,867,243</b>	<b>(1,573,261)</b>	<b>16,377,423</b>	<b>6,307,642</b>	<b>96,328,884</b>	<b>648,183</b>	<b>(4,822,352)</b>	<b>303,430,035</b>	<b>(322,280,157)</b>	<b>402,099,048</b>	<b>29,789,966</b>	<b>675,172,654</b>

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

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

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

STATEMENT OF CASH FLOWS	Notes	Current Period Reviewed 30 June 2020	Prior Period Reviewed 30 June 2019
<b>A. Cash flows from operating activities</b>		<b>7,383,220</b>	<b>(3,497,714)</b>
Net profit for the period		29,789,966	8,169,596
<b>Adjustments to reconcile profit / (loss) for the period</b>		<b>(13,574,030)</b>	<b>(10,440,307)</b>
Adjustments for gains / (losses) arised from sale of tangible and intangible assets		12,115	(116,102)
Adjustments for amortization and depreciation	10, 11	10,825,677	740,938
Adjustments for provisions related with employee benefits	12	464,183	486,784
Adjustments for lawsuit and/or penalty provisions	12	2,769,577	15,027,484
Adjustments for tax expense	21	8,733,977	2,207,327
Adjustments for interest income		(5,073,402)	(6,525,570)
Adjustments for unrealized currency translation differences		(31,306,157)	(22,261,168)
<b>Adjustments for working capital</b>		<b>879,112</b>	<b>(385,228)</b>
Adjustments for (increase) / decrease in inventories		(5,689,740)	(19,984)
Adjustments for decrease / (increase) in trade receivables		1,051,496	(54,318)
Adjustments for (increase) / decrease in other receivables		2,462,658	(758,459)
Adjustments for increase / (decrease) in trade payables		(6,098,219)	271,413
Adjustments for (decrease) / increase in payables related to the employee benefits		858,651	(255,341)
Adjustments for decrease / (increase) in prepaid expenses		(336,184)	98,275
Adjustments for increase in other current assets		(3,003,134)	(1,086,172)
Adjustments for increase in other payables from operations		426,465	1,711,053
Adjustments for (decrease) / increase in other current liabilities from operations		11,260,910	(261,303)
Adjustments for decrease in deferred income		(53,791)	(30,392)
<b>Cash generated from operations</b>		<b>17,095,048</b>	<b>(2,655,939)</b>
Payments made related to provisions for employee benefits	12	(178,341)	(111,106)
Payments made related to other provisions	12	(1,556,879)	(730,669)
Tax returns / (payments)		(7,976,004)	-
Other cash inflows / (outflows)		(604)	-
<b>B. Cash flows from investing activities</b>		<b>(8,210,498)</b>	<b>5,640,399</b>
Cash outflows of acquisitions of fixed and intangible assets		(12,533,332)	(1,925,370)
Proceeds from sales of fixed and intangible assets	10,11	-	116,102
Cash inflows from sales of investment properties		2,801,244	-
Repayments from cash advances and payables to related parties		1,521,590	7,449,667
<b>C. Cash flows from financing activities</b>		<b>(28)</b>	<b>(629,122)</b>
Repayment of obligations under leases		-	(606,848)
Interest paid		(28)	(22,274)
<b>D. Effect of foreign currency translation differences in cash and cash equivalents</b>		<b>729,163</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalents (A+B+C+D)</b>		<b>(98,143)</b>	<b>1,513,563</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4</b>	<b>6,214,119</b>	<b>176,191</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>6,115,976</b>	<b>1,689,754</b>

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



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

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020**

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

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

Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (“Park Elektrik” or “The Company”) was established in 1994 and the field of activity of the Company is to search, extract, process and operate all kinds of minerals, ore and their derivatives, to produce all kinds of materials used in the industry and for this purpose, searching mine sites, acquiring operating licenses and operating privileges, operating or having them operated, processing, purifying, refining, and establishing cogeneration power plants to meet the need for electricity, energy and steam, establishing all kinds of facilities in order to operate them, to sell surplus of the energy produced, to produce all kinds of fiber from glass mines and mineral derivatives and to produce all kinds of products from these fibers, establishing and processing plants for the electric energy production and also engages in the acquisition, performing leasing transactions and energy sale of electric energy produced to companies with wholesale and retail licenses as well as regular customers through bilateral agreements.

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

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

The affiliate Konya Ilgın has the right to operate in related fields with the aim of production of coal within the framework of its mining license and royalty contracts and has a license for electricity generation and its sale. It is planned to establish a thermal power plant in the Ilgın District of Konya with fluid bed boiler technology that will have an installed capacity of 500 MW. In the field under the royalty agreement, of which Konya Ilgın is a party, stripping works started in 2019 for the start of coal production from the open pit as a preparation for the period that power plant will operate and started coal production in the last quarter of 2019. The Company will be named as the “Group” together with its subsidiary Konya Ilgın.

The Company has also signed a royalty contract for the purpose of operation at bauxite site in Islahiye district of Gaziantep, which it has an operating license, and started to earn royalty income as of the third quarter of 2019. Related income is calculated over the production amount and included in the consolidated financial statements.

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

As of 30 June 2020, the Company has 51 employees (31 December 2019: 40).

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

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

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

The Company’s shareholding structure is presented as below:

Shareholders	30 June 2020		31 December 2019	
	Shareholding Ratio	Amount	Shareholding Ratio	Amount
Park Holding A.Ş.	61.24	91,168,622	61.24	91,168,622
Turgay Ciner	6.76	10,065,983	6.76	10,065,983
Other	32.00	47,632,638	32.00	47,632,638
<b>Total</b>	<b>100</b>	<b>148,867,243</b>	<b>100</b>	<b>148,867,243</b>

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

#### The company included in consolidation:

#### Subsidiaries:

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

Company title	Operations	Country
Konya İlgin	Electricity generation and sales	Turkey

#### Approval of Financial Statements

The financial statements were approved by the Board of Directors and authorized for issue on 18 August 2020. The Company’s General Assembly has the authority to alter financial statements.

### NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation

##### Statement of Compliance

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

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

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

#### 2.1 Basis of Presentation (Continued)

The Group prepared its interim financial statements as of 30 June 2020 in accordance with TAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements do not include all information required to be included in the annual financial statements and should be read in conjunction with the annual financial statements of the Group as of 31 December 2019.

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

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

#### Functional Currency

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

#### 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 TFRS, the application of inflation accounting is no longer required. Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies”, 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 position and performance trends. The Group has prepared the consolidated statement of financial position as of 30 June 2020 comparatively with the statement of financial position as of 31 December 2019 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 2020 comparatively with the financial statements for the period ended 30 June 2019.

In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period financial statements and significant changes are explained. The Group has performed the following reclassification:

- the reversal of provisions amounting to TL 2,409,784 which is reported under other income from operating activities in statement of profit or loss and comprehensive income for the year ended 31 December 2019, is netted off with provision expense under other expense from operating activities in statement of profit or loss and comprehensive income.

#### Going Concern

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

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

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

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

#### 2.2 New and Revised Turkish Accounting Standards

##### a) Standards, amendments and interpretations applicable as at 30 June 2020:

**Amendments to TAS 1 and TAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, “Presentation of financial statements”, and TAS 8, “Accounting policies, changes in accounting estimates and errors”, and consequential amendments to other TFRSs:

- use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in TAS 1 about immaterial information.

**Amendments to TFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the TASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

**Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

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

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

##### a) Standards, amendments and interpretations applicable as at 30 June 2020 (Continued):

**Amendment to TFRS 16, “Leases” - Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (“COVID-19”) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the TASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

##### b) Standards amendments and interpretations that are issued but not effective as at 30 June 2020:

**TFRS 17, “Insurance contracts”;** effective from annual periods beginning on or after 1 January 2023. 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.

**Amendments to TAS 1, “Presentation of financial statements” on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to TAS 1, “Presentation of financial statements”, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability.

**A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 17 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to TFRS 3, “Business combinations”** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
- **Amendments to TAS 16, “Property, plant and equipment”** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37, “Provisions, contingent liabilities and contingent assets”** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, “First-time Adoption of TFRS”, TFRS 9, “Financial instruments”, TAS 41, “Agriculture” and the Illustrative Examples accompanying TFRS 16, “Leases”.

The Group does not expect the standards that mentioned above to have a material impact on the financial statements.

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

(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

Significant changes and errors in accounting policies and significant errors in accounting estimates are applied retrospectively and prior period financial statements are restated. The effect of change in accounting estimate shall be recognized prospectively, if the change affects that period only; or period of the change and future periods, if the change affects both. The accounting policies used in the preparation of the consolidated financial statements for the six month period ended 30 June 2020 are consistent with the accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2019.

#### 2.4 Critical accounting estimates, assumptions and judgements

While preparing its consolidated financial statements, the Group uses estimates and assumptions that may cause significant adjustments in the registered value of assets and liabilities. Although these estimates and assumptions are based on the best knowledge of the Group Management regarding current events and transactions, actual results may differ from the assumptions. These estimates and assumptions are regularly reviewed, necessary corrections are made and reflected in the operating results of the relevant period. Estimates and assumptions that may cause significant adjustments in the book value of assets and liabilities are the assumptions used in the provisions for legal cases, environmental obligations and determination of fair values of investment properties and financial investments. The first cases related to the Corona virus (“Covid – 19”) that started in China and is described as a pandemic by the World Health Organization, was recorded in Turkey in March 2020. Due to the rapid spread of the Covid-19 epidemic, negative effects can be seen on both the global economy and national markets. In order to protect from the Covid-19 and to prevent the spread of the epidemic, the government has started to take precautions regarding social and economic life. Group Management has evaluated the effects of the pandemic on the assumptions stated in the above.

### NOTE 3 - SEGMENT REPORTING

None.

### NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2020	31 December 2019
Cash on hand	495	449
Cash in banks	6,115,481	6,213,670
<i>Demand deposits</i>	6,115,481	6,213,670
	<b>6,115,976</b>	<b>6,214,119</b>

As of 30 June 2020, the Group has no blocked cash or cash equivalents (31 December 2019: None).

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 5 - FINANCIAL INVESTMENTS

#### a) Short-term financial investments

As of 30 June 2020, the Group has no short-term financial investments (31 December 2019: None).

#### b) Long-term financial investments

As of 30 June 2020, the Group’s long-term financial investments are as follows:

	30 June 2020	31 December 2019
<b>Long-term financial investments</b>		
Financial investments	5,499,457	13,842,856
	<b>5,499,457</b>	<b>13,842,856</b>

	30 June 2020		31 December 2019	
	Shareholding Ratio (%)	Amount	Shareholding Ratio (%)	Amount
Park Termik Elektrik San. ve Tic. A.Ş.	10	5,499,457	10	13,842,856
		<b>5,499,457</b>		<b>13,842,856</b>

Movements of long-term financial investments for the years ending on 30 June 2020 and 2019 are as follows:

	2020	2019
<b>Opening balance</b>	<b>13,842,856</b>	<b>11,405,300</b>
Value decrease (*)	(8,343,399)	-
<b>As of 30 June</b>	<b>5,499,457</b>	<b>11,405,300</b>

(\*) Çayırhan Thermal Power Plant located in Ankara Çayırhan with a total capacity of 620 MW operated by Park Termik, in which the Company has 10% share, had an operating concession period and this concession period has expired on 30 June 2020 and the power plant, other relevant movables and immovables, mine sites supplying coal to the power plant and supporting facilities were transferred in working condition to Elektrik Üretim A.Ş.. In this respect, the fair value studies of the relevant financial investment are revisited and updated by considering estimated effects of the continuing transactions to be completed after the transfer and fair value differences were accounted in other comprehensive income.

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 6 - TRADE RECEIVABLES AND PAYABLES

#### Trade Receivables

Short-term trade receivables	30 June 2020	31 December 2019
Trade receivables	6,019,020	7,028,457
Trade receivables from related parties (Note 23)	2,259,803	2,213,763
Other trade receivables	1,315,528	669,735
Allowance for doubtful trade receivables (-)	(5,229,128)	(4,617,115)
	<b>4,365,223</b>	<b>5,294,840</b>

The average maturity for short-term trade receivables varies between 15 - 30 days (31 December 2018: 30 days).

Maturity analysis of receivables is provided in Note 24.

Maturity analysis of allowance for doubtful receivables is as follows:

	30 June 2020	31 December 2019
Within 1 - 5 years	-	-
5 years or more	5,229,128	4,617,115
	<b>5,229,128</b>	<b>4,617,115</b>

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

The movement of allowance for doubtful receivables is as follows:

Movement of allowance for doubtful trade receivables	1 January - 30 June 2020	1 January - 30 June 2019
Opening balance, 1 January	(4,617,115)	(4,156,205)
Foreign currency exchange differences	(612,013)	(335,318)
<b>Closing balance, 30 June</b>	<b>(5,229,128)</b>	<b>(4,491,523)</b>

#### Trade Payables

Short-term trade payables	30 June 2020	31 December 2019
Trade payables	11,567,505	9,999,303
Trade payables to related parties (Note 23)	1,343,748	343,862
Other trade payables	1,385,065	738,571
	<b>14,296,318</b>	<b>11,081,736</b>

As of 30 June 2020, average maturity of trade payables is 30 days (31 December 2019: 30 days).



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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 7 - OTHER RECEIVABLES AND PAYABLES

<b>Other short-term receivables</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
Due from related parties (Note 23)	274,815,349	43,261,995
Deposits and guarantees given	973,620	761,081
Receivables from state authority	-	2,834,137
Other receivables	663,957	609,483
Allowance for doubtful trade receivables (-)	(609,483)	(609,483)
	<b>275,843,443</b>	<b>46,857,213</b>
<b>Other long-term receivables</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
Due from related parties (Note 23)	187,067,427	198,447,905
Deposits and guarantees given	248,541	231,515
	<b>187,315,968</b>	<b>198,679,420</b>
<b>Other short-term payables</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
Deposits and guarantees received	559,321	560,749
Due to related parties (Note 23)	5,381	2,831
Dividend payables (Note 23)	-	2,803
	<b>564,702</b>	<b>566,383</b>

### NOTE 8 - INVENTORIES

	<b>30 June 2020</b>	<b>31 December 2019</b>
Finished goods (*)	5,453,540	24,653
Other inventories	721,012	920,545
Raw materials	454,178	-
Provision for inventory impairment (-)	-	(6,208)
	<b>6,628,730</b>	<b>938,990</b>

(\*) 4,967,423 TL of the finished goods (31 December 2019: None) consists of coal (31 December 2019: None)

### NOTE 9 - INVESTMENTS PROPERTIES

<b>Fair Value</b>	<b>Buildings</b>
<b>Opening balance, 1 January 2020</b>	<b>191,995,000</b>
Sales of investment properties	(2,813,359)
<b>Carrying value as of 30 June 2020</b>	<b>189,181,641</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 9 - INVESTMENTS PROPERTIES (Continued)

As of 30 June 2020, there are no mortgages on the Group’s investments properties (31 December 2019: None).

<b>Fair Value</b>	<b>Buildings</b>
<b>Opening balance, 1 January 2019</b>	<b>202,082,841</b>
Decrease in fair value of investment property	-
<b>Carrying value as of 30 June 2019</b>	<b>202,082,841</b>

As of 31 December 2019, the fair values of investment properties of the Group are authorized by CMB and determined by independent valuation companies which provide real estate valuation services in accordance with capital market legislation. The fair value of the investment properties is determined according to the precedent comparison approach.

Details of the Group’s investment properties and information about the fair value hierarchy as at 30 June 2020 and 31 December 2019 is as follows:

	<b>30 June 2020</b>	<b>Fair value as of reporting date</b>		
		<b>Level 1 TRY</b>	<b>Level 2 TRY</b>	<b>Level 3 TRY</b>
<b>Lands</b>	<b>57,511,641</b>	-	<b>57,511,641</b>	-
- Ceyhan	32,315,000	-	32,315,000	-
- Edirne	25,196,641	-	25,196,641	-
<b>Buildings</b>	<b>131,670,000</b>	-	<b>131,670,000</b>	-
- Ceyhan	24,265,000	-	24,265,000	-
- Edirne	10,120,000	-	10,120,000	-
- Şişhane	97,285,000	-	97,285,000	-

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

	<b>31 December 2019</b>	<b>Fair value as of reporting date</b>		
		<b>Level 1 TRY</b>	<b>Level 2 TRY</b>	<b>Level 3 TRY</b>
<b>Lands</b>	<b>60,325,000</b>	-	<b>60,325,000</b>	-
- Ceyhan	32,315,000	-	32,315,000	-
- Edirne	28,010,000	-	28,010,000	-
<b>Buildings</b>	<b>131,670,000</b>	-	<b>131,670,000</b>	-
- Ceyhan	24,265,000	-	24,265,000	-
- Edirne	10,120,000	-	10,120,000	-
- Şişhane	97,285,000	-	97,285,000	-

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

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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

#### NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Cost	Land Improvements	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
<b>Opening balance, 1 January 2020</b>	<b>7,500</b>	<b>8,438,815</b>	<b>221,431</b>	<b>604,532</b>	<b>54,775</b>	<b>3,373,759</b>	<b>12,700,812</b>
Additions	-	110,044	-	1,000	-	6,803,509	6,914,553
Transfers	1,980,357	4,559,377	-	-	-	(6,539,734)	-
Disposal	-	-	-	-	-	-	-
<b>Closing balance, 30 June 2020</b>	<b>1,987,857</b>	<b>13,108,236</b>	<b>221,431</b>	<b>605,532</b>	<b>54,775</b>	<b>3,637,534</b>	<b>19,615,365</b>
<b>Accumulated depreciation</b>							
<b>Opening balance, 1 January 2020</b>	<b>541</b>	<b>4,899,820</b>	<b>199,864</b>	<b>541,813</b>	<b>5,790</b>	-	<b>5,647,828</b>
Charge for the period	27,728	226,267	3,081	4,953	2,236	-	264,265
Disposals	-	-	-	-	-	-	-
<b>Closing balance, 30 June 2020</b>	<b>28,269</b>	<b>5,126,087</b>	<b>202,945</b>	<b>546,766</b>	<b>8,026</b>	-	<b>5,912,093</b>
<b>Carrying value as of 1 January 2020</b>	<b>6,959</b>	<b>3,538,995</b>	<b>21,567</b>	<b>62,719</b>	<b>48,985</b>	<b>3,373,759</b>	<b>7,052,984</b>
<b>Carrying value as of 30 June 2020</b>	<b>1,959,588</b>	<b>7,982,149</b>	<b>18,486</b>	<b>58,766</b>	<b>46,749</b>	<b>3,637,534</b>	<b>13,703,272</b>

As of 30 June 2020, there are no mortgages or pledges on the Group’s property, plant and equipment.

During the period of 1 January – 30 June 2020, accumulated depreciation balance is allocated to the cost of sales amounting to TRY250,734 (30 June 2019:None) and general administrative expenses amounting to TRY13,511 (30 June 2019:TRY207,595).

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020**

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

**NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

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

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

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 11 - INTANGIBLE ASSETS

Cost	Mine preparation development expenses	Mine search expenses	Rights	Total
Opening balance, 1 January 2020	68,875,017	791,205	24,817,417	94,483,639
Additions (*)	14,905,866	-	-	14,905,866
Closing balance, 30 June 2020	83,780,883	791,205	24,817,417	109,389,505
<b>Accumulated amortization</b>				
Opening balance, 1 January 2020	1,668,602	791,205	5,700,339	8,160,146
Charge for the period	10,107,295	-	454,117	10,561,412
Closing balance, 30 June 2020	11,775,897	791,205	6,154,456	18,721,558
Carrying value as of 1 January 2020	67,206,415	-	19,117,078	86,323,493
Carrying value as of 30 June 2020	72,004,986	-	18,662,961	90,667,947

(\*) Comprise of mine stripping costs incurred by Konya Ilgın, subsidiary of the Company.

Cost	Mine preparation development expenses	Mine search expenses	Rights	Total
Opening balance, 1 January 2019	29,571,000	791,205	24,812,466	55,174,671
Additions	3,903,029	-	4,951	3,907,980
Closing balance, 30 June 2019	33,474,029	791,205	24,817,417	59,082,651
<b>Accumulated amortization</b>				
Opening balance, 1 January 2019	-	632,964	4,791,999	5,424,963
Charge for the period	-	79,121	454,222	533,343
Closing balance, 30 June 2019	-	712,085	5,246,221	5,958,306
Carrying value as of 1 January 2019	29,571,000	158,241	20,020,467	49,749,708
Carrying value as of 30 June 2019	33,474,029	79,120	19,571,196	53,124,345

### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### a) Short-term provisions

Short-term provisions for employee benefits	30 June 2020	31 December 2019
Unused vacation liability	926,047	731,496
	<b>926,047</b>	<b>731,496</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

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

	1 January - 30 June 2020	1 January - 30 June 2019
<b>Opening balance</b>	<b>731,496</b>	<b>498,586</b>
Increases during the period / (provisions no longer required), net	245,584	204,232
Paid during the period (-)	(51,033)	-
<b>Closing Balance</b>	<b>926,047</b>	<b>702,818</b>

  

<b>Other short-term provisions</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
Provisions for litigation (*)	36,401,435	35,137,704
	<b>36,401,435</b>	<b>35,137,704</b>

(\*) During the period, the Group is involved in a number of legal proceedings (both as a plaintiff and as a defendant) during the year arising in the ordinary course of business. An important part of the Group's existing lawsuits are employee lawsuits related to the Madenköy operation in the Şirvan district of Siirt, which was closed in 2017, and the claims include the Company's staff and subcontractors and their legal successors (pecuniary and non-pecuniary indemnities due to death, receivables and reemployment). The Group has recognized a provision amounting to TRY36,401,435 (31 December 2019: TRY35,137,704) as a result of the evaluation of legal opinions related to prosecuted law, business, commercial and administrative lawsuits and current lawsuits which similar lawsuits were concluded in the past. The provision amount is updated in every reporting period by considering the risks and uncertainties regarding the liabilities and the developments occur in ongoing cases. In this context, the Group Management believes that there are no undisclosed litigation or legal proceedings in the footnotes of consolidated financial statements or that the required provisions are not considered which might have a material negative impact on the financial position or operating results of the Group.

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

	1 January - 30 June 2020	1 January - 30 June 2019
<b>Opening balance, 1 January</b>	<b>35,137,704</b>	<b>15,563,339</b>
Charge for the period	2,769,577	15,027,484
Payment during the period (-)	(1,856,436)	(730,669)
Currency effect	350,590	-
<b>Closing balance, 30 June</b>	<b>36,401,435</b>	<b>29,860,154</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### b) Long-term provisions

	30 June 2020	31 December 2019
Provisions for employee termination benefits	3,697,403	3,657,145
	<b>3,697,403</b>	<b>3,657,145</b>

#### Provision for employee termination benefits

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

The amount payable consists of one month’s salary limited to a maximum of TRY6,730.15 for each period of service at 30 June 2020 (31 December 2019: TRY6,379.86).

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 June 2020, 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 4.00% real discount rate (31 December 2019: 4%) calculated by using 7.50% annual inflation rate and 11.80% 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.

The amount payable consists of one month’s salary limited to a maximum of TL 7,117.17 for each year of service as of 1 July 2020.

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 2020	1 January - 30 June 2019
<b>Opening balance</b>	<b>3,657,145</b>	<b>3,262,505</b>
Service cost	145,656	202,295
Interest cost	72,943	80,257
Payments during the period (-)	(178,341)	(111,106)
<b>Closing balance</b>	<b>3,697,403</b>	<b>3,433,951</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

Other long-term provisions	30 June 2020	31 December 2019
Provision for costs of mine rehabilitation	3,385,858	3,320,285
<b>Total</b>	<b>3,385,858</b>	<b>3,320,285</b>

The provision for costs of mine rehabilitation has been calculated by the Management based on the estimations. The critical assumptions used in the estimations for 2020 are the timing of expenditures/spending’s until 2054. The present value of the provision is determined by using 4.00% real discount rate which has been estimated by taking 7.50% long term annual inflation rate and 11.80% interest rate for long term bonds in to consideration.

	2020	2019
Annual inflation rate	% 7.50	% 7.50
Annual discount rate	% 4.00	% 4.00

#### c) Guarantees received and given

Guarantees received (TRY)	30 June 2020		31 December 2019	
	FC Balance	Equivalent of TRY	FC Balance	Equivalent of TRY
Letters of guarantees (USD)	100,000	684,220	100,000	594,020
Guarantee cheques (TRY)	-	-	30,000	30,000
Guarantee notes (TRY)	200,126,000	200,126,000	200,126,000	200,126,000
Guarantee notes (EUR)	1,120	8,633	1,120	7,449
Cash guarantees (TRY)	1,704,129	1,704,129	1,696,669	1,696,669
Cash guarantees (USD)	250,000	1,710,550	250,000	1,485,050
<b>Total</b>		<b>204,233,532</b>		<b>203,939,188</b>

The details of the Group’s Guarantees/Pledges/Mortgages (“GPMs”) position as of 30 June 2020 and 31 December 2019 is presented as follows:

30 June 2020	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	69,961,732	69,961,732
<i>Guarantee letters</i>	68,809,841	68,809,841
<i>Cash guarantees</i>	1,151,891	1,151,891
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>69,961,732</b>	<b>69,961,732</b>

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



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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### c) Guarantees received and given (Continued)

31 December 2019	TRY	TRY equivalent Total
A. GPMs given on behalf of its own legal entity	56,699,269	56,699,269
<i>Promissory notes</i>	55,748,257	55,748,257
<i>Cash guarantees</i>	951,012	951,012
<i>Obligations granted on behalf of shareholders</i>	-	-
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>56,699,269</b>	<b>56,699,269</b>

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

### NOTE 13 - OTHER ASSETS AND LIABILITIES

	30 June 2020	31 December 2019
<b>Other current assets</b>		
Business advances	7,340	7,006
	<b>7,340</b>	<b>7,006</b>
<b>Other non-current assets</b>		
VAT deductible in future years	10,353,328	7,350,528
	<b>10,353,328</b>	<b>7,350,528</b>
<b>Other short-term liabilities</b>		
Taxes and funds payables	13,240,100	1,928,069
Calculated value added tax	796,737	-
Other liabilities payable	-	116,694
	<b>14,036,837</b>	<b>2,044,763</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 14 - DEFERRED INCOME

	30 June 2020	31 December 2019
<b>Short-term deferred income</b>		
Received advances	4,426,322	-
Deferred Income	60,211	114,002
	<b>4,486,533</b>	<b>114,002</b>

### NOTE 15 - EQUITY

#### a) Share Capital

The Company's share capital structure as of 30 June 2020 and 31 December 2019 is presented as follows:

Shareholders	30 June 2020		31 December 2019	
	Shareholding ratio (%)	Amount	Shareholding ratio (%)	Amount
Park Holding A.Ş.	61.24	91,168,622	61.24	91,168,622
Turgay Ciner	6.76	10,065,983	6.76	10,065,983
Other	32.00	47,632,638	32.00	47,632,638
<b>Total</b>	<b>100.00</b>	<b>148,867,243</b>	<b>100.00</b>	<b>148,867,243</b>

#### Information Regarding to Equity Shares

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

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

#### b) Restricted reserves

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

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 15 – EQUITY (Continued)

#### b) Restricted reserves (Continued)

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

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

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

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

### NOT 16 - REVENUE AND COST OF SALES

<b>Revenue</b>	<b>1 January - 30 June 2020</b>	<b>1 April - 30 June 2020</b>	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>
Revenue from royalty contracts (Note 1)	11,320,313	5,295,207	-	-
Revenue from sale of coal (Note 1)	9,500,170	4,926,491	-	-
Other	199,017	157,726	733,036	669,292
Sales returns	(367,136)	(367,136)	-	-
	<b>20,652,364</b>	<b>10,012,288</b>	<b>733,036</b>	<b>669,292</b>
<b>Cost of sales</b>	<b>1 January - 30 June 2020</b>	<b>1 April - 30 June 2020</b>	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>
Amortisation expenses	10,108,120	4,683,140	-	-
Production overheads	5,170,471	2,505,048	-	-
Personnel expenses	846,681	429,324	-	-
Depreciation expenses	164,090	92,911	-	-
Raw material expenses	42,382	14,839	-	-
Change in finished goods	(5,428,887)	(2,041,775)	-	-
Cost of other sales	73,193	50,702	41,310	32,816
	<b>10,976,050</b>	<b>5,734,189</b>	<b>41,310</b>	<b>32,816</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Personnel expenses	2,407,113	1,274,525	3,065,983	1,344,938
Amortization expenses	553,467	267,866	740,938	370,118
Consultancy and expense shares	409,470	221,714	225,651	106,582
Outsourced benefits and services	307,283	152,079	488,676	265,810
Taxes and other legal expenses	254,567	189,872	181,745	158,479
Rent expenses	302,678	152,151	659,181	333,341
Court and notary expenses	289,357	105,467	239,246	215,969
Donation and aid expenses	-	-	3,145	600
Other	465,301	216,523	573,635	329,506
	<b>4,989,236</b>	<b>2,580,197</b>	<b>6,178,200</b>	<b>3,125,343</b>

### NOTE 18 - OTHER INCOME / (EXPENSES) FROM OPERATING ACTIVITIES

Other income from operating activities	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Exchange difference income	247,230	240,550	8,060	8,060
Interest income	100,027	63,314	59,792	56,527
Provision no longer be required	6,208	-	-	-
Exceptions and discounts	-	-	830,834	830,834
Other	401,027	401,027	29,243	16,690
	<b>754,492</b>	<b>704,891</b>	<b>927,929</b>	<b>912,111</b>

Other expense from operating activities	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Provision expenses	3,083,166	2,863,670	14,296,817	2,788,673
Exchange difference expenses	238,895	88,724	10	-
Interest expense	12,193	7,972	2,892	2,585
Other	52,039	51,996	-	-
	<b>3,386,293</b>	<b>3,012,362</b>	<b>14,299,719</b>	<b>2,791,258</b>

### NOTE 19 - INCOME FROM INVESTING ACTIVITIES

Income from investing activities	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Rent income	307,211	171,855	428,352	198,362
Income from sales of tangible and intangible assets	-	-	116,102	10,170
	<b>307,211</b>	<b>171,855</b>	<b>544,454</b>	<b>208,532</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 19 - INCOME FROM INVESTING ACTIVITIES (Continued)

Expenses from investing activities	1 January - 30 June 2020	1 April- 30 June 2020	1 January - 30 June 2019	1 April- 30 June 2019
Loss on sales of investment properties	12,115	12,115	-	-
	<b>12,115</b>	<b>12,115</b>	-	-

### NOTE 20 - FINANCIAL INCOME / (EXPENSES)

Financial Income	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Foreign exchange income	31,312,607	13,143,732	22,392,796	5,738,443
Interest income	5,508,622	2,521,741	6,492,872	3,132,094
	<b>36,821,229</b>	<b>15,665,473</b>	<b>28,885,668</b>	<b>8,870,537</b>
Financial Expenses	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Interest expenses	523,054	517,105	24,202	8,670
Foreign exchange losses	14,785	35	139,678	44,625
Other financial expenses	109,820	61,789	31,055	15,564
	<b>647,659</b>	<b>578,929</b>	<b>194,935</b>	<b>68,859</b>

### NOTE 21 - DEFERRED TAX ASSETS AND LIABILITIES

#### Corporate tax

	30 June 2020	31 December 2019
Current period corporate tax liability (*)	25,844,614	7,973,426
Prepaid corporate tax	(5,106,035)	(5,103,457)
<b>Corporate tax liability/(assets)</b>	<b>20,738,579</b>	<b>2,869,969</b>

(\*) As explained in Note 23, current tax effects related to the transactions under common control have been presented in equity under “Effects of business combinations under common control” account in accordance with Article 61A of TAS 12 “Income Taxes”.

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 21 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

#### Corporate tax (Continued)

Taxation on income in statement of profit or loss as of 30 June 2020 and 2019 is as follows:

	<b>30 June 2020</b>	<b>31 June 2019</b>
Current period tax expense	9,191,419	5,103,457
Deferred tax income	(457,442)	(2,896,130)
	<b>8,733,977</b>	<b>2,207,327</b>

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

The tax rate used in the calculation of deferred tax assets and liabilities is 22% (31 December 2019: 22%).

<b>Deferred tax assets / (liabilities)</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
Revaluation differences of investment properties	(17,613,007)	(17,641,065)
Useful life and valuation differences on property plant, and equipment and intangible assets	(3,628,971)	(3,695,947)
Provisions of liability and expense	8,029,084	7,727,973
Provision for retirement pay and unused vacation	943,211	892,358
Evaluation differences on financial investments	(331,515)	(211,891)
Discount on receivable and payables	110,794	(1,173)
Other	(101,522)	-
	<b>(12,591,926)</b>	<b>(12,929,745)</b>

#### Tax Reconciliation

	<b>1 January - 30 June 2020</b>	<b>1 January - 31 June 2019</b>
Profit before tax for the year from continued operations	38,523,943	10,376,923
Applicable tax rate	22%	22%
Calculated tax expense	(8,475,267)	(2,282,923)
Disallowable expenses and differences	(387,169)	(6,941)
Tax rate differences	(273,258)	58,593
Deductions and exceptions	360,892	(15,883)
Other	40,825	39,827
<b>Total tax expense of continued operations</b>	<b>(8,733,977)</b>	<b>(2,207,327)</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 22 - EARNINGS PER SHARE

Earnings per share	1 January - 30 June 2020	1 January - 30 June 2019
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	29,789,966	8,169,596
<b>Basic and diluted earnings per share</b>	<b>0.0020</b>	<b>0.0005</b>

### NOTE 23 - RELATED PARTY DISCLOSURES

#### Due from Related Parties

Related party	Type of Relationship	30 June 2020		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş. (*)	Shareholder	-	456,622,033	456,622,033
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	191,269	22,702	213,971
Silopi Elektrik Üretim A.Ş.	Group Company	41,410	5,238,041	5,279,451
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş.	Group Company	2,027,124	-	2,027,124
<b>Total</b>		<b>2,259,803</b>	<b>461,882,776</b>	<b>464,142,579</b>

(\*) The consideration amount of USD 150 million for Konya Ilgın subsidiary acquisition conducted in 2017 has been revised by the relevant parties as USD 126.2 million and the difference with corresponding interest charges has been reflected to the current accounts of Park Holding A.Ş. as a receivable. This transaction is accounted as a business combination under common control and all differences together with their current tax effects (TRY16,653,195) have been presented in equity under “Effects of business combinations under common control” account.

Related party	Type of Relationship	31 December 2019		Total
		Trade Receivables	Other Receivables	
Park Holding A.Ş.	Shareholder	-	241,709,900	241,709,900
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	20,227	-	20,227
Silopi Elektrik Üretim A.Ş.	Group Company	41,167	-	41,167
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş.	Group Company	2,152,369	-	2,152,369
		<b>2,213,763</b>	<b>241,709,900</b>	<b>243,923,663</b>

The Group’s interest rates applied for TL during January - March: 10.93% and April - June: 9.51% (2019: January - March: 22.66%, April - June: 24.46%). For USD, January - March: 2.94% and April - June: 2.10% (2019: January - March: 4.84%, April - June: 4.41%).

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

#### Due to Related Parties

Related party	Type of Relationship	30 June 2020		Total
		Trade Payables	Other Payables	
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	581,802	33	581,835
Park Teknik Elekt. Maden Turizm San. Tic. A.Ş.	Group Company	301,419	2,545	303,964
Park Sig. Ara. Hiz. A.Ş.	Group Company	214,012	-	214,012
Park Holding A.Ş.	Shareholder	143,974	-	143,974
Silopi Elektrik Üretim A.Ş.	Group Company	13,045	-	13,045
Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.	Group Company	89,496	-	89,496
Dividends payables to other related parties		-	2,803	2,803
<b>Total</b>		<b>1,343,748</b>	<b>5,381</b>	<b>1,349,129</b>

  

Related party	Type of Relationship	31 December 2019		Total
		Trade Payables	Other Payables	
Park Holding A.Ş.	Shareholder	223,359	-	223,359
Park Sig. Ara. Hiz. A.Ş.	Group Company	70,849	-	70,849
Silopi Elektrik Üretim A.Ş.	Group Company	22,613	-	22,613
Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.	Group Company	17,440	-	17,440
Park Teknik Elekt. Maden Turizm San. Tic. A.Ş.	Group Company	9,601	2,831	12,432
Dividends payables to other affiliates	Shareholder	-	2,803	2,803
		<b>343,862</b>	<b>5,634</b>	<b>349,496</b>



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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020**

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

**NOTE 23 - RELATED PARTY DISCLOSURES (Continued)**

**Goods and Services Purchased from Related Parties**

Related party	Type of Relationship	30 June 2020						
		Goods	Service	Fixes Assets	Fixed expense	Financial Rent	Other	Total
Park Teknik Madencilik Turizm San. ve Tic. A.Ş.	Group Company	89,094	30,378	4,001,000	12,891	72,000	10,309	4,215,672
Park Holding A.Ş.	Shareholder	-	112,683	-	-	281,100	438,446	832,229
Silopi Elektrik Üretim A.Ş.	Group Company	120,216	-	-	-	-	-	120,216
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	79,358	455,980	-	9,976	-	13,458	558,772
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	-	-	1,015	79,248	-	80,263
Park Sigorta Aracılık Hiz. A.Ş.	Group Company	-	-	-	21	-	-	21
<b>Total</b>		<b>288,668</b>	<b>599,041</b>	<b>4,001,000</b>	<b>23,903</b>	<b>432,348</b>	<b>462,213</b>	<b>5,807,173</b>

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

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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

#### NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

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

Related party	Type of Relationship	Goods	30 June 2020			Total
			Financial Income	Rent	Service	
Park Holding A.Ş.	Shareholder	-	35,865,402	-	-	35,865,402
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş.	Group Company	9,076,069	72,388	-	-	9,148,457
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	185,523	6	36,500	13,736	235,765
Silopi Elektrik Üretim A.Ş.	Group Company	-	3,446	191,920	-	195,366
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	21	-	-	21
<b>Total</b>		<b>9,261,592</b>	<b>35,941,263</b>	<b>228,420</b>	<b>13,736</b>	<b>45,445,011</b>

Related party	Type of Relationship	Goods	30 June 2019			Total
			Financial Income	Rent	Other	
Park Holding A.Ş.	Shareholder	-	28,884,972	-	-	28,884,972
Park Sigorta Aracılık Hiz. A.Ş.	Group Company	-	494	-	-	494
Silopi Elektrik Üretim A.Ş.	Group Company	-	420	125,920	-	126,340
Park Termik Elektrik San. ve Tic. A.Ş.	Associate	133,809	1,754	-	-	135,563
Park Teknik Mad. Turz. San. ve Tic. A.Ş.	Group Company	-	545	184,500	244	185,289
Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	-	-	2,072	2,072
<b>Total</b>		<b>133,809</b>	<b>28,888,185</b>	<b>310,420</b>	<b>2,316</b>	<b>29,334,730</b>

Benefits provided to directors and executive personnel (*)	1 January - 30 June 2020	1 January - 30 June 2019
Wages, premiums and other similar benefits	90,610	78,495
Benefits related to retirement pay and unused vacation	-	-

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

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

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020**

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

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#### **NOTE 23 - RELATED PARTY DISCLOSURES (Continued)**

##### **Park Holding A.Ş.**

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

As discussed above, the Group applies the interest charges for all financial and commercial transactions with related parties. As a result of this, the Group recognized financial income amounting to TRY 35,865,402 in 2020 (30 June 2019: TRY 28,884,972).

The main shareholder of the Company, Park Holding A.Ş. provides the group companies with the management services needed to carry out their activities properly. These services include but not limited to; the fulfilment of procurement functions, the realization of information processing investments, the provision of technical information and support for human resources processes, financial reporting, audit and tax planning and legal consultancy processes. Park Holding A.Ş. allocates the costs incurred in order to provide the indicated services to companies based on the level of utilization of these services.

The Company also uses the allocated area of the real estate owned by Park Holding A.Ş. as the headquarter and bears the rent and similar usage and operating expenses.

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

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

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

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

The Group purchases insurance policy from Park Sigorta Aracılık Hizmetleri A.Ş..

The Group sells coal to Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş..

#### **NOTE 24 - 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 short term borrowings, cash and cash equivalents disclosed in Note 4 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 15.

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.

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### a) Capital Risk Management (Continued)

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 and leasing borrowings as presented in the balance sheet) less cash and cash equivalents.

As of 30 June 2020 and 31 December 2019 the Group's net debt / total equity ratio is detailed as follows:

	30 June 2020	31 December 2019
Financial Liabilities	-	588
Less: Cash and cash equivalents (-) and short-term financial investments	(6,115,976)	(6,214,119)
Net debt	(6,115,976)	(6,213,531)
Total equity	675,172,654	489,388,015
<b>Net debt/Total equity ratio (%)</b>	<b>(0.91)</b>	<b>(1.27)</b>

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

#### b) Financial Risk Factors

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

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

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

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

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

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020**

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

**NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

**b) Financial Risk Factors (Continued)**

**(b.1) Credit Risk Management (Continued)**

Credit risks exposed through types of financial instruments	30 June 2020				
	Trade Receivables		Other Receivables		Bank Deposits
	Related Parties	Third Parties	Related Parties	Third Parties	
<b>Maximum credit risk exposed as of the balance sheet date (*)</b> (A+B+C+D+E)	<b>2,259,803</b>	<b>2,105,420</b>	<b>461,882,776</b>	<b>1,276,635</b>	<b>6,115,481</b>
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(789,819)	(200,000,000)	-	-
A. Net book value of financial assets neither overdue nor impaired	2,259,803	2,105,291	461,856,925	1,276,635	6,115,481
- Portion covered by guarantees, collaterals etc.	-	(789,819)	(200,000,000)	-	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	-	129	25,851	450	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	5,229,128	-	609,483	-
- Impairment (-)	-	(5,229,128)	-	(609,483)	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
- Not due (gross carrying amount)	-	-	-	-	-
- 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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020**

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

**NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

**b) Financial Risk Factors (Continued)**

**(b.1) Credit Risk Management (Continued)**

Credit risks exposed through types of financial instruments	31 December 2019				
	Trade Receivables		Other Receivables		Bank Deposits
	Related Parties	Third Parties	Related Parties	Third Parties	
<b>Maximum credit risk exposed as of the balance sheet date (*)</b>					
(A+B+C+D+E)	<b>2,213,763</b>	<b>3,081,077</b>	<b>241,709,900</b>	<b>3,826,733</b>	<b>6,213,670</b>
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(1,485,050)	(200,000,000)	-	-
A. Net book value of financial assets neither overdue nor impaired	2,213,763	3,013,584	241,709,900	3,826,733	6,213,670
- Portion covered by guarantees, collaterals etc.	-	(1,485,050)	(200,000,000)	-	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	-	67,493	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	4,617,115	-	513,725	-
- Impairment (-)	-	(4,617,115)	-	(513,725)	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
- Not due (gross carrying amount)	-	-	-	95,758	-
- Impairment (-)	-	-	-	(95,758)	-
- 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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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### NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### b) Financial Risk Factors (Continued)

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

Past due but not impaired assets are presented as below:

	30 June 2020	
	Trade Receivables	Other Receivables
Due within 1-30 days	-	25,851
Due within 1-3 months	-	-
Due within 3-12 months	129	450
Due within 1-5 years	-	-
<b>Total overdue receivables</b>	<b>129</b>	<b>26,301</b>

  

	31 December 2019	
	Trade Receivables	Other Receivables
Due within 1-30 days	67,493	-
Due within 1-3 months	-	-
Due within 3-12 months	-	-
Due within 1-5 years	-	-
<b>Total overdue receivables</b>	<b>67,493</b>	<b>-</b>

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

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

##### Liquidity risk tables

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

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

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

Contractual maturities	30 June 2020				
	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>17,716,378</b>	<b>17,723,604</b>	<b>14,265,182</b>	<b>603,064</b>	<b>2,855,358</b>
Trade payables	14,296,318	14,303,544	14,262,604	40,940	-
Other payables	3,420,060	3,420,060	2,578	562,124	2,855,358

  

Contractual maturities	31 December 2019				
	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>14,269,677</b>	<b>14,280,060</b>	<b>10,379,871</b>	<b>1,279,219</b>	<b>2,620,970</b>
Obligation under finance leases	588	594	594	-	-
Trade payables	11,081,736	11,092,113	10,237,681	854,432	-
Other payables	3,187,353	3,187,353	141,596	424,787	2,620,970

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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### NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### b) Financial Risk Factors (Continued)

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

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

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

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

	30 June 2020			
	TRY Equivalent	USD	EUR	GBP
1. Trade Receivable	787,982	115,165	-	-
2a. Monetary Financial Assets	231,185,352	33,788,059	89	1
2b. Non-monetary Financial Assets	-	-	-	-
3. Other -	-	-	-	-
4. CURRENT ASSETS	231,973,334	33,903,224	89	1
5. Trade Receivable	-	-	-	-
6a. Monetary Financial Assets	170,681,607	24,945,428	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	170,681,607	24,945,428	-	-
<b>9. TOTAL ASSETS</b>	<b>402,654,941</b>	<b>58,848,652</b>	<b>89</b>	<b>1</b>
10. Trade Payables	225,226	-	29,219	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	2,728,711	-	354,001	-
13. CURRENT LIABILITIES	2,953,937	-	383,220	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	1,710,550	250,000	-	-
16b. Other Non-monetary Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	1,710,550	250,000	-	-
<b>18. TOTAL LIABILITIES</b>	<b>4,664,487</b>	<b>250,000</b>	<b>383,220</b>	<b>-</b>
<b>19. Net assets/(liability) position of off balance sheet derivatives items (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b. Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
<b>20. Net foreign currency assets/(liability) position</b>	<b>397,990,454</b>	<b>58,598,652</b>	<b>(383,131)</b>	<b>1</b>
<b>21. Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>400,719,165</b>	<b>58,598,652</b>	<b>(29,130)</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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020**

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**NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

**b) Financial Risk Factors (Continued)**

(b.3) Market risk management (Continued)

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

	31 December 2019			
	TRY Equivalent	USD	EUR	GBP
1. Trade Receivable	1,802,456	293,647	8,741	-
2a. Monetary Financial Assets	19,014,639	3,200,909	89	1
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
<b>4. CURRENT ASSETS</b>	<b>20,817,095</b>	<b>3,494,556</b>	<b>8,830</b>	<b>1</b>
5. Trade Receivable	-	-	-	-
6a. Monetary Financial Assets	170,317,123	28,671,951	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
<b>8. NON-CURRENT ASSETS</b>	<b>170,317,123</b>	<b>28,671,951</b>	<b>-</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>191,134,218</b>	<b>32,166,507</b>	<b>8,830</b>	<b>1</b>
10. Trade Payables	51,762	655	7,198	-
11. Financial Liabilities	600	101	-	-
12a. Other Monetary Liabilities	1,485,050	250,000	-	-
12b. Other Non-monetary Liabilities	2,204,647	-	331,496	-
<b>13. CURRENT LIABILITIES</b>	<b>3,742,059</b>	<b>250,756</b>	<b>338,694</b>	<b>-</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-monetary Liabilities	-	-	-	-
<b>17. NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>3,742,059</b>	<b>250,756</b>	<b>338,694</b>	<b>-</b>
<b>19. Net assets/(liability) position of off balance sheet derivatives items (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b. Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
<b>20. Net foreign currency assets/(liability) position</b>	<b>187,392,159</b>	<b>31,915,751</b>	<b>(329,864)</b>	<b>1</b>
<b>21. Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>189,596,806</b>	<b>31,915,751</b>	<b>1,632</b>	<b>1</b>
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
<b>23. Total amount of assets hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Total amount of liabilities hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### b) Financial Risk Factors (Continued)

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

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

#### Foreign currency sensitivity

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

Assets and liabilities denominated in foreign currencies are translated at the exchange rates announced by the Turkish Central Bank as of 30 June 2020 (30 June 2020: USD1 = TRY6.8422, EUR1 = TRY7.7082 and GBP1 = TRY8.4282, 31 December 2019: USD1 = TRY5.9402, EUR1 = TRY6.6506, GBP1 = TRY7.7765).

The table below presents the Group’s sensitivity to a 10% (10% in 31 December 2019) 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.

	30 June 2020	
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY:		
USD net asset / (liability)	40,094,370	(40,094,370)
When 10% appreciation of EUR against TRY:		
EUR net asset / (liability)	(295,325)	295,325
When 10% appreciation of other foreign currency against TRY		
Other foreign currency net asset / (liability)	1	(1)
<b>Total</b>	<b>39,799,046</b>	<b>(39,799,046)</b>
Foreign currency sensitivity		
	31 December 2019	
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY:		
USD net asset/(liability)	18,958,594	(18,958,594)
When 10% appreciation of EUR against TRY:		
EUR net asset/(liability)	(219,379)	219,379
When 10% appreciation of other foreign currency against TRY		
Other foreign currency net asset/(liability)	1	(1)
<b>Total</b>	<b>18,739,216</b>	<b>(18,739,216)</b>

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2020

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

### NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

#### Financial Instruments Categories

30 June 2020	Financial liabilities at amortized cost	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Carrying value	Note
<b>Financial assets</b>	-	<b>473,640,610</b>	<b>5,499,457</b>	<b>479,140,067</b>	
Cash and cash equivalents	-	6,115,976	-	6,115,976	4
Trade receivables	-	2,105,420	-	2,105,420	6
Due from related parties	-	464,142,579	-	464,142,579	21
Other receivables	-	1,276,635	-	1,276,635	7
Financial investments	-	-	5,499,457	5,499,457	5
<b>Financial liabilities</b>	<b>17,716,378</b>	-	-	<b>17,716,378</b>	-
Obligations under finance leases	-	-	-	-	-
Trade payables	12,952,570	-	-	12,952,570	6
Due to related parties	1,349,129	-	-	1,349,129	21
Other payables	3,414,679	-	-	3,414,679	7

30 June 2019	Financial liabilities at amortized cost	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Carrying value	Note
<b>Financial assets</b>	-	<b>257,045,592</b>	<b>13,842,856</b>	<b>270,888,448</b>	
Cash and cash equivalents	-	6,214,119	-	6,214,119	4
Trade receivables	-	3,081,077	-	3,081,077	6
Due from related parties	-	243,923,663	-	243,923,663	21
Other receivables	-	3,826,733	-	3,826,733	7
Financial investments	-	-	13,842,856	13,842,856	5
<b>Financial liabilities</b>	<b>14,269,677</b>	-	-	<b>14,269,677</b>	-
Obligations under finance leases	588	-	-	588	-
Trade payables	10,737,874	-	-	10,737,874	6
Due to related parties	349,496	-	-	349,496	21
Other payables	3,181,719	-	-	3,181,719	7

### NOT 25 - EVENTS AFTER THE REPORTING DATE

None.

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