CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

1 JANUARY - 31 DECEMBER 2017
CONSOLIDATED FINANCIAL STATEMENTS

pwc

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

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	***How the matter was evaluated during the audit***
Valuation for the fair value of investment properties As stated in Notes 2 and 12, the Group recognises its investment properties at their fair values. As of 31 December 2017, investment properties constitute 45% of the Group's aggregate consolidated assets and have a total carrying value of TRY222,442,000. As of 31 December 2017, the fair values of investment properties determined by independent valuation experts ("Valuation Experts") have been evaluated by management, and these values were used as the fair values of the investment properties on the consolidated financial statements. The fair values were determined based on comparison of benchmark prices of comparable real estate located near the real estate subject to valuation. The valuation of fair values of real estates are important for our audit due to the significance of these real estates on the consolidated financial statements and the extent of estimates and assumptions (nature of assets, intended use, location adjustment, etc.) involved in valuation.	The audit procedures performed were the examination of the accounting for such valuation, including the evaluations performed by the management, and the implementation of the audit procedures presented below. – Meeting with top management about the intended use of the assets, on whether such assets can be classified as investment property or not, – Testing the land registry records of relevant assets, – Gaining an understanding of the evaluation and inquiries conducted by top management regarding the valuation report prepared by the Valuation Experts assigned by the Group, – Evaluating the capability and licence of the Valuation Experts, as well as their independence, by considering the scope of the work conducted and the provisions of the agreement, – Evaluating, with the support of our experts, the valuation method applied and the estimates and assumptions used on the valuation report prepared by the Group's Valuation Experts, – Testing the compliance and adequacy of the fair value of investment properties with regard to TAS as disclosed in Notes 2 and 12. We have no material findings as a result of our audit regarding the valuation work for the fair value of investment properties.

4. Other Matter

The consolidated financial statements of the Group as of 31 December 2016 and for the year then ended were audited by another audit firm, whose audit report dated 1 March 2017 expressed an unqualified opinion.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 9 March 2018.

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

Çağlar Sürücü, SMMM
Partner

İstanbul, 9 March 2018

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2017

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

	Notes	Current period 31 December 2017	Restated (*) Prior period 31 December 2016	Restated (*) Prior period 31 December 2015
ASSETS				
Current assets				
Cash and cash equivalents	5	76,805	3,051,367	26,980
Trade receivables	8	1,002,280	8,908,397	10,375,229
Trade receivables from related parties	*27*	*132,112*	*8,008,395*	*9,959,555*
Trade receivables from third parties		*870,168*	*900,002*	*415,674*
Other receivables	10	198,969,021	56,909,289	210,948,033
Other receivables from related parties	*27*	*198,143,966*	*54,634,559*	*208,113,201*
Other receivables from third parties		*825,055*	*2,274,730*	*2,834,832*
Inventories	11	1,487,957	54,968,371	46,055,433
Prepaid expenses	9	162,248	3,002,138	2,853,698
Assets related to the current tax	25	-	171	-
Other current assets	19	17,645	7,634,996	5,252,389
Total current assets		**201,715,956**	**134,474,729**	**275,511,762**
Non-current assets				
Financial investments	6	9,990,294	9,990,294	9,990,294
Other receivables	10	312,897	1,652,230	2,920,467
Investment properties	12	222,442,000	102,000,000	83,466,833
Property, plant and equipment	13	10,763,458	203,780,697	113,251,009
Intangible assets	14	43,085,068	86,877,331	72,357,341
Deferred tax assets	25	-	19,375,973	21,085,103
Prepaid expenses	9	436	1,283,389	4,246,607
Other non-current assets	19	1,312,031	1,320,748	1,447,590
Total non-current assets		**287,906,184**	**426,280,662**	**308,765,244**
Total Assets		**489,622,140**	**560,755,391**	**584,277,006**

Consolidated financial statements as of 31 December 2017 were approved in the Board of Managers' meeting held on 9 March 2018.

(*) See Note 2.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2017

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

	Notes	Current period 31 December 2017	Restated (*) Prior Period 31 December 2016	Restated (*) Prior Period 31 December 2015
LIABILITIES				
Current liabilities				
Obligations under finance leases	7	779,123	2,396,771	3,733,139
Trade payables	8	2,860,679	20,566,121	26,249,039
Trade payables to related parties	*27*	*199,872*	*953,018*	*2,995,658*
Ttrade payables to third parties	*8*	*2,660,807*	*19,613,103*	*23,253,381*
Payables related to the employee benefits	16	788,754	3,117,723	2,297,211
Other payables	10	1,829,215	1,429,724	30,101,761
Other payables to related parties	*27*	*2,803*	*2,803*	*24,573,079*
Other payables to third parties		*1,826,412*	*1,426,921*	*5,348,682*
Deferred income	9	45,021	75,763	1,295,877
Current income tax liability		1,779,151	-	681,607
Short-term provisions	17	12,474,691	7,111,404	3,617,106
Short-term provisions for employee benefits		*894,779*	*1,804,767*	*1,748,811*
Other provisions		*11,579,912*	*5,306,637*	*1,868,295*
Other current liabilities	19	1,894,392	1,088,285	7,529,450
Total current liabilities		**22,451,026**	**35,785,791**	**75,505,190**
Non-current liabilities				
Obligations under finance leases	7	685,271	2,603,292	2,551,393
Long-term provisions	17	3,232,461	23,419,843	15,515,303
Long-term provisions for employee benefits		*3,232,461*	*16,474,338*	*8,656,545*
Other provisions		*-*	*6,945,505*	*6,858,758*
Deferred tax liabilities	25	19,850,000	-	-
Other long term liabilities	19	816,857	1,283,632	-
Total non current liabilities		**24,584,589**	**27,306,767**	**18,066,696**
Total liabilities		**47,035,615**	**63,092,558**	**93,571,886**
EQUITY				
Share capital	20	148,867,243	148,867,243	148,867,243
Restricted reserves appropriated from profit	3	(486,737,853)	54,132,147	54,132,147
Adjustments to share capital		16,377,423	16,377,423	16,377,423
Share premium		6,307,642	6,307,642	6,307,642
Repurchased shares (-)		(1,573,261)	-	-
Other comprehensive income or expenses that will not be reclassified subsequently to the profit or loss		96,983,562	98,076,089	15,600,122
Gain on revaluation of property		*96,328,884*	*97,421,411*	*14,945,444*
Gain on remeasurement of defined benefit plans		*654,678*	*654,678*	*654,678*
Restricted reserves appropriated from profit		55,705,714	54,132,453	48,210,830
Prior years' income		119,289,102	141,434,947	171,999,733
Net profit/(loss) for the period		487,366,953	(21,665,111)	29,209,980
Total equity		**442,586,525**	**497,662,833**	**490,705,120**
Total Liabilities and Equity		**489,622,140**	**560,755,391**	**584,277,006**

(*) See Note 2.1

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2017

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

	Notes	Restated (*) 1 January - 31 December2017	Restated (*) 1 January - 31 December2016
Sales revenue		89,335	11,957
Cost of sales (-)		(36,904)	-
Gross profit		**52,431**	**11,957**
General administrative expenses	22	(15,233,415)	(16,505,958)
Income from other operating activities		862,119	790,576
Expenses from other operating activities		(717,421)	(1,971,862)
Operating loss		**(15,036,286)**	**(17,675,287)**
Income from investing activities	23	26,682,297	16,640,122
Expense from investing activities (-)	23	(11,874,570)	-
Operating loss before financial income and expense		**(228,559)**	**(1,035,165)**
Financial income	24	14,949,189	1,901,036
Financial expenses	24	(19,545,365)	(414,787)
(Loss)/profit before tax		**(4,824,735)**	**451,084**
Tax income		**134,757**	**291,035**
Deferred tax expense		134,757	291,035
(Loss)/profit before tax for the year from continued operations		**(4,689,978)**	**742,119**
Profit/(Loss) before tax for the year from discontinued operations	21	**492,056,931**	**(22,407,230)**
Net profit/(loss)		**487,366,953**	**(21,665,111)**
Loss per share from continued operations		**(0.00032)**	**(0.00005)**
Earning/(loss) per share from discontinued operations (*)		**0.03305**	**(0.00151)**
Other comprehensive income		**-**	**83,844,949**
Total comprehensive income		**487,366,953**	**62,179,838**

(*) See Note 2.1

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 31 DECEMBER 2017

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

					Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss				Retained earnings		
	Share capital	Reacquired shares	Adjustments to share capital	Share premiums	Gain on revaluation of property	Gain on remeasurement of defined benefit plans	Restricted reserves appropriated from profit	Business combinations under common control (*)	Prior years' income	Net profit/(loss) for the period	Total equity
1 January 2016	**148,867,243**	**-**	**16,377,423**	**6,307,642**	**14,945,444**	**652,822**	**48,210,830**	**-**	**171,999,733**	**29,209,980**	**436,571,117**
Shareholder effect (*)	-	-	-	-	-	1,856	-	54,132,147	-	-	54,134,003
Restated 1 January 2016	**148,867,243**	**-**	**16,377,423**	**6,307,642**	**14,945,444**	**654,678**	**48,210,830**	**54,132,147**	**171,999,733**	**29,209,980**	**490,705,120**
Dividends	-	-	-	-	-	-	-	-	(55,222,125)	-	(55,222,125)
Transfers	-	-	-	-	(1,368,982)	-	5,921,623	-	24,657,339	(29,209,980)	-
Total comprehensive income	-	-	-	-	83,844,949	-	-	-	-	(21,665,111)	62,179,838
Restated 31 December 2016	**148,867,243**	**-**	**16,377,423**	**6,307,642**	**97,421,411**	**654,678**	**54,132,453**	**54,132,147**	**141,434,947**	**(21,665,111)**	**497,662,833**
Restated 1 January 2017	**148,867,243**	**-**	**16,377,423**	**6,307,642**	**97,421,411**	**654,678**	**54,132,453**	**54,132,147**	**141,434,947**	**(21,665,111)**	**497,662,833**
Transfers	-	-	-	-	(1,092,527)	-	1,573,261	-	(22,145,845)	21,665,111	-
Reacquired shares (-)	-	(1,573,261)	-	-	-	-	-	-	-	-	(1,573,261)
Total comprehensive income	-	-	-	-	-	-	-	-	-	487,366,953	487,366,953
Effects of business combinations under common control	-	-	-	-	-	-	-	(540,870,000)	-	-	(540,870,000)
31 December 2017	**148,867,243**	**(1,573,261)**	**16,377,423**	**6,307,642**	**96,328,884**	**654,678**	**55,705,714**	**(486,737,853)**	**119,289,102**	**487,366,953**	**442,586,525**

(*) See Note 2.1

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 DECEMBER 2017

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

	Notes	Current Period 1 January 31 December 2017	Prior Period 1 January 31 December 2016
Cash flows from operating activities (I+II+III+IV)		**(171,618,179)**	**199,969,450**
Net profit/(loss) for the period (I)		487,366,953	(21,665,111)
Net loss for the period from continued operations		(4,689,978)	742,119
Net (loss)/profit for the period from discontinued operations		492,056,931	(22,407,230)
Adjustments to reconcile profit/loss for the period (II)		**(2,974,664)**	**(15,640,883)**
Adjustments related to sales of fixed assets (gains)/losses		(912,816)	(279,784)
Adjustments for amortization and depreciation	13,14	3,772,786	6,167,787
Adjustments of valuation of investment properties (gains)/losses		(13,428,736)	(15,607,158)
Adjustments for provisions related with employee benefits	17	2,048,111	908,444
Adjustments for lawsuit and/or penalty provisions	17	7,089,743	3,794,854
Adjustments for tax (income)/ expense	25	(134,756)	(291,035)
Adjustments for interest income	24	(1,408,996)	(10,333,991)
Operating cash flows provided before changes in working capital (III)		**(130,525,343)**	**118,055,947**
Adjustments for decrease in inventories	11	(707,423)	(891,003)
Adjustments for decrease/(increase) in trade receivables		(140,720,399)	155,306,981
Adjustments for increase/(decrease) in trade payables		774,457	(7,331,652)
Adjustments for (decrease)/increasein payables related to the employee benefits	16	(2,328,969)	820,512
Adjustments for increase in prepaid expenses	9	4,122,843	2,814,778
Adjustments for (increase)/decrease in other current assets and liabilities	19	7,965,400	(2,771,518)
Adjustments for increase/(decrease) in other payables		399,491	(28,672,037)
Adjustments for decrease in deferred income	9	(30,743)	(1,220,114)
Cash generated from operations (I+II+III)		**353,866,946**	**80,749,953**
Cash generated from discontinued operations **(IV)**	21	(525,485,125)	119,219,497
Cash flows from investing activities		**171,472,093**	**(112,554,143)**
Cash outflows of acquisitions of other businesses		(540,870,000)	-
Cash outflows of acquisitions of fixed assets	13,14	(4,865,988)	(1,295,279)
Cash outflows from sales of fixed assets, net	13,14	2,143,397	702,366
Cash outflows of acquisitions of investment properties		(858,316)	(2,926,009)
Cash flows from discontinued operations		715,923,000	(109,035,221)
Cash flows from financing activities		**(2,828,476)**	**(84,390,920)**
Repayment of obligations under finance leases		(1,573,261)	-
Interest paid	24	(1,408,996)	(2,242,371)
Dividend paid		-	(84,544,374)
Cash flows from discontinued operations		153,781	2,395,825
(Decrease)/Increase in cash and cash equivalents		**(2,974,562)**	**3,024,387**
Cash and cash equivalents at the beginning of the period	**5**	**3,051,367**	**26,980**
Cash and cash equivalents at the end of the period	**5**	**76,805**	**3,051,367**

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

NOTE1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

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

On 17 November 2016, a landslide happened in the Madenköy copper mine field of the company located in Siirt, Şirvan and the production was suspended. To use the revenue to be obtained from the sales of assets related with copper production to prevent the negative impacts on the profitability of the Company arising from the uncertainties after the landslide, assets related to the concentrated copper production were sold for USD195,000,000 to Cengiz İnşaat Sanayi ve Ticaret A.Ş. on 17 March 2017. All copper inventory of the Company was not included in the sales transaction. Major part of the copper inventory held by the Company as of the balance sheet date was sold by the date when the consolidated financial statements were approved. Thus, the Company has not earned any revenues from the copper production activities in the following periods except from the sales of copper inventory held as of 31 December 2017. With this transaction, copper production operations of the Company have ceased.

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

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

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

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

As of 31 December 2017, the Company has 41 employees (31 December 2016:488).

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

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

NOTE1 - ORGANIZATION AND OPERATIONS OF THE COMPANY (Continued)

The Company's shareholding structure is presented as below:

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

The company included in consolidation:

Subsidiaries:

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

Company title	**Operations**	**Country**
Konya Ilgın	Electricity generation and sales	Turkey

Approval of Financial Statements

The financial statements were approved by the Board of Directors and authorized for issue on 9 March 2018. The Company's General Assembly has the authority to alter financial statements.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS

2.1 Basis of Presentation

Statement of Compliance

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations ("TAS/TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué. Moreover, the financial statements prepared in accordance with the format announced by Capital Markets Board ("CMB") on 2 June 2016.

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.1 Basis of Presentation (Continued)

Functional Currency

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

Restatement of Financial Statements in Hyperinflationary Periods

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

Comparative Information and Correction to Previous Year Financial Statements

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. The Group has prepared the consolidated statement of financial position as of 32 December 2017 comparatively with the statement of financial position as of 31 December 2016 and 2015 and The Group has compiled the comprehensive income statement, the cash flow statement and the statement of changes in equity for the period ended 31 December 2017 comparatively with the financial statements for the period ended 31 Dccember 2016.

In order to present the comparative information, the Group's comprehensive income statement as of 31 December 2016 has been restated due to the ceased copper operations and does not include income and expenses from copper mine operations. In the scope of discontinued operations, the income statement of copper operations is presented in Note 21.

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

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.1 Basis of Presentation (Continued)

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

Statement of Financial Position as of 1 January 2016	Park Elektrik	Konya Ilgın	Adjustments	Consolidated
Cash and cash equivalents	24,851	2,129	-	26,980
Trade receivables	10,375,229	-	-	10,375,229
Other receivables	192,178,409	18,769,624	-	210,948,033
Inventories	45,682,528	372,905	-	46,055,433
Prepaid expenses	2,819,223	34,475	-	2,853,698
Other current assets	5,251,501	888	-	5,252,389
Total current assets	**256,331,741**	**19,180,021**	-	**275,511,762**
Financial investments	9,990,294	-	-	9,990,294
Other receivables	2,920,412	55	-	2,920,467
Investment properties	83,466,833	-	-	83,466,833
Property, plant and equipment	108,024,565	5,226,444	-	113,251,009
Intangible assets	39,046,934	10,751,805	22,558,602	72,357,341
Deferred tax assets	25,522,632	110,494	(4,548,023)	21,085,103
Prepaid expenses	4,246,607	-	-	4,246,607
Other non-current assets	-	1,447,590	-	1,447,590
Total non-current assets	**273,218,277**	**17,536,388**	**18,010,579**	**308,765,244**
TOTAL ASSETS	**529,550,018**	**36,716,409**	**18,010,579**	**584,277,006**
Obligations under finance leases	3,733,139	-	-	3,733,139
Trade payables	25,894,000	355,039	-	26,249,039
Payables related to the employee benefits	2,268,477	28,734	-	2,297,211
Other payables	29,858,850	242,911	-	30,101,761
Deferred income	1,295,877	-	-	1,295,877
Current tax liabilities	670,073	11,534	-	681,607
Short-term provisions	3,579,473	37,633	-	3,617,106
Other current liabilities	7,522,952	6,498	-	7,529,450
Total current liabilities	**74,822,841**	**682,349**	**-**	**75,505,190**
Obligations under finance leases	2,551,393	-		
Long-term provisions	15,448,274	67,029	-	15,515,190
Total non-current liabilities	**17,999,667**	**67,029**	**-**	**18,066,696**
TOTAL LIABILITIES	**92,822,508**	**749,378**	**-**	**93,571,886**
Share capital	148,867,243	35,940,057	(35,940,057)	148,867,243
Business combinations under common control effect	-	-	54,132,147	54,132,147
Adjustments to share capital	16,377,423	-	-	16,377,423
Share premium	6,307,642	-	-	6,307,642
Other comprehensive income or expenses that will not be reclassified subsequently to the profit or loss	15,598,266	1,856	-	15,600,122
Gain on revaluation of property	14,945,444	-	-	14,945,444
Gain on remeasurement of defined benefit plans	652,822	1,856	-	654,678
Restricted reserves appropriated from profit	48,210,830	181,218	(181,218)	48,210,830
Prior years' income	172,131,223	(312,709)	181,218	171,999,733
Net profit for the period	29,234,883	156,609	(181,511)	29,209,980
TOTAL EQUITY	**436,727,510**	**35,967,031**	**18,010,579**	**490,705,120**
TOTAL LIABILITIES AND EQUITY	**529,550,018**	**36,716,409**	**18,010,579**	**584,277,006**

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.1 Basis of Presentation (Continued)

Statement of Financial Position as of 31 December 2016	Park Elektrik	Konya Ilgın	Adjustments	Consolidated
Cash and cash equivalents	3,049,207	2,160	-	3,051,367
Trade receivables	8,908,397	-	-	8,908,397
Other receivables	48,755,799	8,153,490	-	56,909,289
Inventories	54,598,375	369,996	-	54,968,371
Prepaid expenses	2,957,414	44,724	-	3,002,138
Assets related to the current tax	171	-	-	171
Other current assets	7,634,639	357	-	7,634,996
Total current assets	**125,904,002**	**8,570,727**	-	**134,474,729**
Financial investments	9,990,294	-	-	9,990,294
Other receivables	1,652,175	55	-	1,652,230
Investment properties	102,000,000	-	-	102,000,000
Property, plant and equipment	197,023,643	6,757,054	-	203,780,697
Intangible assets	46,069,169	18,974,632	21,833,530	86,877,331
Deferred tax assets	23,522,467	220,212	(4,366,706)	19,375,973
Prepaid expenses	1,283,389	-	-	1,283,389
Other non-current assets	-	1,320,748	-	1,320,748
Total non-current assets	**381,541,137**	**27,272,701**	**17,466,824**	**426,280,662**
TOTAL ASSETS	**507,445,139**	**35,843,428**	**17,466,824**	**560,755,391**
Obligations under finance leases	2,396,771	-	-	2,396,771
Trade payables	20,262,645	303,476	-	20,566,121
Payables related to the employee benefits	3,079,879	37,844	-	3,117,723
Other payables	1,429,103	621	-	1,429,724
Deferred income	75,763	-	-	75,763
Short-term provisions	7,049,837	61,567	-	7,111,404
Other current liabilities	1,081,653	6,632	-	1,088,285
Total Current Liabilities	**35,375,651**	**410,140**	**-**	**35,785,791**
Obligations under finance leases	2,603,292	-	-	2,603,292
Long-term provisions	23,334,600	85,243	-	23,419,843
Other non-current liabilities	1,283,632	-	-	1,283,632
Total Non-current Liabilities	**27,221,524**	**85,243**	**-**	**27,306,767**
TOTAL LIABILITIES	**62,597,175**	**495,383**	**-**	**63,092,558**
Share capital	148,867,243	35,940,057	(35,940,057)	148,867,243
Business combinations		-	-	
under common control effect	-	-	54,132,147	54,132,147
Adjustments to share capital	16,377,423	-	-	16,377,423
Share premium	6,307,642	-	-	6,307,642
Other comprehensive income or expenses that will not				
be reclassified subsequently to the profit or loss	98,074,233	1,856	-	98,076,089
Gain on revaluation of property	97,421,411	-	-	97,421,411
Gain on remeasurement of defined benefit plans	652,822	1,856	-	654,678
Restricted reserves appropriated from profit	54,132,453	190,605	(190,605)	54,132,453
Prior years' income	141,588,185	(343,844)	190,605	141,434,947
Net (loss)/profit for the period	(20,499,212)	(440,629)	(725,270)	(21,665,111)
TOTAL EQUITY	**444,847,967**	**35,348,045**	**17,466,824**	**497,662,833**
TOTAL LIABILITIES AND EQUITY	**507,445,142**	**35,843,428**	**17,466,824**	**560,755,391**

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.1 Basis of Presentation (Continued)

Statement of Financial Position as of 31 December 2016

	Park Elektrik	Konya Ilgın	Adjustments	Consolidated
Revenue	11,957	-	-	11,957
Cost of sales (-)	-	-	-	-
Gross Profit	**11,957**	**-**	**-**	**11,957**
General administrative expenses	(13,824,894)	(1,777,632)	(903,432)	(16,505,958)
Income from other operating activities	773,312	17,264	-	790,576
Expenses from other operating activities	(1,878,917)	(92,945)	-	(1,971,862)
Operating loss	**(14,918,542)**	**(1,853,313)**	**(903,432)**	**(17,675,287)**
Income from investing activities	16,640,122	-	-	16,640,122
Operating profit/(loss) before financial income and expense	**1,721,580**	**(1,853,313)**	**903,432**	**(1,035,165)**
Financial expenses	183,283	1,302,966	-	1,486,249
Profit before tax for the year from continued operations	**1,904,863**	**(550,347)**	**903,432**	**451,084**
Tax (expense)/income	**-**	**109,718**	**(181,317)**	**291,035**
Deferred tax expense/(income)	-	109,718	(181,317)	291,035
Profit for the year from continued operations	**1,904,863**	**(440,629)**	**722,115**	**742,119**
Profit for the year from discontinued operations	**(22,407,230)**	**-**	**-**	**(22,407,230)**
Net loss for the period	**(20,502,637)**	**(440,629)**	**(722,115)**	**(21,665,111)**
Other comprehensive income	**83,844,949**	**-**	**-**	**83,844,949**
Total comprehensive income	**63,342,582**	**(440,629)**	**722,115**	**62,179,838**

Going concern

The production has been suspended by the landslide in the Group's Madenköy copper mine located in Şirvan province of Siirt on 17 November 2016. Considering the post-landslide uncertainties regarding copper production activities, the Group sold its assets related to concentrated copper production activities on 17 March 2017, taking into consideration that it could be used for transactions that would enable the Group to continue with the new activities that would prevent the Group from adversely affecting its profitability. The Group generated a cash inflow of USD195,000,000 and a profit of TRY552,169.786 with this sale. At the Board of Directors meeting held on 18 March 2017, the Group decided to engage in electricity production and sales activities by purchasing 100% of the shares of Konya Ilgın Electricity Generation Industry and Trade Co. with USD150,000,000 in order to change operations and the acquisition transaction was approved at the General Assembly meeting held on 10 May 2017. The consolidated financial statements have been prepared on the basis of the going concern assumption that the Group will benefit from its assets and fulfill its obligations within the next year during the natural course of its activities.

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.1 Basis of Presentation (Continued)

Basis for consolidation

Subsidiaries

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

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

Subsidiaries	**Operations**	**Ownership ratio (%)**
Konya Ilgın	Electricity production and sales	100.00

2.2 New and Revised Turkish Accounting Standards

a) The new standards, amendments and interpretations which are effective as of 1 January 2017 are as follows

Amendments to IAS 7 Statement of cash flows

The amendment on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. These amendments applied but did not have a significant impact over consolidated financial statements and disclosures of the Group.

Amendments IAS 12 Income Taxes

The amendment is effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment did not have a significant impact over consolidate consolidated financial position or performance of the Group.

Annual Improvements 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017. These amendments did not have a significant impact over consolidated financial position or performance and disclosures of the Group.

b) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.2 New and Revised Turkish Accounting Standards (Continued)

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to TFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). Effective date for TFRS 15 is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 9 Financial Instruments

In January 2016, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Annual Improvements to IFRSs - 2014-2016 Cycle

POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

- TFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some TFRS 7 disclosures, TAS 19 transition provisions and TFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organization or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.2 New and Revised Turkish Accounting Standards (Continued)

TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

The TASB issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

TAS 40 Investment Property: Transfers of Investment Property (Amendments)

The TASB issued amendments to TAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement
As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IFRS 16 Leases

In January 2016, the IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.2 New and Revised Turkish Accounting Standards (Continued)

IFRIC 23 Uncertainty over income tax treatments

The amendment effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS Interpretation Commitee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in TRY, which is the functional currency of Park Elektirk and the presentation currency of the Group.

2.3 Summary of Significant Accounting Policies

Related Parties

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

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

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

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

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

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

Revenue

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Sale of goods

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

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

Dividend and interest revenue

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

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

Inventories

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

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

Property, Plant and Equipment

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

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

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Leases

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

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

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

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Intangible Assets

Intangible assets acquired

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

Computer software

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

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

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

Trademarks and licenses

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

Intangible assets acquired in a business combination

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

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

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

	Useful life
Rights	2 - 30 years

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Mineral exploration costs

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

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

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

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

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

Financial Instruments

Financial Assets

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Loans and receivables

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

Cash and cash equivalents

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

Recognition and derecognition of financial assets

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

Financial Liabilities

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

Business Combinations and Goodwill

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-Based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

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

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

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

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

Foreign Currency Transactions

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

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

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

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Earnings per Share

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

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

Events after the Balance Sheet Date

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

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

Provisions, Contingent Assets and Liabilities

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

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

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

Reporting of Financial Information by Segments

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Discontinued Operations

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

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

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

Government Incentives and Grants

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

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

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

Investment Properties

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

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

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Taxation and Deferred Income Taxes

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

Current tax

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

Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

Employee Benefits

Retirement Pay Provisions

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

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

Statement of Cash Flows

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

Share Capital and Dividends

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

2.4 Significant Accounting Estimates and Assumptions

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

Amortization of mine field preparation expenses

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

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

As of 31 December 2017, there are no mining assets related to copper operations in the balance sheet as of the end of the Group's copper production activities.

Environmental liabilities

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Significant Accounting Estimates and Assumptions (Continued)

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

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

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

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

Amortization of acquired mining licenses

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

Deferred Tax

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

Income Taxes

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

Fair values of investment properties

The basic assumptions used in the appraisal reports used to determine the fair value of the immovables classified as investment property in the Consolidated Financial Statements are as follows:

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

In the Consolidated Financial Statements, the basic method of appraisal reports used to determine the fair value of the immovables classified as investment property was determined as the nominal value approach.

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

NOTE 3 - BUSINESS COMBINATION

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

Effect of transactions under common control

Net assets' of Konya Ilgın (1 January 2016)	35,967,031
Ownership ratio	100%
Ownership of the Group on Konya Ilgın	35,967,031
Net book value of mining right (*)	22,558,602
Deferred tax amount of mining right (*)	(4,548,023)
Other	154,537
Effect of transactions under common control (1 January 2016)	**54,132,147**
Effect of transactions under common control (31 December 2016)	**54,132,147**
Purchase consideration	(540.870.000)
Effect of transactions under common control (31 December 2017) (**)	**(486.737.853)**

(*) Other financial items related to Konya Ilgın in the financial statements of Park Holding A.Ş. that have control of the Group.
(**) Also see Note 2.1

NOTE 4 - SEGMENT REPORTING

None (Note 2.3).

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016	31 December 2015
Cash on hand	442	3,645	3,969
Cash in banks	76,363	3,047,722	23,011
Demand deposits	*76,363*	*3,047,722*	*23,011*
	76,805	**3,051,367**	**26,980**

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

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

NOTE 6 - FINANCIAL INVESTMENTS

a) Short-term financial investments

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

b) Long-term financial investments

As of 31 December 2017, the Group's long-term financial investments is as follows:

	31 December 2017	31 December 2016	31 December 2015
Long-term financial investments			
Financial investments without an active market carried at cost -	9,990,294	9,990,294	9,990,294
	9,990,294	**9,990,294**	**9,990,294**

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

	31 December 2017		31 December 2016		31 December 2015	
	Shareholding Ratio (%)	Amount	Shareholding Ratio (%)	Amount	Shareholding Ratio (%)	Amount
Park Termik Elektrik San. ve Tic. A.Ş.	10	9,990,294	10	9,990,294	10	9,990,294
		9,990,294		**9,990,294**		**9,990,294**

NOTE 7 - OBLIGATIONS UNDER FINANCE LEASES

Obligations under finance leases	31 December 2017	31 December 2016	31 December 2015
Payable within one year	843,906	2,598,958	3,950,383
Payable between one to five years	703,613	2,707,341	2,663,495
	1,547,519	**5,306,299**	**6,613,878**
Less: Future interest charges	(83,125)	(306,236)	(329,346)
Present value of obligations under finance leases	**1,464,394**	**5,000,063**	**6,284,532**
Payable within one year	779,123	2,396,771	3,733,139
Payable over one year	685,271	2,603,292	2,551,393

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

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Short-term trade receivables	31 December 2017	31 December 2016	31 December 2015
Trade receivables from related parties (Note: 27)	132,112	8,008,395	9,959,555
Trade receivables	4,071,848	3,670,160	2,887,727
Allowance for doubtful trade receivables (-)	(3,204,477)	(3,033,018)	(2,618,043)
Other trade receivables	2,797	262,860	145,990
	1,002,280	**8,908,397**	**10,375,229**

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

The movement of allowance for doubtful receivables is as follows:

	31 December 2017	31 December 2016	31 December 2015
Within 1 - 5 years	236,000	236,000	236,000
5 years or more	2,968,477	2,797,018	2,382,043
	3,204,477	**3,033,018**	**2,618,043**

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

The movement of allowance for doubtful receivables is as follows:

Movement of allowance for doubtful trade receivables	2017	2016
Opening Balance, 1 January	**(3,033,018)**	**(2,618,043)**
Foreign currency exchange differences	(171,459)	(414,975)
Closing balance, 31 December	**(3,204,477)**	**(3,033,018)**

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

Trade Payables

Short-term trade payables	31 December 2017	31 December 2016	31 December 2015
Trade payables to related parties (Note 26)	199,872	953,018	2,995,658
Trade payables	2,660,807	19,613,103	23,253,381
	2,860,679	**20,566,121**	**26,249,039**

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

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

a) Prepaid Expenses, Other Assets

Short-term prepaid expenses, Other assets	**31 December 2017**	**31 December 2016**	**31 December 2015**
Prepaid expenses	114,248	2,276,865	2,455,803
Advances given	48,000	725,273	397,895
	162,248	**3,002,138**	**2,853,698**

Long-term prepaid expenses, Other assets	**31 December 2017**	**31 December 2016**	**31 December 2015**
Prepaid expenses	436	1,283,389	1,220,845
Advances given	-	-	3,025,762
	436	**1,283,389**	**4,246,607**

b) Deferred Income

Short-term deferred income,	**31 December 2017**	**31 December 2016**	**31 December 2015**
Advances received	45,021	75,763	70,720
Deferred revenue	-	-	1,225,157
	45,021	**75,763**	**1,295,877**

c) Other Receivables and Payables

Other short term receivables	**31 December 2017**	**31 December 2016**	**31 December 2015**
Due from related parties (Note 26)	198,143,966	54,634,559	208,113,201
Allowance for doubtful trade receivables (-)	-	(22,306)	(22,306)
Deposits and guarantess given	11,527	395,016	12,345
Other trade receivables (*)	813,528	1,902,020	2,844,793
	198,969,021	**56,909,289**	**210,948,033**

(*) TRY 813,528 (31 December 2016: TRY1,902,020 and 31 December 2015: TRY2,844,793) in "other sundry receivables" consists of the receivables from the contractors that the Group made financial leasing agreement with finance corporations in the name of its contractors.

Other long-term receivables	**31 December 2017**	**31 December 2016**	**31 December 2015**
Deposits and guarantees given	312,897	415,203	369,074
Other sundry receivables (*)	-	1,237,027	2,551,393
	312,897	**1,652,230**	**2,920,467**

(*) The Group has no amount in "other sundry receivables" (31 December 2016: TRY1,237,027 and 31 December 2015: TRY2,551,393) consists of the receivables from the contractors that the Group made financial leasing agreement with finance corporations in the name of its contractors.

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short-term payables	**31 December 2017**	**31 December 2016**	**31 December 2015**
Deposits and guarantees received	1,825,170	1,426,300	536,601
Dividends payables (Note 26)	2,803	2,803	24,506,437
Payables to Group companies (Note 26)	-	-	246,642
Other payables	1,242	621	681,607
	1,829,215	**1,429,724**	**30,101,761**

NOTE 11 - INVENTORIES

	31 December 2017	**31 December 2016**	**31 December 2015**
Raw materials	378,946	20,560,885	19,197,947
Finished goods	24,653	34,397,014	26,805,110
Other inventories	1,111,098	27,721	69,625
Allowance for diminution in value of inventories (-)	(26,740)	(17,249)	(17,249)
	1,487,957	**54,968,371**	**46,055,433**

NOTE 12 - INVESTMENTS PROPERTIES

Fair Value	**Buildings**
Opening balance, 1 January 2017	102,000,000
Expenses related to investment property	858,316
Fair value adjustments of investment properties (Note 23) (**)	13,428,736
Transfers from property, plant and equipment (*)	106,154,948
Carrying value as of 31 December 2017	**222,442,000**

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

Fair Value	**Buildings**
Opening balance, 1 January 2016	**83,466,833**
Fair value adjustments of investment properties (Note 23)	15,607,158
Expenses related to investment property	2,926,009
Carrying value as of 31 December 2016	**102,000,000**

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

(**) The Group accounts for the increases and decreases in the value of investment property under the income and expense from investment activities.

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

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

NOTE 12 - INVESTMENTS PROPERTIES (Continued)

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

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

		Fair value as of reporting date		
	31 December 2017	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Lands	**91,564,200**	**-**	**91,564,200**	**-**
- Ceyhan	45,014,200	-	45,014,200	-
- Edirne	46,550,000	-	46,550,000	-
Buildings	**130,877,800**	**-**	**130,877,800**	**-**
- Ceyhan	17,405,800	-	17,405,800	-
- Edirne	8,741,000	-	8,741,000	-
- Şişhane	104,731,000	-	104,731,000	-

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

		Fair values as of reporting date		
	31 December 2016	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Lands	**102.000.000**	**-**	**102.000.000**	**-**
- Şişhane	102.000.000	-	102.000.000	-

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Leasehold improvements	Construction in progress	Total
Opening balance, 1 January 2017	**87,069,068**	**7,979,107**	**114,622,408**	**84,149,269**	**1,102,806**	**8,365,558**	**94,595**	**33,862,112**	**21,573,719**	**358,818,642**
Additions	-	-	-	-	-	-	-	-	2,012,129	2,012,129
Transfers from investments properties (*)	(85,308,000)	(32,313)	(100,050,334)	-	-	-	-	-	-	(185,390,647)
Transfers	-	-	-	(1,623,406)	1,623,406	-	-	-	-	-
Disposals	(564,979)	(7,946,794)	(14,572,074)	(75,795,133)	(606,221)	(7,808,032)	(94,595)	(33,862,112)	(16,504,729)	(157,754,669)
Closing balance, 31 December 2017	**1,196,089**	**-**	**-**	**6,730,730**	**2,119,991**	**557,526**	**-**	**-**	**7,081,119**	**17,685,455**
Accumulated depreciation										
Opening balance, 1 January 2017	**-**	**5,299,608**	**84,363,570**	**49,184,878**	**812,303**	**5,405,074**	**74,130**	**9,898,382**	**-**	**155,037,945**
Charge for the period	-	106,025	135,041	1,675,991	54,297	127,001	1,506	508,525	-	2,608,386
Transfers from investments properties (*)	-	(31,000)	(79,204,700)	-	-	-	-	-	-	(79,235,700)
Disposals	-	(5,374,633)	(5,293,911)	(44,739,017)	(536,322)	(5,062,208)	(75,636)	(10,406,907)	-	(71,488,634)
Closing balance, 31 December 2017	**-**	**-**	**-**	**6,121,852**	**330,278**	**469,867**	**-**	**-**	**-**	**6,921,997**
Carrying value as of 1 January 2017	**87,069,068**	**2,679,499**	**30,258,838**	**34,964,391**	**290,503**	**2,960,484**	**20,465**	**23,963,730**	**21,573,719**	**203,780,697**
Carrying value as of 31 December 2017	**1,196,089**	**-**	**-**	**608,878**	**1,789,713**	**87,659**	**-**	**-**	**7,081,119**	**10,763,458**

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

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

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	**Land**	**Land Improvements**	**Buildings**	**Machinery and equipment**	**Vehicles**	**Furniture and fixture**	**Other fixed assets**	**Leasehold improvements**	**Construction in progress**	**Total**
Opening balance, 1 January 2016	**11,824,016**	**7,117,498**	**50,308,932**	**77,108,852**	**1,058,147**	**7,357,937**	**67,345**	**33,848,091**	**12,097,722**	**200,788,540**
Additions	80,193	463,678	249,839	4,159,291	74,225	1,007,621	27,250	14,021	13,928,703	20,004,821
Disposals	-	-	-	(946,857)	(29,566)	-	-	-	-	(976,423)
Valuation difference	75,164,859	-	63,836,845	-	-	-	-	-	-	139,001,704
Transfers	-	397,931	226,792	3,827,983	-	-	-	-	(382,602)	-
Closing balance, 31 December 2016	**87,069,068**	**7,979,107**	**114,622,408**	**84,149,269**	**1,102,806**	**8,365,558**	**94,595**	**33,862,112**	**21,573,719**	**358,818,642**
Accumulated depreciation										
Opening balance, 1 January 2016	**-**	**4,456,465**	**31,258,942**	**40,926,199**	**739,977**	**4,674,441**	**62,454**	**5,419,053**	**-**	**87,537,531**
Charge for the period	-	843,143	2,360,765	9,156,763	94,030	730,633	11,676	4,479,329	-	17,676,339
Valuation difference	-	-	50,743,863	-	-	-	-	-	-	50,743,863
Disposals	-	-	-	(898,084)	(21,704)	-	-	-	-	(919,788)
Closing balance, 31 December 2016	**-**	**5,299,608**	**84,363,570**	**49,184,878**	**812,303**	**5,405,074**	**74,130**	**9,898,382**	**-**	**155,037,945**
Carrying value as of 1 January 2016	**11,824,016**	**2,661,033**	**19,049,990**	**36,182,653**	**318,170**	**2,683,496**	**4,891**	**28,429,038**	**12,097,722**	**113,251,009**
Carrying value as of 31 December 2016	**87,069,068**	**2,631,364**	**30,032,046**	**31,169,214**	**290,503**	**2,960,484**	**20,465**	**23,963,730**	**25,643,823**	**203,780,697**

As of 31 December 2016, there are no mortgages or pledges on the Group's property, plant and equipment. (31 December 2015: None).

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

NOTE 14 - INTANGIBLE ASSETS

Cost	Mine preparation development expenses	Mine search expenses	Research and development expenses	Other assets subject to amortization	Rights	Total
Opening balance, 1 January 2017	**18,974,632**	**7,170,357**	**33,600**	**47,177,942**	**34,868,071**	**108,224,602**
Additions	2,853,859	-	-	-	-	2,853,859
Disposals	-	(6,379,152)	(33,600)	(47,177,942)	(10,055,605)	(63,646,299)
Closing balance, 31 December 2017	**21,828,491**	**791,205**	**-**	**-**	**24,812,466**	**47,432,162**
Accumulated amortization						
Opening balance, 1 January 2017	**-**	**1,707,790**	**33,600**	**7,052,634**	**12,553,247**	**21,347,271**
Charge for the period	-	170,596	-	-	993,804	1,164,400
Disposal	-	(1,403,663)	(33,600)	(7,052,634)	(9,674,680)	(18,164,577)
Closing balance, 31 December 2017	**-**	**474,723**	**-**	**-**	**3,872,371**	**4,347,094**
Carrying value as of 1 January 2017	**18,974,632**	**5,462,567**	**-**	**40,125,308**	**22,314,824**	**86,877,331**
Carrying value as of 31 December 2017	**21,828,491**	**316,482**	**-**	**-**	**20,940,095**	**43,085,068**

Cost	Mine preparation development expenses	Mine search expenses	Research and development expenses	Other assets subject to amortization	Rights	Total
Opening balance, 1 January 2016	**283,645,121**	**7,051,742**	**33,600**	**37,202,852**	**34,863,942**	**362,797,257**
Additions	81,576,181	118,615	-	9,975,090	4,129	91,674,015
Disposals	(346,246,670)	-	-	-	-	(346,246,670)
Closing balance, 31 December 2016	**18,974,632**	**7,170,357**	**33,600**	**47,177,942**	**34,868,071**	**108,224,602**
Accumulated amortization						
Opening balance, 1 January 2016	**272,893,316**	**1,035,973**	**30,217**	**4,910,865**	**11,569,545**	**290,439,916**
Charge for the period	73,353,354	671,817	3,383	2,141,769	983,702	77,154,025
Disposal	(346,246,670)	-	-	-	-	(346,246,670)
Closing balance, 31 December 2016	**-**	**1,707,790**	**33,600**	**7,052,634**	**12,553,247**	**21,347,271**
Carrying value as of 1 January 2016	**10,751,805**	**6,015,769**	**3,383**	**32,291,987**	**23,294,397**	**72,357,341**
Carrying value as of 31 December 2016	**18,974,632**	**5,462,567**	**-**	**40,125,308**	**22,314,824**	**86,877,331**

NOTE 15 - GOVERNMENT GRANTS AND INCENTIVES

The Group has a license for Investment Incentive Certificate regulated by Ministry of Economy General Directorate of Foreign Investment Promotion and Application of the Republic of Turkey related with the investment at its copper plant in Siirt / Madenköy, dated 17 September 2012 and numbered 106816. The Group will benefit from the benefits of this Investment Incentive Certificate after the beginning of the investment. In this respect, the Group began to utilize local support elements like tax deduction, exemptions for VAT, custom tax, social security premium employer share support, interest support, withholding tax support and insurance premium support and started to utilize from VAT supports in 2012. As a result of the sale of the Group's assets related to copper plant in Siirt / Madenköy as of 17 March 2017, the related incentives were transferred to the buyer together with the assets (Note 21).

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

NOTE 16 - EMPLOYEE BENEFITS

	31 December 2017	31 December 2016	31 December 2015
Due to personnel	310,969	1,423,368	1,298,909
Social security premiums payables	354,674	1,198,467	533,712
Other sundry payables	123,111	495,888	464,590
	788,754	**3,117,723**	**2,297,211**

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term provisions

Short-term provisions for employee enefits	31 December 2017	31 December 2016	31 December 2015
Unused vacation liability	894,779	1,804,767	1,748,811
	894,779	**1,804,767**	**1,748,811**

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

	2017	2016
Opening balance, 1 January	**1,804,767**	**1,748,811**
Used/paid during the period (-)	(1,209,566)	(447,184)
Increases during the period	299,578	503,140
Closing Balance, 31 December	**894,779**	**1,804,767**

Other short-term provisions	31 December 2017	31 December 2016	31 December 2015
Provisions for litigation	11,579,912	4,490,169	695,315
Quarry government share	-	797,918	1,172,980
Other	-	18,550	-
	11,579,912	**5,306,637**	**1,868,295**

As of 31 December 2017, total of pending lawsuits filed against the Group amounts to TRY11,579,912 (31 December 2016: TRY4,490,169 and 31 December 2015: TRY695,315). The Group's management provided a provision amounting to TRY11,579,912 (31 December 2016: TRY4,490,169 and 31 December 2015: None). TRY11,579,912 of these lawsuits relates to personnel claims (31 December 2016: TRY4,458,079 and 31 December 2015: TRY663,225).

As explained above, the Group, in the current period, has become a party to various lawsuits both as a defendant and plaintiff during the course of its business. In this respect, the Group management believes that there are no undisclosed or uncovered lawsuits and legal proceedings that may have an adverse effect over the Group's financial position or results of its operations.

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

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

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

	2017	2016
Opening balance, 1 January	**4,490,169**	**695,315**
Charge for the period	7,113,416	3,930,266
Payment during the period (-)	(23,673)	(135,412)
Closing balance, 31 December	**11,579,912**	**4,490,169**

b) Long-term provisions

	31 December 2017	31 December 2016	31 December 2015
Retirement pay provisions	3,232,461	16,474,338	8,656,545
Other provisions	-	6,945,505	6,858,758
	3,232,461	**23,419,843**	**15,515,303**

Retirement Pay Provisions

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

The amount payable consists of one month's salary limited to a maximum of TRY4,732.48 for each period of service at 31 December 2017 (2016: TRY4,297,21 and 2015: TRY3,828.27).

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2017, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption 4.21% real discount rate (31 December 2016: 4.21% and 31 December 2015: 4.21%) calculated by using 7% annual inflation rate and 11,5% discount rate. Voluntary leave rates are also taken into consideration as 5,16% for employees 0-15 years and 0% for employees 15 years and over.

Ceiling amount of December which is in effect since 1 January 2018 is used in the calculation of Group's provision for retirement pay liability as amount of 5,001.76.

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

- If the discount rate had been 1% higher (lower), provision for employee termination benefits would decrease (increase) by TRY16,099.

- If the anticipated turnover rate had been 1% lower (higher) while all other variables were held constant, provision for employee termination benefits would increase/(decrease) by TRY14,014.

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

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

The movement of the employment termination benefits is as follows:

	2017	**2016**
Opening balance, 1 January	**16,474,338**	**8,656,545**
Interest cost	612,830	376,628
Service cost	1,135,703	8,204,668
Payments during the period (-)	(14,990,410)	(763,503)
Closing balance, 31 December	**3,232,461**	**16,474,338**

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

	2017	**2016**
Opening bakiyesi, 1 January	**6,945,505**	**6,858,758**
Interest cost	-	165,715
Adjusments within the scope of the rehabilitation project	(6,945,505)	(78,968)
Closing balance, 31 December	**-**	**6,945,505**

c) Guarantees received and given

	31 December 2017		**31 December 2016**		**31 December 2015**	
Guarantees received (TRY)	**FC Balance**	**Equivalent of TRY**	**FC Balance**	**Equivalent of TRY**	**FC Balance**	**EquivalentofTRY**
Letters of guarantees (TRY)	-	655,686	-	1,415,686	-	500,000
Letters of guarantees (EUR)	10,000	45,155	10,000	37,099	10,000	31,776
Promissory cheques (TRY)	-	1,135,000	-	1,135,000	-	1,119,500
Promissory cheques (USD)	-	-	90,000	316,728	90,000	261,684
Promissory notes (TRY)	-	210,147,615	-	210,247,615	-	210,102,599
Promissory notes (EUR)	553,020	2,497,162	562,770	2,087,820	117,120	372,161
Cash guarantees	-	847,720	-	-	-	-
Total	**563,020**	**215,328,338**	**662,770**	**215,239,948**	**217,120**	**212,387,720**

The details of the Group's Guarantees/Pledges/Mortgages ("GPMs") position as of 31 December 2017, 31 December 2016 and 31 December 2015 is presented as follows:

31 December 2017	**TRY**	**TRY equivalent Total**
A. GPMs given on behalf of its own legal entity	47,891,365	47,891,365
Promissory notes	*47,481,585*	*47,481,585*
Cash guarantees	*309,780*	*309,780*
Obligations granted on behalf of shareholders	*100,000*	*100,000*
B. GPMs given on behalf of consolidated subsidiaries	-	-
C. GPMs given to behalf of third parties within ordinary business activities	-	-
D. GPMs given for other purposes	-	-
Total (*)	**47,891,365**	**47,891,365**

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

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

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

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

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

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

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

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

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

31 December 2017

Related Parties	Nature of Relationship	Received	Guarantees / Bails Commitments	Amount	Risk Amount
Turgay Ciner	**Shareholder**	Received	Bail - TRY	7,150,000	-
		Received	Bail - EUR	1,757,000	-
Park Holding	**Shareholder**	Received	Bail - TRY	613,193	-
		Received	Bail - USD	924,000	466,202
		Received	Bail - TRY	300,000	30,010
Park Holding, Turgay Ciner	**Shareholder**	Received	Bail - TRY	17,126,800	1,756,800
Park Holding, Park Termik, Park Teknik ve Turgay Ciner	**Shareholder/ Group Company /Shareholder**	Received	Bail - TRY	150,000	-
Park Termik, Park Teknik ve Turgay Ciner	**Shareholder/ Associate/ Group Company**	Received	Bail - USD	28,956,770	41,525
		Received	Bail - TRY	82,500	50,000
		Received	Bail - EUR	640,768	-
Park Holding, Park Teknik	**Shareholder/ Group Company**	Received	Bail - TRY	315,046	-
Park Termik	**Associate**	Received	Bail - TRY	5,622	-
Total		**Received**	**Bail - USD**	**29,880,770**	**507,727**
		Received	**Bail - EUR**	**2,397,768**	**-**
		Received	**Bail - TRY**	**25,743,161**	**1,836,810**

31 December 2016

Related Parties	Nature of Relationship	Received	Guarantees / Bails Commitments	Amount	Risk Amount
Turgay Ciner	**Shareholder**	Received	Bail – TRY	7,150,000	5,000
		Received	Bail – USD	1,757,000	772,618
Park Holding	**Shareholder**	Received	Bail – TRY	613,193	334,517
		Received	Bail – USD	924,000	633,999
		Received	Bail – TRY	300,000	93,010
Park Holding, Turgay Ciner	**Shareholder**	Received	Bail – TRY	17,126,800	8,406,800
Park Holding, Park Termik, Park Teknik ve Turgay Ciner	**Shareholder/ Group Company /Shareholder**	Received	Bail – TRY	150,000	-
Park Termik, Park Teknik ve Turgay Ciner	**Shareholder/ Associate/ Group Company**	Received	Bail – USD	28,956,770	136,224
		Received	Bail – TRY	82,500	50,000
		Received	Bail – EUR	640,768	100
Park Holding, Park Teknik	**Shareholder/ Group Company**	Received	Bail – TRY	315,046	100
Park Termik	**Associate**	Received	Bail – TRY	5,622	5,622
Total		**Received**	**Bail – USD**	**29,880,770**	**770,223**
		Received	**Bail – EUR**	**2,397,768**	**772,718**
		Received	**Bail – TRY**	**25,743,161**	**8,895,049**

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

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

31 December 2015

Related Parties	Nature of Relationship	Received	Guarantees / Bails Commitments	Amount	Risk Amount
Turgay Ciner	**Shareholder**	Received	Bail – TRY	7,150,000	5,000
		Received	Bail – EUR	2,060,000	1,350,405
Park Holding	**Shareholder**	Received	Bail – TRY	613,193	453,542
		Received	Bail – USD	-	-
		Received	Bail – TRY	300,000	93,010
Park Holding, Turgay Ciner	**Shareholder**	Received	Bail – TRY	1,756,800	1,756,800
Park Holding, Park Termik, Park Teknik ve Turgay Ciner	**Shareholder/ Group Company /Shareholder**	Received	Bail - TRY	150,000	26
Park Termik, Park Teknik ve Turgay Ciner	**Shareholder/ Associate/ Group Company**	Received	Bail - USD	28,956,770	87,294
		Received	Bail – TRY	82,500	50,000
		Received	Bail – EUR	3,184,416	603,446
Park Holding, Park Teknik	**Shareholder/ Group Company**	Received	Bail – TRY	315,046	77,972
Park Termik	**Associate**	Received	Bail – TRY	5,622	5,622
Total		**Received**	**Bail – USD**	**28,956,770**	**87,294**
		Received	**Bail – EUR**	**5,244,416**	**1,953,851**
		Received	**Bail - TRY**	**10,373,161**	**2,441,972**

NOTE 18 - COMMITMENTS

Operating Leases

Details of the finance lease transactions of the Group were given in Note 7 for the year 2017. The Group has operating lease transactions with the Group companies or third parties and the details of its operating lease transactions are as follows:

	31 December 2017	**31 December 2016**
Building rent expenses	633,430	636,602
Land rent expenses	395,385	12,095
Machinery rent expenses	393,694	3,781,800
Vehicle rent expenses	295,578	1,965,894
	1,718,087	**6,396,391**

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

NOTE 19 - OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2017	31 December 2016	31 December 2015
Deferred VAT	-	7,465,422	4,684,504
Other VAT	9,000	160,316	90,833
Income accruals	8,313	6,356	431,138
Business advances	332	2,902	45,914
	17,645	**7,634,996**	**5,252,389**

Other fixed assets	31 December 2017	31 December 2016	31 December 2015
VAT deductible in future years	1,312,031	1,320,748	1,447,590
	1,312,031	**1,320,748**	**1,447,590**

Other short-term liabilities	31 December 2017	31 December 2016	31 December 2015
Taxes and funds payables	1,179,973	381,486	7,522,952
Other liabilities payable (*)	714,419	706,799	6,498
	1,894,392	**1,088,285**	**7,529,450**

(*) TRY700,163 of the other liabilities to be paid, consists of tax rebate restructured under Law No. 6736 (31 December 2016 : TRY700,167 and 31 December 2015: TRY6,498).

Other long-term liabilities	31 December 2017	31 December 2016	31 December 2015
Other long-term liabilities (**)	816,857	1,283,632	-
	816,857	**1,283,632**	**-**

(**) The amount of TRY816,857 consists of tax rebate restructured under Law No. 6736 (31 December 2016 : TRY1,283,629 and 31 December 2015: None).

NOTE 20 - EQUITY

a) Share Capital

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

	31 December 2017		31 December 2016		31 December 2015	
Shareholders	**Shareholding ratio (%)**	**Amount**	**Shareholding ratio (%)**	**Amount**	**Shareholding ratio (%)**	**Amount**
Park Holding A.Ş.	61.25	91,168,622	61.25	91,168,622	61.25	91,168,622
Turgay Ciner	6.76	10,065,983	6.76	10,065,983	6.76	10,065,983
Other	31.99	47,632,638	31.99	47,632,638	31.99	47,632,638
Total	**100.00**	**148,867,243**	**100.00**	**148,867,243**	**100.00**	**148,867,243**

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

NOTE 20 - EQUITY (Continued)

Information Regarding to Equity Shares

Group	Type	Nominal Value (TRY)	Share Partipation (%)	Rights
A	In the name	18,290,866	12.29	6 Right to elect a Board Member
B	In the name	130,576,377	87.71	3 Right to elect a Board Member
		148,867,243	**100**	

The Company's Extraordinary General Assembly approved the change in Article 6, which is related to "Share Capital", in its Articles of Association at the meeting held on 13 March 2009. In accordance with the related change, TRY6,310,000,000 of B Group shares, which represent the share capital, has been registered in the name of the shareholders and the registered capital ceiling is increased to TRY300,000,000. Amendment to the Company's Articles of Association was registered and published in the Turkish Trade Registry Gazette as of 13 March 2009 and 18 March 2009, respectively.

NOTE 21 - DISCONTINUED OPERATIONS

The Group sold its assets related to concentrated copper production activities to Cengiz İnşaat Sanayi ve Ticaret A.Ş. for USD195,000,000 on 17 March 2017. As of 31 December 2017, the Group will not receive any income from copper production activities other than the sales proceeds of the copper inventory in the following reporting periods. As a result of this, the Group's operations related to copper production were terminated. For this reason, cease of the production of concentrated copper have been reported separately from continuing operations as discontinued operations in accordance with TFRS 5 (Note 2.3).

	Footnote Reference	1 January - 31 December 2017	1 January - 31 December 2016
Revenue		74,951,045	135,397,513
Cost of sales (-)		(46,163,053)	(134,281,178)
Gross profit		**28,787,992**	**1,116,335**
Marketing, selling and distribution expenses (-)		(6,216,242)	(9,268,750)
General administrative expenses (-)		(4,133,296)	(2,222,403)
Other income from operating activities		2,454,013	3,141,567
Other expenses from operating activities (-)		(21,394,023)	(29,061,765)
Operating profit / (loss)		**(501,556)**	**(36,295,016)**
Income from investing activities		552,169,786	509,300
Operating profit before finance income/expense		**551,668,230**	**(35,785,716)**
Finance income / expenses		9,091,350	10,965,759
Profit / (Loss) before taxation		**560,759,580**	**(24,819,957)**
Tax (expense) / income		**(68,702,649)**	**2,412,727**
Current tax (charge) / income		(40,056,983)	-
Deferred tax (expense) / income		(28,645,666)	2,412,727
Net profit / (loss) for the period		**492,056,931**	**(22,407,230)**
Earning/(Loss) per share from discontinued operations (*)		**0.0331**	**(0.0015)**

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

NOTE 21 - DISCONTINUED OPERATIONS (Continued)

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

	2017
The sale of tangible and intangible assets	715,923,000
Net book values of related tangible and intangible assets as of the date of sale (-) (Note 13,14)	(131,182,778)
Material cost (-)	(17,945,966)
Provisions no longer required for mine closure costs (Note 17)	6,945,505
Remuneration and compensation paid to the personnel in relation to the sale of assets (-)	(3,748,275)
Assigned investment incentives (*) (Note 25)	(10,715,063)
Prepaid expenses	(2,842,950)
Title deed expenses	(2,694,917)
Other expenses (**)	(1,568,770)
	552,169,786

(*) Investment incentive reductions transferred to buyer
(**) Mainly costs incurred for sales

"Net cash flows from discontinued operations" in the cash flow statement amount of TRY682,648,587 on the consolidated cash flow statement for the purpose of compliance with the POA taxonomy refers to the changes in the working capital of the discontinued operations and adjustments to reconcile profit/ loss fort he period on discontinued operations. The operation, investment and financing cash flows from discontinued operations are presented in the following table:

Net cash flows from discontinued operations	**31 December 2017**	**31 December 2016**
Discontinued operations profit	492,056,931	(22,407,230)
Adjustments to reconcile profit/ loss for the period and changes in working capital on discontinued operations	(525,485,125)	119,219,497
Net cash flows from discontinued operational activities	(33,428,194)	96,812,267
Net cash flows from discontinued investment activities	715,923,000	(109,035,221)
Net cash flows from discontinued financing activities	153,781	2,395,825
Net cash flows from discontinued operations	**682,648,587**	**(9,287,129)**

NOTE 22 - GENERAL ADMINISTRATIVE EXPENSE

General administrative expences	**1 January - 31 December 2017**	**1 January - 31 December 2016**
Personnel expenses	5,958,241	5,371,402
Consultancy and expense shares	4,063,694	3,864,376
Amortization expenses	1,488,069	626,912
Rent expenses	954,591	884,850
Severance and notice pay	546,149	430,772
Advertising expenses	351,274	166,282
Taxes and other legal expenses	280,365	1,295,075
Donation and aid expenses	19,550	-
Other	1,571,482	3,866,289
	15,233,415	**16,505,958**

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

NOT 23 - INCOME/(EXPENSES) FROM INVESMENT ACTIVITIES

Income from invesment activities	1 January - 31 December 2017	1 January - 31 December 2016
Increase in value of investment properties	25,303,306	15,607,158
Other	1,378,991	1,032,964
	26,682,297	**16,640,122**

Expense from invesment activities	1 January - 31 December 2017	1 January - 31 December 2016
Decrease in value of investment properties	(11,874,570)	-
	(11,874,570)	**-**

NOTE 24 - FINANCIAL INCOME / (EXPENSE)

Financial Income	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange income	13,060,484	218,643
Interest income	1,888,705	1,682,393
	14,949,189	**1,901,036**

Financial Expense	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange losses	(19,460,825)	24,578
Interest expenses	(10,803)	-
Other financial expenses	(73,737)	390,209
	19,545,365	**414,787**

NOTE 25 - DEFERRED TAX ASSETS AND LIABILITIES

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

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

	1 January - 31 December 2017	1 January - 31 December 2016	1 January - 31 December 2015
Deferred tax assets	13,832,873	38,739,752	34,923,348
Deferred tax liabilities (-)	(33,682,873)	(19,363,779)	(13,838,245)
Deferred tax (liabilities)/assets, net	**(19,850,000)**	**19,375,973**	**21,085,103**

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

NOTE 25 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets / (liabilities)	31 December 2017	31 December 2016	31 December 2015
Allowances for invesment incentives	-	28,097,670	25,337,571
Useful life and valuation differences on property, plant, and equipment and intangible asstes	(22,472,917)	(14,783,609)	(6,749,173)
Mine reclamation costs	-	1,389,101	173,700
Provision for reteriment pay and unused vacation	662,243	3,655,821	2,081,072
Discount on receivable and payables	(367)	15,667	102,869
Provisions of liability and expense	1,953,707	898,034	139,064
Other	7,334	103,289	-
	(19,850,000)	**19,375,973**	**21,085,103**

Deferred tax assets movement	2017	2016
Opening balance as of 1 January	**19,375,973**	**21,085,103**
Associated with income statement of discontinued operations (Note 21)	(28,645,666)	2,412,727
Reversal of the deferred tax effect of the transferred investment incentive certificate (Note 21)	(10,715,063)	(4,412,892)
Accounted in the income statement	134,757	291,035
Closing balance as of 31 December	**(19,850,000)**	**19,375,973**

Corporate Tax

	31 December 2017	31 December 2016	31 December 2015
Corporate tax provision	-	-	-
Prepaid taxes and funds (-)	-	171	-
Current tax assets/(liability)	**-**	**171**	**-**

Tax Reconciliation	2017	2016
Profit before tax for the year from continued operations	(4,824,735)	451,084
Profit before tax for the year from discontinued operations	560,759,580	(24,819,957)
Profit/(loss) before tax	**555,934,845**	**(24.368.873)**
Applicable tax rate		
Non-deductible expenses	(111,186,969)	4,873,775
Unrealized tax losses over previous years	4,141,138	-
Discounts and exceptions	50,507,648	-
Investment incentive discounts to be used in the coming years	(10,715,063)	-
Investment incentive discounts used	(1,314,646)	(2,170,013)
Provision for profit or loss and other comprehensive income	**(68,567,892)**	**2,703,762**

NOTE 25 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

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

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

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017,"Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

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

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

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

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

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

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

Gains from subsidiaries

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

Exemption from sales income of real estate and subsidiary shares

50% of the profits from the sale of shares of associates, real estates, goodwill, founding sans and usufruct shares in the assets of the institutions for at least two full years are exempted from the corporation tax. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is made.

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

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

NOTE 26 - EARNINGS PER SHARE

Earnings per share	1 January - 31 December 2017	1 January - December 2016
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	(4,689,978)	742,119
Basic and diluted earnings per share	**(0.00032)**	**(0.00005)**

Earnings per share from discontinued operations	1 Ocak - 31 Aralık 2017	1 Ocak - 31 Aralık 2016
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	492,056,931	(22,407,230)
Basic and diluted earnings per share	**0.03305**	**(0.00151)**

NOTE 27 - RELATED PARTY DISCLOSURES

Due from Related Parties

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

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

	31 December 2015			
Related party	Type of Relationship	Trade Receivables	Other Receivables	Total
Park Holding A.Ş.	Shareholder	-	208,113,201	208,113,201
Ciner İç ve Dış Tic. A.Ş.	Group Company	9,891,136	-	9,891,136
Silopi Elektrik Üretim A.Ş.	Group Company	68,419	-	68,419
Total		**9,959,555**	**208,113,201**	**218,072,756**

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

NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

The Group's interest rate applied for January - March: %12.91, April - June: %14.35 and October - December %14.35 (2016: January - March: %11.173, April-June: %8.96). (December 31, 2016: the Group applied interest rate as of %10,86 on trade transactions and financial transactions between January and December). Interest received from Park Holding for TRY8.720.414 was executed. (31 December 2016: TRY11.087.346).

Due to Related Parties

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

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

	31 December 2015			
Related party	**Type of Relationship**	**Trade Payables**	**Other Payables**	**Total**
Kasımpaşa Sportif Faaliyetler A.Ş.	Group Company	272,545	-	272,545
Kazan Soda Maden Enerji Nak. San.Tic.A.Ş.Group Company		10,824	-	10,824
Silopi Elektrik Üretim A.Ş.	Group Company	-	3,088	3,088
Turgay Ciner	Shareholder	719,378	-	719,378
Park Teknik Elekt, Maden Turizm San. Tic. A.Ş.	Group Company	579,430	246,642	826,072
Park Holding A.Ş.	Shareholder	1,085,162	3,782,874	4,868,036
Ciner İç ve Dış Ticaret A.Ş.	Group Company	185,788	-	185,788
Park Sigorta Ara, Hiz. Ltd. Şti.	Group Company	94,196	-	94,196
Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.	Group Company	48,335	-	48,335
Dividends payables to other affliates	Shareholder	-	20,720,475	20,720,475
Total		**2,995,658**	**24,753,079**	**27,748,737**

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

NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

Goods and Services Purchased from Related Parties

					31 December 2017			
Related party	**Type of Relationship**	**Goods**	**Service**	**Fixes Assets**	**Interest and Exchange Losses**	**Rent**	**Other**	**Total**
-Silopi Elektrik Üretim A.Ş.	Group Company	2,105,352	-	-	890	-	1,226	2,107,468
-Ciner İç ve Dış Tic. A.Ş.	Group Company	-	159,155	-	975,175	-	-	1,134,330
-Turgay Ciner	Shareholder	-	-	72,830	-	-	-	72,830
-Park Holding A.Ş.	Shareholder	-	3,165,368	540,797,170	515,165	622,800	1,387,816	546,488,319
-Park Teknik Madencilik Turizm San.ve Tic. A.Ş.	Group Company	-	18,303	635,593	7,816	93,455	41,341	796,508
-Park Termik Elektrik San.ve Tic. A.Ş.	Associate	-	3,177	-	9,079	-	194,283	206,539
-Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	219,683	-	13,064	-	33,108	265,855
-Havaş Turizm Sey. ve Kargo Taş. A.Ş.	Group Company	-	3,542	-	1,423	72,069	48,648	125,682
-Ciner Maden Proje ve Teknik Danışmanlık A.Ş.	Group Company	-	229,300	-	-	-	-	229,300
Total		**2,105,352**	**3,798,528**	**541,505,593**	**1,522,612**	**788,324**	**1,706,422**	**551,426,831**

					31 December 2016			
Related party	**Type of Relationship**	**Goods**	**Service**	**Fixes Assets**	**Interst and Exchange Losses**	**Rent**	**Other**	**Total**
-Park Holding A.Ş.	Shareholder	-	3,652,586	-	-	587,400	918,912	5,158,898
-Ciner İç ve Dış Tic. A.Ş.	Group Company	-	270,523	-	2,713,127	-	-	2,983,650
-Ciner Yapı Teknik İnşaat San. ve Tic. A.Ş.	Group Company	26,450	-	-	-	-	-	26,450
-Ciner Turizm Tic. İnş. Servis Hizmet A.Ş.	Group Company	-	3,170	-	-	-	-	3,170
-Kazan Soda Elektrik Üretim A.Ş.	Group Company	-	-	-	-	40,613	-	40,613
-Havaş Turizm Sey ve Kargo Taş. A.Ş.	Group Company	-	4,283	-	890	114,720	54,297	174,190
-Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	228,202	-	5,527	-	136,688	370,417
-Park Teknik Madencilik Turizm San.ve Tic. A.Ş.	Group Company	189,041	2,072,977	114,398	51,377	2,123,784	144,993	4,696,570
-Park Termik Elektrik San,ve Tic. A.Ş.	Associate	23,496	15,080	18,385	13,319	-	191,651	261,931
-Kasımpaşa Sportif Faaliyetler A.Ş.	Group Company	-	300,000	-	-	-	-	300,000
-Silopi Elektrik Üretim A.Ş.	Group Company	8,088,830	-	-	-	-	62,652	8,151,482
Total		**8,327,817**	**6,246,821**	**132,783**	**2,784,240**	**2,866,517**	**1,509,193**	**21,867,371**

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

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

NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

Goods and Services Sold to Related Parties

		31 December 2017						
Related party	Type of Relationship	Goods	Services	Fixes Assets	Interest Income	Rent	Other	Total
-Ciner İç ve Dış Tic. A.Ş.	Group Company	74,148,885	-	-	155,684	-	-	74,304,569
-Kazan Soda Maden Enerji Nakliyat San.Tic. A.Ş.	Group Company	29,472	-	-	1,291	-	-	30,763
-Park Holding A.Ş.	Shareholder	-	-	-	19,931,085	-	3,940	19,935,025
-Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	-	-	763	-	-	763
-Silopi Elektrik Üretim A.Ş.	Group Company	577,958	-	-	59,303	223,828	275	861,364
-Park Termik Elektrik San. ve Tic. A.Ş.	Group Company	244,720		15,000	7,513			267,233
-Park Teknik Mad. Turz. San. ve Tic. A.Ş.	Associate	2,644	-	-	23,122	-	14,693	40,459
-Ciner Yapı Teknik İnşaat San. ve Tic. A.Ş.	Group Company	-	-	-	779	-	22,245	23,204
Total		**75,003,679**	**-**	**15,000**	**20,179,540**	**223,828**	**41,333**	**95,463,380**

		31 December 2016						
Related party	Type of Relationship	Goods	Services	Fixes Assets	Interest Income	Rent	Other	Total
-Park Holding A.Ş.	Shareholder	-	-	-	12,768,792	-	-	12,768,792
-Ciner İç ve Dış Tic. A.Ş.	Group Company	135,125,067	-	-	3,924,115	-	-	139,049,182
-Eti Soda Üretim Pazarlama Nak. San. Tic. A.Ş.	Group Company	-	-	-	6,049	-	441	6,490
-Park Sigorta Aracılık Hiz. Ltd. Şti.	Group Company	-	-	-	1,364	-	-	1,364
-Park Teknik Madencilik Turizm San.ve Tic. A.Ş.	Group Company	-	-	-	1,096	-	21,369	22,465
- Kazan Soda Maden Enerji Nakliyat San.Tic. A.Ş.	Group Company	-	-	-		-	4,137	4,137
-Park Termik Elektrik San. ve Tic. A.Ş.	Associate	102,126	-	-	13,866	-	38,641	154,633
-Silopi Elektrik Üretim A.Ş.	Group Company	58,706	-	-	1,613	175,000	350	235,669
Total		**135,285,899**	**-**	**-**	**16,716,895**	**175,000**	**64,938**	**152,242,732**

Short term benefits provided to directors and executive personnel	1 January- 31 December 2017	1 January- 31 December 2016
Wages, premiums and other similar benefits	851,562	1,075,391
Provision for retirement pay and unused vacation as of balance sheet date	963,892	1,143,596

NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

Park Holding A.Ş.

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

As discussed above, the Group applies the maturity gap for all financial and commercial transactions with related parties. As a result of this, the Group earned interest income amounting to TRY19,931,085 in 2017. (31 December 2016: TRY12,768,792).

Other Group Companies

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

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

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

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

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

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital Risk Management

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

The capital structure of the Group consists of debts including the borrowings and other debts disclosed in Notes 7 and 8, cash and cash equivalents disclosed in Note 5 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 20.

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

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

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

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

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

	31 December 2017	31 December 2016	31 December 2015
Financial Liabilities	1,464,394	5,000,063	6,284,532
Less: Cash and cash equivalents (-) and short-term financial invesments	(76,805)	(3,051,367)	(26,980)
Net debt	1,387,589	1,948,696	6,257,552
Total equity	442,586,525	497,662,833	490,705,120
Net debt/Total equity ratio (%)	**0.003**	**0.004**	**0.013**

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

b) Financial Risk Factors

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

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

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

(b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's Management mitigates such risk by putting limitations on the contracts with counterparties and obtaining sufficient collaterals, where appropriate. The Group exports its entire copper products and receives 90% of its export income in advance (cash). Therefore, its customer and credit risk is at minimum. Trade receivables are evaluated based on the Group's policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 8).

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

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

	31 December 2017				
	Receivables				
Credit risks exposed through types of financial instruments	**Trade Receivables**		**Other Receivables**		
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum credit risk exposed as of the balance sheet date (*) (A+B+C+D+E)	**132,112**	**870,168**	**198,969,021**	**1,137,952**	**76,805**
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(847,720)	(193,144,302)	(765,739)	-
A. Net book value of financial assets neither overdue nor impaired	104,647	-	198,969,021	367,255	76,805
- Portion covered by guarantees, collaterals etc.	-	(847,720)	(193,144,302)	(765,739)	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	770,697	-
C. Net book value of assets over due but not impaired	27,465	870,168	-	-	-
- Portion covered by guarantees, collaterals etc.	-	(847,720)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	3,204,477	-	-	-
- Impairement (-)	-	(3,204,477)	-	-	-
- Net value portion covered by guaantees, collaterals, etc. (-)	-	-	-	-	-
- Impairement(-)	-	-	-	-	-
- 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.

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

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

	31 December 2016				
	Receivables				
Credit risks exposed through types of financial instruments	**Trade Receivables**		**Other Receivables**		
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum credit risk exposed as of the balance sheet date (*) (A+B+C+D+E)	**8,008,395**	**900,002**	**54,634,559**	**2,274,730**	**3,047,722**
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(633,918)	(54,634,559)	1,332,887	-
A. Net book value of financial assets neither overdue nor impaired	8,008,395	712,365	54,634,559	2,208,869	3,047,722
- Portion covered by guarantees, collaterals etc.	-	(633,918)	(54,634,559)	1,332,887	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	-	187,637	-	65,861	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	3,033,018	-	29,041	-
- Impairement (-)	-	(3,033,018)	-	(29,041)	-
- Net value portion covered by guaantees, collaterals, etc. (-)	-	-	-	-	-
- Impairement(-)	-	-	-	-	-
- 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.

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

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

	31 December 2015				
	Receivables				
Credit risks exposed through types of financial instruments	**Trade Receivables**		**Other Receivables**		
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum credit risk exposed as of the balance sheet date (*) (A+B+C+D+E)	**9,959,555**	**415,674**	**208,113,201**	**5,755,299**	**23,011**
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(115,000)	189,361,433	-	-
A. Net book value of financial assets neither overdue nor impaired	9,959,555	410,048	208,113,201	5,689,438	23,011
- Portion covered by guarantees, collaterals etc.	-	(115,000)	189,361,433		
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	-	5,626	-	65,861	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	2,618,043	-	29,041	-
- Impairement (-)	-	(2,618,043)	-	(29,041)	-
- Net value portion covered by guaantees, collaterals, etc. (-)	-	-	-	-	-
- Impairement(-)	-	-	-	-	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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

Past due but not impaired assets are presented as below:

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

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

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

(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.

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

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

	31 December 2017				
Contractual maturities	**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)**
Non-derivate financial liabilities	**4,327,876**	**4,413,161**	**3,076,636**	**632,912**	**703,613**
Obligation under finance leases	1,464,394	1,547,519	210,994	632,912	703,613
Trade payables	2,860,679	2,862,839	2,862,839	-	-
Other payables	2,803	2,803	2,803	-	-

	31 December 2016				
Contractual maturities	**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)**
Non-derivate financial liabilities	**25,568,987**	**25,930,583**	**20,705,955**	**2,517,287**	**2,707,341**
Obligation under finance leases	5,000,063	5,306,299	700,498	1,898,460	2,707,341
Trade payables	20,566,121	20,621,481	20,002,654	618,827	-
Other payables	2,803	2,803	2,803	-	-

	31 December 2015				
Contractual maturities	**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)**
Non-derivate financial liabilities	**57,286,650**	**57,703,907**	**52,167,632**	**2,872,780**	**2,663,495**
Obligation under finance leases	6,284,532	6,613,878	1,392,511	2,557,872	2,663,495
Trade payables	26,249,039	26,336,950	26,022,042	314,908	-
Other payables	24,753,079	24,753,079	24,753,079	-	-

(b.3) Market risk management

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

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

(b.3.1) Foreign currency risk management

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

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

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

		31 December 2017			
		TRY Equivalent	**USD**	**EUR**	**GBP**
1.	Trade Receivable	3,269,313	866,755	-	-
2a.	Monetary Financial Assets	175,470,466	46,520,328	96	1
2b.	Non-monetary Financial Assets	-	-	-	-
3.	Other	-	-	-	-
4.	CURRENT ASSETS	178,739,779	**47,387,083**	96	1
5.	Trade Receivable	-	-	-	-
6a.	Monetary Financial Assets	-	-	-	-
6b.	Non-monetary Financial Assets	-	-	-	-
7.	Other	-	-	-	-
8.	NON-CURRENT ASSETS	-	-	-	-
9.	**TOTAL ASSETS**	**178,739,779**	**47,387,083**	**96**	**1**
10.	Trade Payables	457,601	115,134	5,166	-
11.	Financial Liabilities	779,123	206,554	5	-
12a.	Other Monetary Liabilities	-	-	-	-
12b.	Other Non-monetary Liabilities	-	-	-	-
13.	CURRENT LIABILITIES	1,236,724	321,688	5,171	-
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	685,271	181,678	-	-
16a.	Other Monetary Liabilities	-	-	-	-
16b.	Other Non-monetary Liabilities	-	-	-	-
17.	NON-CURRENT LIABILITIES	685,271	181,678	-	-
18.	**TOTAL LIABILITIES**	**1,921,995**	**503,366**	**5,171**	**-**
19.	**Net assets / (liability) position of off balance sheet derivates items / (19a-19b)**	-	-	-	-
19a.	Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b.	Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
20.	**Net foreign currency assets / (liability) position**	**176,817,784**	**46,883,717**	**(5,075)**	**1**
21.	**Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)**	**176,817,784**	**46,883,717**	**(5,075)**	**1**
22.	**Fair value of derivative instruments used in foreign currency hedge**	**-**	**-**	**-**	**-**
23.	**Total amount of assets hedged**	**-**	**-**	**-**	**-**
24.	**Total amount of liabilities hedged**	**-**	**-**	**-**	**-**

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

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

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

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

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

		31 December 2015			
		TRY Equivalent	**USD**	**EUR**	**GBP**
1.	Trade Receivable	2,113,192	678,507	44,173	-
2a.	Monetary Financial Assets	2,144,495	209	674,686	1
2b.	Non-monetary Financial Assets	209,176	24,230	48,000	-
3.	Other	-	-	-	-
4.	CURRENT ASSETS	4,466,863	702,946	766,859	1
5.	Trade Receivable	-	-	-	-
6a.	Monetary Financial Assets	2,367,854	-	745,171	-
6b.	Non-monetary Financial Assets	72,863	-	24,750	-
7.	Other	-	-	-	-
8.	NON-CURRENT ASSETS	2,440,717	-	769,921	-
9.	**TOTAL ASSETS**	**6,907,580**	**702,946**	**1,536,780**	**1**
10.	Trade Payables	1,494,388	493,068	19,116	-
11.	Financial Liabilities	3,573,255	-	1,124,514	-
12a.	Other monetary Liabilities	1,232,689	423,954	-	-
12b.	Other non monetary Liabilities	-	-	-	-
13.	CURRENT LIABILITIES	6,300,332	917,022	1,143,630	-
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	2,367,854	-	745,171	-
16a.	Other Monetary Liabilities	-	-	-	-
16b.	Other Non-monetary Liabilities	-	-	-	-
17.	NON-CURRENT LIABILITIES	2,367,854	-	745,171	-
18.	**TOTAL LIABILITIES**	**8,668,186**	**917,022**	**1,888,800**	**-**
19.	**Net assets / (liability) position of off balance sheet derivates items / (19a-19b)**	**-**	**-**	**-**	**-**
19a.	Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b.	Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
20.	**Net foreign currency assets /(liability) position**	**(1,760,606)**	**(214,076)**	**(352,021)**	**1**
21.	**Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)**	**(2,042,645)**	**(238,306)**	**(424,771)**	**1**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Total amount of assets hedged	-	-	-	-
24.	Total amount of liabilities hedged	-	-	-	-

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

Assets and liabilities denominated in foreign currencies are translated at the exchange rates announced by the Turkish Central Bank as of 31 December 2017 (31 December 2016: USD1 = TRY3.5192, EUR1 = TRY3.7099, GBP1 = TRY4.3189).

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

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

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

Foreign currency sensitivity

	31 December 2017	
	Profit/ (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY		
USD net asset/ (liability)	**17,684,070**	**(17,684,070)**
When 10% appreciation of EUR against TRY		
EUR net asset/ (liability)	**2,292**	**(2,292)**
When 10% appreciation of other foreign currency against TRY		
Other foreign currency net asset/ (liability)	**-**	**-**
Total	**17,681,778**	**(17,681,778)**

	31 December 2016	
	Profit/ (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
When 10% appreciation of USD against TRY		
USD net asset/ (liability)	**854,701**	**(854,701)**
When 10% appreciation of EUR against TRY		
EUR net asset/ (liability)	**90,083**	**(90,083)**
When 10% appreciation of other foreign currency against TRY		
Other foreign currency net asset/ (liability)	**1,697**	**(1,697)**
Total	**762,921**	**(762,921)**

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

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

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

(b.3.2) Interest rate risk management

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

Financial Instruments Categories

31 December 2017	Financial liabilities at amortizes cost	Loans and receivables (including cash and cash equivalents)	Financial assets and liabilities at fair value through profit or loss	Carrying value	Note
Financial assets	**-**	**200,045,309**	**9,990,294**	**205,017,167**	
Cash and cash equivalents	-	76,805	-	69,560	5
Trade receivables	-	867,371	-	867,371	8
Due from related parties	-	193,276,414	-	193,276,414	27
Other receivables	-	5,824,719	-	813,528	10
Financial investments	-	-	9,990,294	9,990,294	6
Finansal liabilities	**4,329,118**	**-**	**-**	**3,877,365**	
Obligations under finance leases	1,464,394	-	-	1,464,394	7
Trade payables	2,684,080	-	-	2,213,099	8
Due to related parties	180,644	-	-	199,872	27

31 December 2016	Financial liabilities at amortizes cost	Loans and receivables (including cash and cash equivalents)	Financial assets and liabilities at fair value through profit or loss	Carrying value	Note
Financial assets	**-**	**69,722,185**	**9,990,294**	**71,556,829**	
Cash and cash equivalents	-	3,051,367	-	3,049,207	5
Trade receivables	-	900,002	-	900,002	8
Due from related parties	-	54,507,320	-	54,507,320	27
Other receivables	-	11,263,496	-	3,110,006	10
Financial investments	-	-	9,990,294	9,990,294	6
Finansal liabilities	**25,568,987**	**-**	**-**	**25,265,511**	
Obligations under finance leases	5,000,063	-	-	5,000,063	7
Trade payables	19,613,103	-	-	19,310,658	8
Due to related parties	955,821	-	-	954,790	27

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

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

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

31 December 2015	**Financial liabilities at amortizes cost**	**Loans and receivables (including cash and cash equivalents)**	**Financial assets and liabilities at fair value through profit or loss**	**Carrying value**	**Note**
Financial assets	**-**	**223,900,411**	**9,990,294**	**215,118,952**	
Cash and cash equivalents	-	26,980	-	24,851	5
Trade receivables	-	415,674	-	415,674	8
Due from related parties	-	199,320,988	-	199,320,988	27
Other receivables	-	24,136,769	-	5,367,145	10
Financial investments	-	-	9,990,294	9,990,294	6
Finansal liabilities	**62,098,731**	**-**	**-**	**61,500,781**	
Obligations under finance leases	6,284,532	-	-	6,284,532	7
Trade payables	23,253,381	-	-	23,089,413	8
Due to related parties	32,560,818	-	-	32,126,836	27

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