

**ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION  
FOR THE PERIOD 1 JANUARY - 31 MARCH 2019  
TOGETHER WITH AUDITOR'S REVIEW REPORT**



## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Zorlu Enerji Elektrik Üretim A.Ş.

### *Introduction*

We have reviewed the accompanying condensed consolidated interim balance sheet of Zorlu Enerji Elektrik Üretim A.Ş. and its subsidiaries as of 31 March 2019 and the related condensed interim statement of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.


### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

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

  
Çağlar Şürücü, SMMM  
Partner

Istanbul, 19 June 2019

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AT 31 MARCH 2019

<b>CONTENTS</b>	<b>PAGE</b>
<b>CONDENSED CONSOLIDATED INTERIM BALANCE SHEET.....</b>	<b>1-2</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS.....</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME.....</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY.....</b>	<b>5</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS .....</b>	<b>6</b>
<b>NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION .....</b>	<b>7-49</b>
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS.....	7-9
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS .....	9-21
NOTE 3 SEGMENT REPORTING.....	21-22
NOTE 4 CASH AND CASH EQUIVALENTS.....	23
NOTE 5 RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT .....	23-24
NOTE 6 FINANCIAL LIABILITIES.....	24-26
NOTE 7 OTHER RECEIVABLES AND PAYABLES .....	27
NOTE 8 OTHER ASSETS AND LIABILITIES .....	28-29
NOTE 9 PROPERTY, PLANT AND EQUIPMENT .....	30-32
NOTE 10 INTANGIBLE ASSETS .....	33
NOTE 11 CONTINGENT ASSETS AND LIABILITIES.....	34-38
NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS.....	39-40
NOTE 13 EQUITY.....	41
NOTE 14 TAXES ON INCOME.....	41-43
NOTE 15 EXPENSES BY NATURE.....	44
NOTE 16 OTHER OPERATING INCOME AND EXPENSE.....	44
NOTE 17 FINANCIAL INCOME AND EXPENSES.....	45
NOTE 18 RELATED PARTY TRANSACTIONS.....	45-49
NOTE 19 EVENTS OCCURRING AFTER REPORTING PERIOD.....	49

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 March 2019	31 December 2018
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	232,542	598,576
Trade receivables			
- Other trade receivables		738,728	609,263
- Due from related parties	18	37,096	23,185
Other receivables			
- Other receivables	7	69,080	33,269
- Due from related parties	7, 18	909,970	986,313
Derivative financial instruments	12	7,963	5,148
Receivables from service concession arrangements	5	133,048	158,453
Inventories		9,411	9,416
Other current assets	8	331,341	386,587
<b>Total</b>		<b>2,469,179</b>	<b>2,810,210</b>
Assets held for sale		621,899	604,317
<b>Total current assets</b>		<b>3,091,078</b>	<b>3,414,527</b>
<b>Non-current assets:</b>			
Other receivables			
- Other receivables	7	31	-
- Due from related parties	7, 18	1,301,308	1,184,359
Financial assets		246	246
Receivables from service concession arrangements	5	1,185,316	1,167,479
Associates		444,777	378,523
Property, plant and equipment	9	8,775,448	8,821,586
Intangible assets	10	2,911,777	2,955,771
Right of use assets		30,835	-
Deferred tax assets	14	317,718	312,084
Other non-current assets	8	120,205	136,907
<b>Total non-current assets</b>		<b>15,087,661</b>	<b>14,956,955</b>
<b>Total assets</b>		<b>18,178,739</b>	<b>18,371,482</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 March 2019	31 December 2018
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Financial liabilities			
- Borrowings	6	3,410,524	3,362,648
Trade payables			
- Other trade payables		1,303,129	1,386,797
- Due to related parties	18	57,929	127,224
Other payables			
- Other payables	7	713,751	709,738
- Due to related parties	7, 18	23,691	28,604
Derivative financial instruments	12	14,572	8,522
Taxes on income	14	10,185	2,897
Other provisions		13,710	16,198
Other current liabilities	8	234,514	158,902
<b>Total</b>		<b>5,782,005</b>	<b>5,801,530</b>
Liabilities related to the asset held for sale		431,279	406,682
<b>Total current liabilities</b>		<b>6,213,284</b>	<b>6,208,212</b>
<b>Non-current liabilities:</b>			
Financial liabilities			
- Borrowings	6	8,094,856	7,888,475
Derivative financial instruments	12	67,255	33,076
Other payables			
- Other payables	7	18,773	20,014
Deferred tax liabilities	14	671,199	761,300
Provisions for employment benefits		25,167	23,281
Other non-current liabilities	8	56,651	57,314
<b>Total non-current liabilities</b>		<b>8,933,901</b>	<b>8,783,460</b>
<b>Total liabilities</b>		<b>15,147,185</b>	<b>14,991,672</b>
<b>EQUITY</b>			
Share capital	13	2,110,948	2,110,948
Revaluation fund		3,368,232	3,415,981
Share premium		916	916
Hedge reserves		(2,407,126)	(1,984,100)
Actuarial losses		(6,898)	(6,627)
Currency translation adjustment		338,167	281,388
Accumulated losses		(363,873)	(434,657)
<b>Equity attributable to equity holders of the parent</b>		<b>3,040,366</b>	<b>3,383,849</b>
<b>Non-controlling interests</b>		<b>(8,812)</b>	<b>(4,039)</b>
<b>Total equity</b>		<b>3,031,554</b>	<b>3,379,810</b>
<b>Total liabilities and equity</b>		<b>18,178,739</b>	<b>18,371,482</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

	Notes	1 January- 31 March 2019	1 January- 31 March 2018
<b>CONTINUING OPERATIONS</b>			
Revenue		1,870,843	849,912
Cost of sales (-)	15	(1,482,172)	(616,921)
<b>GROSS PROFIT</b>		<b>388,671</b>	<b>232,991</b>
General administrative expenses (-)	15	(40,072)	(34,934)
Marketing and selling expenses (-)	15	(13,049)	(11,468)
Other operating income	16	93,020	34,374
Other operating expense (-)	16	(65,414)	(25,870)
<b>OPERATING INCOME</b>		<b>363,156</b>	<b>195,093</b>
Share of loss of associates		22,222	17,413
Financial income	17	298,441	177,522
Financial expenses (-)	17	(641,481)	(368,027)
<b>INCOME BEFORE TAXATION</b>		<b>42,338</b>	<b>22,001</b>
Current income tax expense	14	(16,656)	(13,559)
Deferred tax (expense)/income	14	(7,420)	16,574
<b>NET INCOME FOR THE PERIOD</b>		<b>18,262</b>	<b>25,016</b>
<b>Income attributable to:</b>			
Equity holders of the parent		23,035	25,174
Non-controlling interests		(4,773)	(158)
		<b>18,262</b>	<b>25,016</b>
Income per share (TL)		0.012	0.013

The accompanying notes form an integral part of this condensed consolidated interim financial information.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD BETWEEN 1 JANUARY – 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

	Notes	1 January- 31 March 2019	1 January- 31 March 2018
<b>Income for the period</b>		<b>18,262</b>	<b>25,016</b>
Revaluation fund	2.7	-	1,446,401
Changes in actuarial losses on employee benefit obligations		(348)	(2,270)
Hedge reserves		(528,783)	(171,701)
Changes in currency translation adjustments		56,779	12,408
Deferred income tax related to other comprehensive income/(loss)		105,834	(254,486)
<b>Other comprehensive (loss)/income</b>		<b>(366,518)</b>	<b>1,030,352</b>
<b>Total comprehensive (loss)/income</b>		<b>(348,256)</b>	<b>1,055,368</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the parent		(343,483)	1,055,526
Non-controlling interests		(4,773)	(158)
<b>Total comprehensive (loss)/income</b>		<b>(348,256)</b>	<b>1,055,368</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

	Attributable to equity holders of the parent							Non-controlling interests	Total equity
	Share capital	Share premium	Hedge reserves	Actuarial losses	Currency translation adjustment	Revaluation fund	Accumulated losses		
<b>1 January 2018</b>	<b>2,110,948</b>	<b>916</b>	<b>(595,039)</b>	<b>(4,572)</b>	<b>192,213</b>	<b>648,807</b>	<b>(660,774)</b>	<b>(1,430)</b>	<b>1,691,069</b>
Transfer	-	-	-	-	-	(14,549)	14,549	-	-
Total comprehensive income	-	-	(137,361)	(1,816)	12,408	1,157,121	25,174	(158)	1,055,368
<b>31 March 2018</b>	<b>2,110,948</b>	<b>916</b>	<b>(732,400)</b>	<b>(6,388)</b>	<b>204,621</b>	<b>1,791,379</b>	<b>(621,051)</b>	<b>(1,588)</b>	<b>2,746,437</b>
<b>1 January 2019</b>	<b>2,110,948</b>	<b>916</b>	<b>(1,984,100)</b>	<b>(6,627)</b>	<b>281,388</b>	<b>3,415,981</b>	<b>(434,657)</b>	<b>(4,039)</b>	<b>3,379,810</b>
Transfer	-	-	-	-	-	(47,749)	47,749	-	-
Total comprehensive loss	-	-	(423,026)	(271)	56,779	-	23,035	(4,773)	(348,256)
<b>31 March 2019</b>	<b>2,110,948</b>	<b>916</b>	<b>(2,407,126)</b>	<b>(6,898)</b>	<b>338,167</b>	<b>3,368,232</b>	<b>(363,873)</b>	<b>(8,812)</b>	<b>3,031,554</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.



# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands Turkish Lira ("TL"), unless otherwise indicated.)

	Notes	1 January- 31 March 2019	1 January- 31 March 2018
<b>Cash flows from operating activities:</b>			
Income before taxation		42,338	22,001
Depreciation and amortisation	15, 16	142,654	89,347
Interest income	16, 17	(83,215)	(38,650)
Interest expense	16, 17	431,829	215,917
Unrealized foreign exchange losses and currency translation differences		(30,034)	11,424
Loss/(gain) from financial derivative instruments	17	13,498	(37,720)
Change in provision for employment termination benefits		3,279	3,240
Provisions		(2,488)	(9,696)
Income from sale of tangible assets		(13)	(18)
Gain on associates		(22,222)	(17,413)
Escalation impact on receivables from service concession agreements	5	(18,097)	(8,045)
Escalation impact on deposits	16	(7,932)	4,028
Amortization of commission expenses		14,876	14,419
Other adjustments related to non-cash items		5,479	676
<b>Net cash generated from operating activities before changes in operating assets and liabilities</b>		<b>489,952</b>	<b>249,510</b>
Changes in trade receivables		(139,907)	(137,492)
Changes in other receivables		(35,842)	(3,104)
Changes in other current and non-current assets		71,688	(153,854)
Changes in trade payables		(179,629)	2,015
Changes in other payables		10,685	(44,492)
Changes in other liabilities		74,998	77,143
Changes in inventories		5	8,922
Termination benefits paid		(1,628)	(2,836)
Taxes paid	14	(10,089)	-
<b>Net cash generated from/(used in) operating activities</b>		<b>280,233</b>	<b>(4,188)</b>
<b>Cash flows from investing activities:</b>			
Purchase of property plant and equipment and intangible assets		(6,174)	(209,626)
Proceeds from sale of property, plant and equipment and intangible assets		2,676	102
Collections from service concession arrangements	5	25,665	23,409
Other cash outflows		(15,461)	-
<b>Net cash generated from/ (used in) investing activities</b>		<b>6,706</b>	<b>(186,115)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issued debt instruments	6	123,913	139,000
Proceeds from bank borrowings	6	28,329	1,319,259
Proceeds from other financial liabilities	6	-	920
Repayment of bank borrowings	6	(349,765)	(317,437)
Repayment of issued debt instruments	6	(110,520)	(54,000)
Changes in related party balances		146,323	(127,098)
Interest received		11,844	6,010
Interest paid		(470,636)	(151,328)
Cash outflows related to payment of lease liabilities	6	(5,121)	-
Commission paid	6	(27,340)	(33,636)
<b>Net cash (used in)/ generated from financing activities</b>		<b>(652,973)</b>	<b>781,690</b>
Net (decrease)/ increase in cash and cash equivalents		(366,034)	591,387
Change in restricted cash		(30,931)	2,762
<b>Cash and cash equivalents at the beginning of the period</b>		<b>582,683</b>	<b>317,570</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>185,718</b>	<b>911,719</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Zorlu Enerji Elektrik Üretim AŞ (“the Company” or “Zorlu Enerji”) and its subsidiaries (collectively referred to as (“the Group”) is engaged in electricity, steam production and selling, distribution and retailing of electricity, trading electricity, distribution of gas and distribution and selling and distribution of solar panel. The Company was established by Zorlu Holding AŞ (“Zorlu Holding”) and Korteks Mensucat Sanayi ve Ticaret AŞ (“Korteks”) in 1993. Ultimate controlling party of the Company is Zorlu Holding. The Company is registered in Turkey and its registered address is as follows: Bursa Organized Industrial Zone, Pembe Street, No: 13 Bursa/Turkey. The Company is registered to the Capital Markets Board (“CMB”), and its shares are publicly traded in Borsa Istanbul AŞ (“BIST”) since 2000. As at 31 March 2019, 32% of its shares are open for trading (31 December 2018: 32%).

The subsidiaries and associates of the Company are presented as below:

<b>Subsidiaries</b>	<b>Nature of business</b>	<b>Country</b>
Rotor Elektrik Üretim AŞ (“Rotor”)	Electricity production	Turkey
Zorlu Hidroelektrik Enerji Üretim AŞ (“Zorlu Hidroelektrik”)	Electricity production	Turkey
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ (“Zorlu Jeotermal”)	Electricity production	Turkey
Zorlu Enerji Pakistan Ltd. (“Zorlu Enerji Pakistan”)	Electricity production	Pakistan
Zorlu Wind Pakistan (Private) Ltd. (“Zorlu Wind Pakistan”)	Electricity production	Pakistan
Zorlu Solar Pakistan (Private) Ltd. (“Zorlu Solar Pakistan”)	Electricity production	Pakistan
Zorlu Rüzgar Enerjisi Elektrik Üretimi AŞ (“Zorlu Rüzgar”)	Electricity production	Turkey
Zorlu Doğal Elektrik Üretimi AŞ (“Zorlu Doğal”)	Electricity production	Turkey
Nemrut Jeotermal Elektrik Üretimi AŞ (“Nemrut”)	Electricity production	Turkey
Zorlu Solar Enerji Tedarik ve Ticaret AŞ (“Zorlu Solar”)	Electricity production and solar panel trading	Turkey
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret AŞ (“Zorlu Elektrik”)	Electricity trading	Turkey
Zorlu Osmangazi Enerji Sanayi ve Ticaret AŞ (“Zorlu Osmangazi”) (*)	Electricity distribution and trading	Turkey
Zorlu Enerji İsrail Ltd. (“Zorlu Enerji İsrail”)	Electricity production	Israel
Zorlu Renewable Pakistan (Private) Ltd. (“Zorlu Renewable Pakistan”)	Electricity production	Pakistan
Zorlu Sun Power (Private) Ltd. (“Zorlu Sunpower”)	Electricity production	Pakistan
Zorlu Enerji Dağıtım AŞ (“Zorlu Enerji Dağıtım”) (**)	Gas distribution	Turkey
Zorlu Asia Holding Ltd. (“Zorlu Asia”)	Energy investment	Dubai
Çumra Güneş Enerjisi ve Üretim AŞ (“Çumra”)	Electricity production	Turkey
ZES Dijital Ticaret AŞ (“ZES Dijital”)	Electricity sale, renting of electric vehicle and other	Turkey

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands Turkish Lira (“TL”), unless otherwise indicated.)

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Associates	Nature of business	Country
Dorad Energy Ltd. (“Dorad”)	Electricity production	Israel
Ezotech Electric Ltd. (“Ezotech”) (***)	Electricity trading	Israel
Solad Energy Ltd. (“Solad”)	Electricity production	Israel

(\*) Zorlu Osmangazi has 100% shares of Osmangazi Elektrik Dağıtım AŞ (“OEDAŞ”) and Osmangazi Elektrik Satış Perakende AŞ (“OEPSAŞ”).

(\*\*) Zorlu Enerji Dağıtım, which is 100% owned by Zorlu Enerji, has 90% of the shares of Trakya Bölgesi Doğal Gaz Dağıtım AŞ (“Trakya”) and Gazdaş Gaziantep Doğal Gaz Dağıtım AŞ (“Gazdaş”).

(\*\*\*) Ezotech has 100% shares of Ashdod Energy Ltd. (“Ashdod”) and Ramat Negev Energy Ltd. (“Ramat Negev”).

As at 31 March 2019, the number of personnel employed was 2,200 (31 December 2018: 2,160).

The power plants of the Company located in Turkey and abroad are presented below together with their existing installed capacities:

#### Installed capacity in Turkey:

Power Plant	Company	Location	Type	Electricity Production Capacity (MW)	Steam Production Capacity (Ton/Hour)
<b>Geothermal</b>				<b>305.0</b>	-
Kızıldere I	Zorlu Doğal	Denizli	Geothermal	15.0	-
Kızıldere II	Zorlu Doğal	Denizli	Geothermal	80.0	-
Kızıldere III	Zorlu Doğal	Denizli-Aydın	Geothermal	165.0	-
Alaşehir I	Zorlu Jeotermal	Manisa	Geothermal	45.0	-
<b>Wind</b>				<b>215.3</b>	-
Gökçedağ	Rotor	Osmaniye	Wind	135.0	-
Sarıtepe	Zorlu Rüzgar	Osmaniye	Wind	57.0	-
Demirciler	Zorlu Rüzgar	Osmaniye	Wind	23.3	-
<b>Hydroelectric</b>				<b>118.9</b>	-
Tercan	Zorlu Doğal	Erzincan	Hydroelectric	15.0	-
Kuzgun	Zorlu Doğal	Erzurum	Hydroelectric	20.9	-
Ataköy	Zorlu Doğal	Tokat	Hydroelectric	5.5	-
Mercan	Zorlu Doğal	Tunceli	Hydroelectric	20.4	-
Çıldır	Zorlu Doğal	Kars	Hydroelectric	15.4	-
İkizdere	Zorlu Doğal	Rize	Hydroelectric	24.9	-
Beyköy	Zorlu Doğal	Eskişehir	Hydroelectric	16.8	-
<b>Natural Gas</b>				<b>99.7</b>	<b>239.5</b>
Lüleburgaz	Zorlu Enerji	Lüleburgaz, Kırklareli	Cogeneration Natural Gas	49.5	209.5
Bursa	Zorlu Enerji	Bursa Organized Industrial Zone	Combined-Cycle Natural Gas	34.3	-
Yalova	Zorlu Enerji	Altınova, Yalova	Cogeneration Natural Gas	15.9	30.0
<b>TOTAL</b>				<b>738.9</b>	<b>239.5</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

##### Installed capacity in abroad:

Power Plant	Location	Type	Electricity Production Capacity (MW)	Steam Production Capacity (Ton/Hour)
<b>Wind</b>			<b>56.4</b>	-
Jhimpir	Pakistan	Wind	56.4	-
<b>Natural Gas (*)</b>			<b>290.5</b>	<b>46.4</b>
Dorad	Israel	Combined-Cycle Natural Gas	840.0	-
Ashdod	Israel	Cogeneration Natural Gas	64.5	40.0
Ramat Negev	Israel	Cogeneration Natural Gas	126.4	70.0
<b>TOTAL</b>			<b>346.9</b>	<b>46.4</b>

(\*) Stake of Zorlu Enerji in Israel companies has been taken into consideration in the calculation of total production capacity.

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

##### 2.1 Financial reporting standards

The condensed consolidated interim financial information of the Group have been prepared in accordance with International Accounting Standard 34 (“IAS 34”). The Group maintains its books of account and prepares its statutory financial information in Turkish Lira (“TL”) in accordance with the requirements of the Turkish Commercial Code (the “TCC”), related regulations and tax legislation. This condensed consolidated interim financial information is based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IAS 34.

This condensed consolidated interim financial information is prepared under the historical cost convention, adjusted, where required by IAS 34 to measure certain items at fair value.

The preparation of condensed consolidated interim financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial information are disclosed in Note 2.7.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.2 Basis of consolidation

The condensed consolidated interim financial information include the accounts of the parent company, Zorlu Enerji and its subsidiaries on the basis set out in sections below. The condensed interim financial information of the companies included in the scope of consolidation have been prepared as at the date of the condensed consolidated interim financial information and have been prepared in accordance with IAS 34. The results of subsidiaries are included or excluded from their effective dates of acquisition or disposal, respectively.

#### *Subsidiaries*

Zorlu Enerji controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Zorlu Enerji has power over a subsidiary when Zorlu Enerji has existing rights that give it the current ability to direct the relevant activities that significantly affect the subsidiary’s returns. Power arises from rights and the existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Zorlu Enerji controls another entity.

Subsidiaries including the structured entities are the companies controlled by the Group. The Group’s control is provided by the ability to affect the variable returns through its power over the subsidiaries. Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases.

The balance sheets and statements of profit or loss the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Zorlu Enerji and its subsidiaries are eliminated against the related equity. Intercompany transactions and balances between Zorlu Enerji and its subsidiaries are eliminated with the scope of consolidation accounting.

#### *Disposal of subsidiaries*

If the Group loses control of a subsidiary, it recognizes any investment retained in the former subsidiary at its fair value when control is lost and any difference between the fair value and net book value of investment is accounted for as gain or loss. That fair value shall be regarded as the fair value on initial recognition of a financial asset, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Additionally, assets and liabilities that were previously recognized as other comprehensive income attributable to that subsidiary are accounted for as if those were disposed the Group. This may result in a fact that these amounts previously recognized as other comprehensive income may be classified to profit or loss.

#### *Non-controlling interests*

The minority shares in the net assets and operating results of subsidiaries are separately classified in the consolidated balance sheets and consolidated statements of loss as “non-controlling interests”.

The Group applies a policy of treating transactions with non-controlling interests as transactions with owners of the parent. Regarding the purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also accounted for in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also accounted for in equity.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.2 Basis of consolidation (Continued)

The table below sets out all subsidiaries and demonstrates the proportion of ownership interest as at 31 March 2019 and 31 December 2018. Financial statements of subsidiaries are consolidated using the full consolidation method.

Subsidiaries	Direct ownership interest by the Companies (%)	
	31 March 2019	31 December 2018
Rotor	100.00	100.00
Zorlu Hidroelektrik	100.00	100.00
Zorlu Jeotermal	100.00	100.00
Zorlu Enerji Pakistan	100.00	100.00
Zorlu Wind Pakistan	99.70	99.70
Zorlu Rüzgar (*)	100.00	100.00
Zorlu Doğal	100.00	100.00
Nemrut	75.00	75.00
Zorlu Solar	100.00	100.00
Zorlu Elektrik	100.00	100.00
Zorlu Solar Pakistan	99.70	99.70
Zorlu Osmangazi	100.00	100.00
Zorlu Enerji İsrail	100.00	100.00
Zorlu Renewable Pakistan	99.70	99.70
Zorlu Sun Power	99.70	99.70
Zorlu Enerji Dağıtım	100.00	100.00
Zorlu Asia	100.00	100.00
Çumra (*)	100,00	-
ZES Dijital (*)	100,00	-

(\*) Zorlu Enerji joined ZES Dijital Ticaret Anonim Şirketi, established to perform electricity sales, electric vehicle leasing, electric vehicle charging station installation and energy management system development, and Çumra Güneş Enerjisi ve Üretim Anonim Şirketi, established to invest in renewable energy, as the sole founding shareholder.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.2 Basis of consolidation (Continued)

##### *Investment in Associates*

The Group’s investments in associates are accounted under the equity method of accounting. Investments in associates are undertakings over which the Group generally has between 20% and 50% of the voting rights and the Group has significant influence and which are not subsidiaries or joint ventures of the Group. The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group’s share of net assets of the associates, less any impairment in value. The consolidated statement of income/loss reflects the Group’s share of the results of operations of the associates.

The equity method is abandoned if the carrying value of the investment in the associate is zero or the significant effect of the Group has ended, as long as the Group does not incur an obligation or commitment in relation to the associate. After the Group's share in the associate has decreased to zero, additional provision and recognition of the liability has been incurred if the Group is exposed to legal or constructive obligation or has made payments on behalf of the associate.

The table below sets out all associates and demonstrates the proportion of ownership interest as at 31 March 2019 and 31 December 2018:

Associates	Direct ownership by the Company (%)	
	31 March 2019	31 December 2018
Dorad	25.00	25.00
Ezotech	42.15	42.15
Solad	42.15	42.15

#### 2.3 Amendments in International Financial Reporting Standards

##### *a) Standards, amendments and interpretations applicable as at 31 March 2019:*

- IFRS 9, Financial instruments
- IFRS 15, Revenue from contracts with customers
- Amendments to IFRS 4, Insurance contracts
- Amendment to IAS 40, Investment property
- Amendments to IFRS 2, Share based payments
- Annual improvements 2014-2016
- IFRIC 22, Foreign currency transactions and advance consideration
- Amendment to IAS 28, Investments in associates and joint venture
- IFRS 16, Leases
- IFRIC 23, Uncertainty over income tax treatments
- Annual improvements 2015-2017
- Amendments to IAS 19, Employee benefits on plan amendment, curtailment or settlement

The application of these amendments and interpretations do not have a material affect on the condensed consolidated interim financial information of the Group.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.3 Amendments in International Financial Reporting Standards (Continued)

###### b) *Standards, amendments and interpretations that are issued but not effective as at 31 March 2019:*

- Amendments to IAS 1 and IAS 8 on the definition of material
- Amendments to IFRS 3 - definition of a business
- IFRS 17, Insurance contracts

The Group is evaluating the effect of the aforementioned changes on its consolidated financial statements.

##### 2.4 Changes in significant accounting policies

The condensed consolidated interim financial information for the period then ended 31 March 2019 has been prepared in accordance with IAS 34. Except as described below the accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2018. This condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year then ended 31 December 2018.

###### *Leasing:*

The Group applied first time application requirements of IFRS 16 “Leases” out of the new standards, amendments and interpretations effective from 1 January 2019 in line with the requirement of transition of the related standards.

The effects of this standard-related accounting policy change and the first-time implementation of the relevant standards are as follows:

###### *Group - as a lessee*

If a contract regulates the right to control the use of an asset that is defined in the contract for a certain period and for a specific price, this contract is considered as a lease in its nature or includes a lease transaction. At the beginning of a contract, the Group assesses whether the contract is a lease or include a lease transaction. The Group considers the following conditions when assessing whether or not a contract transfers the right to control the use of a defined asset for a specified period of time:

- a) The existence of a clearly or implicitly identifiable asset that constitutes the subject of the lease.
- b) The lessee has the right to obtain almost all of the economic benefits from the use of the defined asset that constitutes the subject of the lease.
- c) The lessee has the right to manage the use of the defined asset that constitutes the subject of the lease. According to circumstances listed below, the tenant is deemed to have the right to manage the defined asset constituting the subject of the lease;
  - i. The lessee has the right to operate the property for the duration of its use (or to direct others to operate the entity in its own way) and the lessor does not have the right to change these operating instructions or
  - ii. Designing the asset (or certain features of the asset) in advance in a manner of how and for what purpose the asset will be used during its occupancy by the lessee.



## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.4 Changes in significant accounting policies (Continued)

In the event of a contract fulfills these conditions, the Group reflects the existence of a right to use and a lease liability to the consolidated financial statements at the date of the lease's actual start.

##### *The right of use asset*

The right-of-use asset initially recognized by the cost method and includes the followings:

- a) The first measurement amount of the lease liability to be recognized as the right of use asset,
- b) Deduction of all leasing incentives related to the lease, from the first measurement amount of the lease liability recorded as a right of use asset,
- c) All direct costs, that are related to the lease, incurred by the Group to be added to the first measurement amount of the lease liability, which will be recognized as a right of use asset, and
- d) Estimated costs to be incurred by the Group shall be added to the initial measurement amount in relation to the dismantling and transporting of the defined asset constituting the subject of the lease, the restoration of the area in which it is placed, or the restoration of the defined asset as required by the terms and conditions of the lease.

In applying the cost method, the Group measures the right of use asset by:

- a) deducting the accumulated depreciation and accumulated impairment losses and
- b) measuring the cost of the lease in accordance with the re-measurement of the lease liability.

The Group applies depreciation provisions in IAS 16 Property, Plant and Equipment while depreciating the right of use asset. In order to determine whether the right of use asset has been impaired or not and to recognize any impairment losses the IAS 36 “Impairment of Assets” is implemented.

##### *Lease Liability*

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not realized at that date. If the interest rate on the lease can be easily determined, this rate is used in discount; if the implied interest rate cannot be easily determined, the payments are discounted by using the alternative borrowing interest rate of the lessee.

Lease payments that are included in the measurement of the lease liability of the Group and the payments that are not occurred on the date when the lease is actually started consist of the following:

- a) Amount deducted from all types of rental incentive receivables from fixed payments;
- b) Lease payments based on an index or a rate, lease payments made using an index or a rate at the time the initial measurement was actually started.

The penalty for termination of the lease in cases the lessee shows a sign of it will use an option to terminate the lease.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.4 Changes in significant accounting policies (Continued)

After the effective date of the lease, the Group measures its lease liability as follows:

- Increasing the book value by reflecting interest on lease liability
- Reducing the book value by reflecting the lease payments made
- Re-measures the book value to reflect any re-evaluations and reconfigurations, if any. The Group reflects the remeasured amount of the lease obligation to the financial statements as adjustment in the use of right.

#### *Extension and early termination options*

A lease obligation is determined by considering the extension of the contracts and early termination options. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Group and the lessor. However, if such extension and early termination options are at the Group's discretion in accordance with the contract and the use of the options is reasonably certain, the lease term shall be determined by taking this issue into account. If there is a significant change in the conditions, the evaluation is reviewed by the Group.

#### *Facilitative applications*

Short-term lease agreements with a period of 12 months and less, have been assessed under the exemption granted by the IFRS 16 Leases Standard, and payments for these contracts are recognized as an expense in the period in which they are incurred.

#### *First adoption IFRS 16 Leases Standard*

The IFRS 16 Leases standard replaces the IAS 17 Leasing Operations, as of 1 January 2019, and the Group retrospectively (“cumulative effect method”) recognized the cumulative effect of applying the standard on its financial statements at once. Within the scope of the simplified transition application defined in the related standard, the comparative information of the financial statements and retained earnings have not been restated.

Under the first implementation of IFRS 16 Leases, before 1 January 2019, the lease commitments are accounted for as a lease obligation in accordance with IAS 17 in financial statements. This lease liability has been measured at the present value of the lease payments, which have not been realized as of the date of transition, discounted using the alternative borrowing interest rate at the date of initial application of the Group. The right to use of assets are accounted for an amount equal to the lease obligations (adjusted for the amount of prepaid or accrued lease payments) within the scope of simplified transition application in the related standard.

As of 31 March 2019 and 1 January 2019, the details of the right of use assets accounted for in the condensed consolidated interim financial information are as follows:

	31 March 2019	1 January 2019
Buildings	4,494	4,637
Motor vehicles	26,341	29,039
<b>Total right of use asset</b>	<b>30,835</b>	<b>33,676</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.5 Going concern assumption

The Group has prepared its condensed consolidated interim financial information on a going concern basis in a foreseeable future. The Group is at investment stage and some portion of its investments are financed through borrowings and some portion through capital injection. As at 31 March 2019, the gross profit and EBITDA of the Group are TL388,671 thousand and TL512,355 thousand, respectively. The Group has TL363,873 thousand of accumulated loss and TL18,262 thousand of net income as at and for the period ending 31 March 2019. Besides, the Group’s current liabilities exceeds its current assets by TL3,122,206 thousand.

It is expected that the Group’s projects will have a positive impact on the current ratio, and thus, on profitability.

Since major portion of the Group’s electricity sales is at pre-determined prices in USD within the scope of Renewable Energy Sources Mechanism (“YEKDEM”), it affects the gross profit as positively. In addition, foreign exchange losses arising from borrowings of the Companies which sell electricity in scope of YEKDEM have been hedged by the foreign exchange gains arising from the sales indexed to USD mainly.

The Group’s ultimate parent company, Zorlu Holding AŞ has declared its intend to provide necessary support to the Group to continue on a going concern basis, in the support letter dated 3 January 2019.

##### 2.6 Comparatives and restatement of prior year financial statements

The condensed consolidated interim financial statements of the Group for the current year is prepared in comparison with the prior year in order to be able to determine the financial position and performance trends. For the purposes of effective comparison, comparative condensed consolidated interim financial statements can be reclassified when deemed necessary, where descriptions on significant differences are disclosed.

The Group has performed the following reclassifications:

- Cost of energy purchases within scope of unlicensed electricity production amounts to TL73,921 thousand and other cost items amounts to TL11,265 which were classified under “cost of sales” is offset with “revenues” in condensed interim statement of profit or loss for the period 31 March 2018.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 2.7 Critical accounting estimates, assumptions and judgments

The preparation of condensed consolidated interim financial information in conformity with IAS 34 requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date and the significant judgments are set out below:

*a) Deferred tax asset on cumulative tax losses*

Deferred tax assets are accounted for only where it is likely that related temporary differences and accumulated losses will be recovered through expected future profits. When accounting for deferred tax assets it is necessary to make critical estimations and evaluations with regard to taxable profits in the future periods. According to the future projections, deferred tax assets are recognized on the carryforward tax losses amounts to TL2,607,324 thousand (31 December 2018: TL2,307,599 thousand). Deferred tax asset is not recognized carryforward tax losses for the remaining TL230,469 thousand (31 December 2018: TL130,747 thousand).

*b) Cash flow hedge*

As explained in Note 12, the Group uses investment loans amounting USD1,335,146 thousand and EUR30,161 thousand as a hedging instrument against the USD spot exchange rate risk the Group is exposed to due to highly probable YEKDEM sales income, and applies cash flow hedge accounting as a result of the effectiveness tests performed.

The estimations in budgets for YEKDEM sales income used for effectiveness test include estimations such as sales quantities.

*c) Explanations for revaluation method and fair value measurement*

Group has chosen revaluation method among application methods mentioned under IAS 16 with respect to measurement and disclosure of the Group’s power plants at fair value commencing from 31 December 2013. On 30 September 2018, A A Baig & Co. Chartered Accountants was given the authority to determine the market value of the power plant belonging to Zorlu Enerji Pakistan, and on 30 September 2018 and 31 December 2018, Avrupa Gayrimenkul Değerleme ve Danışmanlık AŞ was given the authority to determine the same for power plants installed in Turkey. The cost method was used for the valuation of plants that belong to Zorlu Enerji, and the income method (income capitalisation-DCF) was used for the valuation of other plants.

The assumptions used for the valuation of plants other than those belong to Zorlu Enerji Pakistan are mainly: USD weighted average cost of capital rate of 10%, risk free rate of 8% and risk premium rate of 2%, and the assumption used for the valuation of the plant that belongs to Zorlu Enerji Pakistan is mainly: USD weighted average cost of capital of 9.69%.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.7 Critical accounting estimates, assumptions and judgments

##### d) *Uninvoiced sales*

The costs of active energy and retail sale services provided to the customer but not invoiced are recognised at estimated amounts. Unbilled electricity costs of active energy and retail sale services are reflected in the consolidated financial statements by multiplying the relevant period’s tariff prices by the difference between the date of the customer’s most recent meter reading and the last day of the relevant period.

##### e) *Provisions*

The Group management is reflecting the best estimation to the consolidated financial statements based on the best available data and results might differ when fulfilling the liabilities.

As at 31 March 2019, the Group is subject to certain lawsuits. Depending on the reviews of legal counsels, Group is evaluating the probable results of these lawsuits and reserving required provisions in consolidated financial statements.

#### 2.8 Seasonality of Operations

Business volume shows seasonal changes according to the structure of the industry in which the Group operates. In the gas distribution segment, business volume is higher in the first and fourth quarters corresponding to winter months and for the wind and hydroelectric power plants, which are under production and trading segment, business volumes are higher in second and third quarters and in the fourth quarter of the year, respectively. Seasonality does not have a significant impact on the volume of business in the remaining segments of the Group.

#### 2.9 Financial risk management

##### *Foreign exchange risk*

The sources used by the Company in financing its investments are predominantly foreign currency denominated. The Company is exposed to foreign exchange risk arising from the translation of the amounts denominated in USD and EUR. In order to eliminate these risks, protection policies are applied in order to use various derivative instruments. In addition, foreign exchange losses arising from borrowings of the Companies which sell electricity in scope of YEKDEM have been hedged by the foreign exchange gains arising from the sales indexed to USD mainly (Note 12).

Foreign currency denominated assets and liabilities held by the Group as at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	31 December 2018
Assets	2,272,298	2,377,341
Liabilities	(9,565,012)	(9,546,047)
Net position of derivative financial instruments	(390,724)	(365,212)
<b>Foreign currency position, (net)</b>	<b>(7,683,438)</b>	<b>(7,533,918)</b>

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

#### 2.9 Financial risk management (Continued)

TL equivalent of assets and liabilities denominated in foreign currency held by the Group at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019					31 December 2018				
	TL equivalent	USD	Euro	NIS	JPY	TL equivalent	USD	Euro	NIS	JPY
Cash and cash equivalents	45,140	7,556	294	488	1	206,719	39,087	67	488	1
Trade receivables	17,201	2,845	188	-	-	8,754	1,531	116	-	-
Due from related parties - short term	871,573	148,309	5,008	3,340	-	936,574	171,854	5,033	1,523	-
Due from related parties - long term	1,301,307	201,599	-	107,377	-	1,184,359	224,788	-	1,267	-
Other	37,077	3,417	2,824	-	-	40,935	3,011	4,163	-	-
<b>Total assets</b>	<b>2,272,298</b>	<b>363,726</b>	<b>8,314</b>	<b>111,205</b>	<b>1</b>	<b>2,377,341</b>	<b>440,271</b>	<b>9,379</b>	<b>3,278</b>	<b>1</b>
Trade payables	369,069	45,011	18,315	-	-	421,230	54,670	22,166	-	-
Short term financial liabilities	1,900,457	313,065	21,903	-	-	2,153,988	353,493	48,821	-	-
Due to related parties - short term	4,732	841	-	-	-	2,694	512	-	-	-
Due to related parties - long term	-	-	-	-	-	2,120	403	-	-	-
Long term financial liabilities	7,229,201	1,215,386	61,487	-	-	6,950,469	1,273,724	41,396	-	-
Other	61,553	10,936	-	-	-	15,546	2,955	-	-	-
<b>Total liabilities</b>	<b>9,565,012</b>	<b>1,585,239</b>	<b>101,705</b>	<b>-</b>	<b>-</b>	<b>9,546,047</b>	<b>1,685,757</b>	<b>112,383</b>	<b>-</b>	<b>-</b>
<b>Net foreign currency position</b>	<b>(7,292,714)</b>	<b>(1,221,513)</b>	<b>(93,391)</b>	<b>111,205</b>	<b>1</b>	<b>(7,168,706)</b>	<b>(1,245,486)</b>	<b>(103,004)</b>	<b>3,278</b>	<b>1</b>
<b>Net position of derivative financial instruments</b>	<b>(390,724)</b>	<b>(69,420)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(365,212)</b>	<b>(69,420)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net foreign currency position</b>	<b>(7,683,438)</b>	<b>(1,290,933)</b>	<b>(93,391)</b>	<b>111,205</b>	<b>1</b>	<b>(7,533,918)</b>	<b>(1,314,906)</b>	<b>(103,004)</b>	<b>3,278</b>	<b>1</b>

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

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

#### 2.9 Financial risk management (Continued)

The Group is mainly exposed to foreign exchange risk through the impact of rate changes in the translation of USD, EUR and NIS currencies denominated assets and liabilities to local currency. As at 31 March 2019 and 31 December 2018, had the TL appreciated or depreciated by 20% against USD, EUR and NIS with all other variables held constant, the effect over current period consolidated net income and equity would be as follows:

	31 March 2019 Gain/(Loss)		31 March 2019 Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of 20% appreciation of USD against TL:</b>				
USD net asset/(liability)	(1,453,178)	1,453,178	(1,453,178)	1,453,178
Amount hedged for USD risk (-)	1,502,947	(1,502,947)	-	-
<b>USD net effect</b>	<b>49,769</b>	<b>(49,769)</b>	<b>(1,453,178)</b>	<b>1,453,178</b>
<b>In case of 20% appreciation of EUR against TL:</b>				
EUR net asset/(liability)	(118,024)	118,024	(118,024)	118,024
Amount hedged for EUR risk (-)	-	-	-	-
<b>EUR net effect</b>	<b>(118,024)</b>	<b>118,024</b>	<b>(118,024)</b>	<b>118,024</b>
<b>In case of 20% appreciation of NIS against TL:</b>				
NIS net asset/(liability)	34,514	(34,514)	34,514	(34,514)
Amount hedged for NIS risk (-)	-	-	-	-
<b>NIS net effect</b>	<b>34,514</b>	<b>(34,514)</b>	<b>34,514</b>	<b>(34,514)</b>
<b>Total net effect</b>	<b>(33,741)</b>	<b>33,741</b>	<b>(1,536,688)</b>	<b>1,536,688</b>

The Group uses investment loans amounting to USD1,335,146 thousand and EUR30,161 thousand as a hedging instrument against the USD spot exchange rate risk the Group is exposed to due to highly probable YEKDEM sales income, and applies cash flow hedge accounting as a result of the effectiveness tests performed. The sensitivity analysis of the foreign currency hedged loans amounting to EUR 30.161 thousand belonging to Zorlu Rüzgar is not included in the table above, since all assets and liabilities of Zorlu Rüzgar are classified as non-current assets / liabilities classified as held for sale.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

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

#### 2.9 Financial risk management (Continued)

	31 December 2018 Gain/(Loss)		31 December 2018 Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of 20% appreciation of USD against TL:</b>				
USD net asset/(liability)	(1,383,518)	1,383,518	(1,383,518)	1,383,518
Amount hedged for USD risk (-)	1,034,726	(1,034,726)	-	-
<b>USD net effect</b>	<b>(348,792)</b>	<b>348,792</b>	<b>(1,383,518)</b>	<b>1,383,518</b>
<b>In case of 20% appreciation of EUR against TL:</b>				
EUR net asset/(liability)	(124,182)	124,182	(124,182)	124,182
Amount hedged for EUR risk (-)	-	-	-	-
<b>EUR net effect</b>	<b>(124,182)</b>	<b>124,182</b>	<b>(124,182)</b>	<b>124,182</b>
<b>In case of 20% appreciation of NIS against TL:</b>				
NIS net asset/(liability)	916	(916)	916	(916)
Amount hedged for NIS risk (-)	-	-	-	-
<b>NIS net effect</b>	<b>916</b>	<b>(916)</b>	<b>916</b>	<b>(916)</b>
<b>Total net effect</b>	<b>(472,058)</b>	<b>472,058</b>	<b>(1,506,784)</b>	<b>1,506,784</b>

### NOTE 3 - SEGMENT REPORTING

Group management has determined the reportable parts of the Group as distribution of electricity and distribution of gas, retail and wholesale of electricity and producing and trading according to the activity groups.

Decision making authority of the Group considers Earnings before interest, taxes, depreciation and amortization ("EBITDA") as the most appropriate method for comparability with other companies within the same industry. The segment information in industrial basis is presented below:

1 January – 31 March 2019	Electricity distribution	Gas distribution and parent	Retail and wholesale	Production/trading and other	Consolidation adjustments	Consolidation total
Revenue	190,973	573,901	1,012,336	433,554	(339,921)	1,870,843
Cost of sales	(103,964)	(511,628)	(950,622)	(255,542)	339,584	(1,482,172)
Gross profit	87,009	62,273	61,714	178,012	(337)	388,671
Operating income/(expenses)	(15,516)	(5,259)	(14,553)	(13,984)	(3,809)	(53,121)
Amortisation and depreciation expenses (*)	2,201	2,568	634	104,431	4,885	114,719
Weighted average cost of capital ("WACC") correction (**)	41,087	20,999	-	-	-	62,086
EBITDA	114,781	80,581	47,795	268,459	739	512,355
Financial income/(expenses), net	(49,575)	(57,284)	27,386	(263,567)	-	(343,040)
Tax income/(expense)	(11,254)	(15,689)	(17,370)	16,729	3,508	(24,076)



# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

### NOTE 3 - SEGMENT REPORTING (Continued)

1 January – 31 March 2018	Electricity distribution	Gas distribution and parent	Retail and wholesale	Production/trading and other	Consolidation adjustments	Consolidation total
Revenue	160,791	-	637,191	434,173	(382,243)	849,912
Cost of sales	(73,762)	-	(604,406)	(320,300)	381,547	(616,921)
Gross profit	87,029	-	32,785	113,873	(696)	232,991
Operating income/(expenses)	(13,003)	-	(10,505)	(19,200)	(3,694)	(46,402)
Amortisation and depreciation expenses (*)	-	-	547	72,855	4,390	77,792
Weighted average cost of capital (“WACC”) correction (**)	22,684	-	-	-	-	22,684
EBITDA	96,710	-	22,827	167,528	-	287,065
Financial income/(expenses), net	(11,545)	-	(10,201)	(168,759)	-	(190,505)
Tax income/(expense)	(19,295)	-	(946)	20,067	3,189	3,015

1 January - 31 March 2019	Electricity distribution	Gas distribution and parent	Retail and wholesale	Production/trading and other	Consolidation adjustments	Consolidation total
Segment assets	1,267,815	1,470,175	1,014,275	18,560,703	(4,579,006)	17,733,962
Associates	-	-	-	444,777	-	444,777
Segment liabilities	840,793	2,326,910	926,941	13,347,929	(2,295,388)	15,147,185

1 January - 31 December 2018	Electricity distribution	Gas distribution and parent	Retail and wholesale	Production/trading and other	Consolidation adjustments	Consolidation total
Segment assets	1,306,160	1,542,412	955,470	18,731,610	(4,542,693)	17,992,959
Associates	-	-	-	378,523	-	378,523
Segment liabilities	929,032	2,354,948	927,665	13,065,592	(2,285,565)	14,991,672

(\*) The amortisation and depreciation expenses amounting TL114,719 thousand are related to the amounts in operating expenses and does not consist of the depreciation/amortisation amount classified in other expenses (31 March 2018: TL77,792 thousand).

(\*\*) WACC correction which is related to OEDAŞ, Gazdaş and Trakya, amounts to TL62,086 thousand which is presented in the other income is considered in EBITDA calculation (31 March 2018: TL22,684 thousand).

Reconciliation between EBITDA and income before tax from continued operations is as follows:

	31 March 2019	31 March 2018
EBITDA (*)	512,355	287,065
Amortisation and depreciation expenses	(114,719)	(77,792)
Interest income related to distribution activities	(62,086)	(22,684)
Financial income/(expenses), net	(343,040)	(190,505)
Other operating income/(expenses), net	27,606	8,504
Share of profit of associates	22,222	17,413
<b>Income before tax from continued operations</b>	<b>42,338</b>	<b>22,001</b>

(\*) When considering the Group’s EBITDA related to the year ending 31 March 2019, the EBITDA of Zorlu Enerji’s associates and amounting to TL60,577 thousand (31 March 2018: TL47,068 thousand), which is equivalent to the shares the Group owns, must also be considered.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

#### NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2019	31 December 2018
Cash	141	-
Banks		
- Time deposits	120,701	478,705
- Demand deposits	111,700	119,871
	<b>232,542</b>	<b>598,576</b>

The maturities of time deposits are less than 3 months and the average effective annual interest rates for time deposits are as follows:

	31 March 2019 (%)	31 December 2018 (%)
USD	0.24	0.79
PKR	8.34	5.76
TL	15.85	15.65
EUR	0.02	-

The details of cash and cash equivalents include the following for the purpose of the consolidated statements of cash flows as at 31 March 2019 and 2018:

	31 March 2019	31 March 2018
Cash and cash equivalents	232,542	926,472
Less: Restricted cash	(46,824)	(14,753)
	<b>185,718</b>	<b>911,719</b>

#### NOTE 5 - RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT

	31 March 2019	31 December 2018
Short-term receivables from service concession arrangement	133,048	158,453
Long-term receivables from service concession arrangement	1,185,316	1,167,479
	<b>1,318,364</b>	<b>1,325,932</b>

The receivables from service concession arrangement represent the amounts of the investments not yet recovered by the tariff.

As at 31 March 2019, TL716,844 thousand of the receivables from service concession arrangement is related to OEDAŞ (31 December 2018: TL726,794 thousand) and TL601,520 thousand is related to Gazdaş and Trakya (31 December 2018: TL599,138 thousand).

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 5 - RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT (Continued)

The maturity analysis of receivables from service concession arrangements has shown as below;

	31 March 2019	31 December 2018
Up to 1 years	133,048	158,453
Between 1 to 3 years	266,096	316,906
Between 3 to 5 years	266,096	316,906
More than 5 years	653,124	533,667
	<b>1,318,364</b>	<b>1,325,932</b>

The movements of the receivables from service concession arrangement are as follows:

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Opening balance</b>	<b>1,325,932</b>	<b>639,335</b>
Collections (-)	(25,665)	(23,409)
Indexation differences	18,097	8,045
<b>Closing balance</b>	<b>1,318,364</b>	<b>623,971</b>

#### NOTE 6 - FINANCIAL LIABILITIES

The detail of financial liabilities of the Group as at 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019	31 December 2018
Short-term bank borrowings	791,364	763,761
Lease liabilities	20,516	7,538
<b>Total short-term financial liabilities</b>	<b>811,880</b>	<b>771,299</b>
Short-term portion of long-term bank borrowings	2,002,443	2,076,080
Issued bonds	345,519	351,086
Other issued securities	250,682	164,183
<b>Total short-term portion of long term financial liabilities</b>	<b>2,598,644</b>	<b>2,591,349</b>
Long-term bank borrowings	7,885,952	7,606,374
Other issued marketable securities	165,315	255,118
Lease liabilities	43,589	26,983
<b>Total long-term financial liabilities</b>	<b>8,094,856</b>	<b>7,888,475</b>
<b>Total financial liabilities</b>	<b>11,505,380</b>	<b>11,251,123</b>

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

### NOTE 6 - FINANCIAL LIABILITIES (Continued)

The detail of short-term bank borrowings and lease liabilities of the Group as at 31 March 2019 and 31 December 2018 is as follows:

	Original currency		Weighted average effective interest rate per annum (%)		TL equivalent	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
USD	21,639	31,510	9.24	8.51	121,794	165,773
EUR	4,779	11,374	8.00	8.01	30,198	68,563
TL	651,701	529,259	30.52	33.54	651,701	529,259
Other	206,050	206,050	15.37	11.13	8,187	7,704
					<b>811,880</b>	<b>771,299</b>

The detail of short-term portion of long-term bank borrowings, issued bonds, other issued securities and lease liabilities of the Group as at 31 March 2019 and 31 December 2018 is as follows:

	Original currency		Weighted average effective interest rate per annum (%)		TL equivalent	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
USD	291,426	321,983	8.48	8.61	1,640,262	1,693,921
EUR	17,124	37,447	4.65	4.59	108,203	225,731
TL	843,574	663,492	26.01	25.45	843,574	663,492
Other	166,168	219,431	15.37	11.13	6,605	8,205
					<b>2,598,644</b>	<b>2,591,349</b>

The detail of long-term bank borrowings, issued bonds and other long-term borrowings of the Group as at 31 March 2019 and 31 December 2018 is as follows:

	Original currency		Weighted average effective interest rate per annum (%)		TL equivalent	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
USD	1,215,386	1,273,724	8.48	8.61	6,840,679	6,700,932
EUR	61,487	41,396	4.65	4.59	388,522	249,537
TL	843,720	914,600	26.01	25.45	843,720	914,600
Other	551,834	625,992	15.37	11.13	21,935	23,406
					<b>8,094,856</b>	<b>7,888,475</b>

The commission paid during the period amounting to TL27,340 thousand (31 March 2018: TL33,636 thousand) related to the borrowings obtained by Zorlu Enerji and its subsidiaries from financial institutions are deducted from the total loan amount. Such commission amount is amortized during the term of loans.

Letters of guarantees given, pledges and mortgages related to financial liabilities are explained in Note 11.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 6 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of the borrowings as at 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019	31 December 2018
Up to 1 year	3,410,524	3,362,648
Up to 1 to 2 years	1,970,670	1,842,454
Up to 2 to 3 years	1,296,439	1,222,805
Up to 3 to 4 years	2,078,271	1,188,407
Up to 4 to 5 years	742,561	1,587,117
More than 5 years	2,006,915	2,047,692
	<b>11,505,380</b>	<b>11,251,123</b>

The movements of financial liabilities for the period 1 January - 31 March 2019 and 2018 are as follow:

	2019	2018
<b>As at 1 January</b>	<b>11,251,123</b>	<b>7,389,473</b>
Cash inflows from borrowings	28,329	1,319,259
Cash inflows from issued debt instruments	123,913	139,000
Cash inflows from other financial liabilities	-	920
Cash outflows due to the repayment of bank borrowings	(349,765)	(317,437)
Cash outflows from debt repayments of issued debt instruments	(110,520)	(54,000)
Cash outflows related to debt payments due to lease agreements	(5,121)	-
The impact of transition to IFRS 16	33,676	-
Change in exchange differences and interest accruals	546,209	345,998
Other classifications	(12,464)	(19,218)
<b>As at 31 March</b>	<b>11,505,380</b>	<b>8,803,995</b>

The Group has an obligation to comply with the various loan commitments in the loan agreements. Financial ratios are in compliance with the provisions of the loan agreements.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

### NOTE 7 - OTHER RECEIVABLES AND PAYABLES

#### a) Short-term other receivables:

	31 March 2019	31 December 2018
Other receivables from related parties (Note 18)	909,970	986,313
Other	69,080	33,269
	<b>979,050</b>	<b>1,019,582</b>

#### b) Long-term other receivables:

	31 March 2019	31 December 2018
Other receivables from related parties (Note 18)	1,301,308	1,184,359
Other	31	-
	<b>1,301,339</b>	<b>1,184,359</b>

#### c) Short-term other payables:

	31 March 2019	31 December 2018
Deposit received	693,347	688,969
Other payables to related parties (Note 18)	23,691	28,604
Other	20,404	20,769
	<b>737,442</b>	<b>738,342</b>

Movement for deposit received is as follows:

	2019	2018
<b>1 January</b>	<b>688,969</b>	<b>207,262</b>
Additions and payments, net	12,310	20,301
Indexation on deposits (Note 16)	(7,932)	4,028
<b>31 March</b>	<b>693,347</b>	<b>231,591</b>

#### d) Long-term other payables:

	31 March 2019	31 December 2018
Other long-term payables	18,773	20,014
	<b>18,773</b>	<b>20,014</b>

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

### NOTE 8 - OTHER ASSETS AND LIABILITIES

#### a) Other current assets:

	31 March 2019	31 December 2018
VAT receivable	80,312	131,745
Renewable energy sources price (YEK) (*)	54,749	74,150
Income accruals regarding natural gas sale	54,638	71,521
Insurance income accruals	33,304	38,231
Advances given	31,152	12,864
Income accruals regarding unbilled electricity	18,783	8,943
Prepaid expenses	14,270	6,378
Income accruals from non-controlling expenses (**)	8,818	10,216
Income accrual related to general quality indicator (***)	6,885	9,180
Other	28,430	23,359
	<b>331,341</b>	<b>386,587</b>

(\*) Turkey introduced the Renewable Energy Resource (RES) law in 2005 and since then has adopted a number of additional RES regulations to supplement this RES law. The difference between the support price of companies producing with renewable energy sources and the market clearing price is causing additional costs, which are distributed to suppliers in proportion to their electricity consumption. RES costs are also included in the 2,38% profit margin calculation with the application that came into use in 2019, and the effects of the costs were recognised in the consolidated financial statements as an income accrual.

(\*\*) EMRA regulates the distribution companies’ revenues and expenses by setting ceiling amounts for distribution revenue and non-controlling expenses. Excess or shortage portions of revenues and expenses ceilings are charged to two years’ later tariffs which is set by EMRA. These portions of revenues and expenses are considered as an adjustment to the tariffs set by EMRA in the following second year from the origination.

(\*\*\*) In 2018, considering the issues included in the application of the quality indicator implemented by EMRA the income accrual is accounted in accordance with the tariff determined by EMRA.

#### b) Other non-current assets:

	31 March 2019	31 December 2018
Investment inventories (*)	76,829	67,842
Income accruals from non-controlling expenses (**)	21,326	22,906
Revenue difference correction component (**)	17,710	29,538
VAT receivable	2,696	15,619
Other	1,644	1,002
	<b>120,205</b>	<b>136,907</b>

(\*) Investment inventories related to Trakya, Gazdaş and OEDAŞ, which are assessed in the scope of the Group’s receivables from service concession arrangements, are recognised under other non-current assets.

(\*\*) EMRA regulates the distribution companies’ revenues and expenses by setting ceiling amounts for distribution revenue and non-controlling expenses. Excess or shortage portions of revenues and expenses ceilings are charged to two years’ later tariffs which is set by EMRA. These portions of revenues and expenses are considered as an adjustment to the tariffs set by EMRA in the following second year from the origination.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

#### NOTE 8 - OTHER ASSETS AND LIABILITIES (Continued)

##### c) Other current liabilities

	31 March 2019	31 December 2018
Taxes and funds payable (including VAT)	101,196	105,933
Advances received	64,886	18,230
Deferred revenue from retail sales gross profit margin	47,255	6,210
Other	21,177	28,529
	<b>234,514</b>	<b>158,902</b>

##### d) Other non-current liabilities

	31 March 2019	31 December 2018
Investment difference correction component (*)	55,851	55,851
Other	800	1,463
	<b>56,651</b>	<b>57,314</b>

(\*) In case of difference between the net investment expenditures made by distribution companies and the investment ceiling considered in the tariff calculations within the framework of the Communiqué Regarding the Arrangement of Distribution System Revenue published by EMRA, the corresponding amortization, real fair value and tax difference amounts, are reflected to the tariff calculations in the following periods taking into consideration in the component calculations.



## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

	1 January 2019	Additions (*)	Transfers	Disposals	Currency translation difference	31 March 2019
<b>Cost:</b>						
Land	134,777	440	-	-	-	135,217
Land improvements	247,319	-	-	-	-	247,319
Buildings	48,077	2	-	-	-	48,079
Plant and machinery	9,225,260	3,171	(5,687)	(2,583)	37,803	9,257,964
Motor vehicles	4,706	-	12,569	-	-	17,275
Furniture and fixtures	42,686	230	-	(106)	-	42,810
Construction work in progress (*)	660,088	19,938	-	-	5,493	685,519
Leasehold improvements	11,556	300	-	-	-	11,856
	<b>10,374,469</b>	<b>24,081</b>	<b>6,882</b>	<b>(2,689)</b>	<b>43,296</b>	<b>10,446,039</b>
<b>Accumulated depreciation:</b>						
Land improvements	42,590	2,456	-	-	-	45,046
Buildings	9,998	399	-	-	-	10,397
Plant and machinery	1,472,422	99,981	(208)	-	9,783	1,581,978
Motor vehicles	2,654	552	3,026	-	-	6,232
Furniture and fixtures	22,423	843	-	(35)	-	23,231
Leasehold improvements	2,796	911	-	-	-	3,707
	<b>1,552,883</b>	<b>105,142</b>	<b>2,818</b>	<b>(35)</b>	<b>9,783</b>	<b>1,670,591</b>
<b>Net book value</b>	<b>8,821,586</b>					<b>8,775,448</b>

(\*) The total investment amount of the Group in first quarter of 2019 was TL19,938 thousand and accounted under property, plant and equipment. TL19,938 thousand of the total investments amounting TL10,065 thousand is related to Kızıldere III JES project, TL7,484 thousand to Alaşehir II JES project, TL879 thousand Tekkehaham project and TL1,510 thousand to the other projects of the Group.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

	1 January 2018	Additions (*)	Transfers (**)	Disposals	Currency Translation	Revaluation fund increase	31 March 2018
<b>Cost:</b>							
Land	57,699	479	(7)	(68)	-	-	58,103
Land improvements	164,605	-	-	-	-	-	164,605
Buildings	43,100	-	-	-	-	-	43,100
Plant and machinery	5,498,727	10,597	637,855	-	1,089	1,446,401	7,594,669
Motor vehicles	1,595	-	-	-	-	-	1,595
Furniture and fixtures	28,180	1,808	814	(16)	-	-	30,786
Construction work in progress (*)	721,005	234,636	(638,662)	-	-	-	316,979
Leasehold improvements	7,492	49	-	-	-	-	7,541
	<b>6,522,403</b>	<b>247,569</b>	<b>-</b>	<b>(84)</b>	<b>1,089</b>	<b>1,446,401</b>	<b>8,217,378</b>
<b>Accumulated depreciation:</b>							
Land improvements	33,332	2,284	-	-	-	-	35,616
Buildings	11,386	216	-	-	-	-	11,602
Plant and machinery	1,138,112	67,767	-	-	88	-	1,205,967
Motor vehicles	843	432	-	-	-	-	1,275
Furniture and fixtures	12,342	492	-	-	-	-	12,834
Leasehold improvements	40	10	-	-	-	-	50
	<b>1,196,055</b>	<b>71,201</b>	<b>-</b>	<b>-</b>	<b>88</b>	<b>-</b>	<b>1,267,344</b>
<b>Net book value</b>	<b>5,326,348</b>						<b>6,950,034</b>

(\*) The total investment amount of the Group in 2018 was TL234,636 thousand and accounted under property, plant and equipment. TL235,483 thousand of the total investments amounting TL164,731 thousand, is related to Kızıldere III JES project, TL38,157 thousand to Solar Pakistan project, TL 13,051 thousand to Pakistan Bahawalpur Project, TL12,084 thousand portion of the project is related to Alaşehir II JES project and TL6,613 thousand is related to other projects of the Group.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

As of 31 March 2019, the net book value of tangible assets acquired by the Group through finance lease amounts to TL37,690 thousand (31 December 2018: TL27,621 thousand).

Group has chosen revaluation method among application methods mentioned under IAS 16 with respect to measurement and disclosure of the Group’s power plants at fair value commencing from 31 December 2013. As at 31 December 2018, the Group has revalued its power plants and the revaluation fund has been accounted in the consolidated balance sheet. The valuation studies related to the domestic power plants at the mentioned date have been performed by Avrupa Gayrimenkul Değerleme ve Danışmanlık AŞ and the valuation study related to the plant established in Pakistan has been performed by A A Baig & Co. Chartered Accountants.

As at 31 March 2019 and 2018, the movements for revaluation fund are as follows:

<b>1 January 2018</b>	<b>648,807</b>
Revaluation fund	1,157,121
Depreciation transfer	(14,549)
<b>31 March 2018</b>	<b>1,791,379</b>
<b>1 January 2019</b>	<b>3,415,981</b>
Depreciation transfer	(47,749)
<b>31 March 2019</b>	<b>3,368,232</b>

Collateral, pledges and mortgages on property, plant and equipment are presented in Note 11.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

### NOTE 10 - INTANGIBLE ASSETS

	1 January 2019	Additions	Transfers	Disposals	Currency translation	31 March 2019
<b>Cost</b>						
Rights	2,532,911	-	(12,569)	(322)	218	2,520,238
-Service concession arrangements	2,031,944	-	-	-	-	2,031,944
-Customer relationships	352,574	-	-	-	-	352,574
-Contract cost	90,472	-	-	-	-	90,472
-Other rights	57,921	-	(12,569)	(322)	218	45,248
Goodwill	622,750	-	-	-	-	622,750
Licenses	11,456	12	-	-	-	11,468
	<b>3,167,117</b>	<b>12</b>	<b>(12,569)</b>	<b>(322)</b>	<b>218</b>	<b>3,154,456</b>
<b>Accumulated amortization</b>						
Rights	209,892	34,343	(3,026)	(313)	-	240,896
-Service concession arrangements	122,248	27,935	-	-	-	150,183
-Customer relationships	33,998	4,390	-	-	-	38,388
-Contract cost	28,885	856	-	-	-	29,741
-Other rights	24,761	1,162	(3,026)	(313)	-	22,584
Licenses	1,454	329	-	-	-	1,783
	<b>211,346</b>	<b>34,672</b>	<b>(3,026)</b>	<b>(313)</b>	<b>-</b>	<b>242,679</b>
<b>Net book value</b>	<b>2,955,771</b>					<b>2,911,777</b>
	1 January 2018	Additions	Transfers	Disposals	Currency translation	31 March 2018
<b>Cost</b>						
Rights	1,334,814	1,793	-	-	-	1,336,607
-Service concession arrangements	918,126	-	-	-	-	918,126
-Customer relationships	352,574	-	-	-	-	352,574
-Other rights	64,114	1,793	-	-	-	65,907
Goodwill	485,368	-	-	-	-	485,368
Licenses	4,537	-	-	-	-	4,537
	<b>1,824,719</b>	<b>1,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,826,512</b>
<b>Accumulated amortization</b>						
Rights	69,523	18,084	-	-	-	87,607
-Service concession arrangements	42,626	11,555	-	-	-	54,181
-Customer relationships	16,194	4,390	-	-	-	20,584
-Other rights	10,703	2,139	-	-	-	12,842
Licenses	1,029	62	-	-	-	1,091
	<b>70,552</b>	<b>18,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,698</b>
<b>Net book value</b>	<b>1,754,167</b>					<b>1,737,814</b>

Breakdown of depreciation and amortisation expenses under cost of sales, marketing expense, general administrative expense and other operating expense have been presented in Note 15 and Note 16.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

##### 11.1 Contingent assets

	Currency	31 March 2019		31 December 2018	
		Original amount	TL equivalent	Original amount	TL equivalent
Letters of guarantees received	TL	297,094	297,094	283,041	283,041
Letters of guarantees received	USD	6,067	34,148	6,405	33,696
Letters of guarantees received	EUR	3,722	23,519	3,866	23,304
Cheques received	TL	39,349	39,349	19,168	19,168
Cheques received	USD	865	4,869	1,076	5,661
Cheques received	EUR	295	1,864	229	1,380
			<b>400,843</b>		<b>366,250</b>

Guarantee letters received consist of the letters, cheques and notes received from customers in relation to the Group’s operations.

##### 11.2 Letters of guarantees/pledges/mortgages given

The commitments and contingent liabilities of the Group are summarized as follows:

	Original currency	31 March 2019		31 December 2018	
		Original amount	TL equivalent	Original equivalent	TL amount
Letters of guarantees given	TL	2,803,459	2,803,459	2,803,751	2,803,751
Letters of guarantees given	EUR	179,335	1,133,182	180,786	1,089,777
Letters of guarantees given	USD	166,853	939,115	166,853	877,797
Letters of guarantees given	PKR	1,875,000	74,531	1,875,000	70,106
Letters of guarantees given	NIS	7,298	11,325	-	-
			<b>4,961,612</b>		<b>4,841,431</b>

Letters of guarantees given generally consist of letters given to government agencies for the electricity and gas transmission and distribution (mainly to “EMRA” and government agencies providing electricity and gas transmission and distribution) and natural gas suppliers for the procurement of natural gas and banks for borrowings obtained.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

The Group’s guarantees, pledges and mortgages (“GPM”) as at 31 March 2019 and 31 December 2018 are summarized as follows:

	31 March 2019			31 December 2018	
	Original currency	Original amount	TL equivalent	Original equivalent	TL amount
<b>GPM’s given by the Group</b>					
Total amount of GPM’s given for companies’ own legal entity					
	USD	146,100	822,309	143,807	756,554
	EUR	171,685	1,084,843	173,136	1,043,663
	TL	2,776,654	2,776,654	2,775,233	2,775,233
	PKR	1,875,000	74,531	1,875,000	70,106
Total amount of GPM given for the subsidiaries and associates in the full scope of consolidation					
	TL	26,805	26,805	28,518	28,518
	USD	564	3,174	564	2,967
	EUR	7,300	46,127	7,300	44,004
	NIS	7,298	11,325	-	-
Total amount of GPM given for the purpose of maintaining operating activities					
	USD	20,189	113,632	22,482	118,276
	EUR	350	2,212	350	2,110
Total amount of other GPMs given					
		-	-	-	-
			<b>4,961,612</b>		<b>4,841,431</b>

The ratio of other guarantees, pledges and mortgages given by the Group to the total equity is 0% as at 31 March 2019 (31 December 2018: 0%).

Details concerning the guarantees, pledges and mortgages that the Company and its subsidiaries gave within the scope of project financing loans and on behalf of their legal entities are given below:

#### *Rotor Elektrik Üretim AŞ*

Rotor has signed a long-term loan agreement with the consortium of a group of financial institutions amounts to EUR130 million as at 8 May 2009 related to the 135 MW electricity production powerplant located in Osmaniye. In addition to the loan agreement, mortgage, commercial enterprise pledge, share pledge, account pledge, assignment of receivables and assignment of insurance receivables agreements are signed. As per mortgage agreement signed between the Company and the Bank, a pledge amounts to EUR130,000,000 has placed on the property of the Company. As per commercial pledge agreement, a commercial pledge amounts to TL501,725,000 has placed on Company’s fixed assets and it is included in the collateral, pledges and mortgages given by the Company note. Commercial enterprise pledge upper limit is EUR235,000,000. Zorlu Holding and Zorlu Enerji are guarantor for Rotor’s loan obtained from the consortium of several financial institutions amounting EUR130 million.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

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

##### *Zorlu Enerji Pakistan Ltd.*

As at 26 October 2011, Zorlu Enerji Pakistan Ltd. subsidiary of Zorlu Enerji, signed a long term loan agreement with International Finance Corporation ("IFC"), the Asian Development Bank ("ADB"), Eco Trade and Development Bank ("ECO") and local consortium leader Habib Bank Limited ("HBL") amounting USD111million with a maturity of up to 12 years for financing of its wind energy power plant with a capacity of 56.4 MW in Pakistan/Jhimpir established in Jhimpir, the Sindh region of Pakistan. Zorlu Holding is guarantor for this loan. In addition to the loan agreement, account pledge, share pledge, assignment of insurance receivables, pledge on deed, assignment of project rights and mortgage agreements are signed. As per mortgage agreement signed between Zorlu Enerji Pakistan and the Bank, a pledge amounts to USD118,625,000 and PKR1,875,000,000 has placed on the property of the Company.

##### *Zorlu Dođal*

On 27 October 2015, a loan agreement amounts to USD815 million (USD785 million in cash and USD30 million in non-cash) and having a 14 years term has been signed on 27 October 2015 between Zorlu Dođal, Akbank TAŞ, Türkiye Garanti Bankası AŞ, Türkiye İş Bankası AŞ and Türkiye Sınai Kalkınma Bankası AŞ for the refinancing of its existing debts and for financing the investment in the Kızıldere III geothermal power plant, which is planned to be constructed in Denizli. In addition to the said loan agreement, account pledge, share pledge, assignment of receivables and assignment of shareholder receivables agreement are signed. Also, Zorlu Dođal signed a loan agreement amounts to USD190 million with European Bank for Reconstruction and Development ("EBRD"), Akbank TAŞ, Türkiye İş Bankası AŞ and Türkiye Sınai Kalkınma Bankası AŞ on 6 April 2017 for the purpose of financing the second unit (65.5 MW) of the Kızıldere III Geothermal Energy Plant. In addition to the loan contract, they also signed contracts for an account pledge, a share pledge, the transfer of receivables and stakeholder receivables transfers. EPIAŞ's receivable transfer amount cap in the scope of the transfer of receivables agreement is TL9,500,000 thousand. Since EPIAŞ's receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Company note. Zorlu Holding and Zorlu Enerji are guarantor for Zorlu Dođal's loan obtained amounts to USD965 million and TL61 million.

##### *Zorlu Jeotermal*

The 14 year term loan agreement has been signed on 25 November 2013 between Zorlu Jeotermal and Yapı Kredi AŞ with a credit line up to USD113million in order to finance the project. Pursuant to the material disclosure dated 24 June 2015, the project capacity was increased to 45MW. Hence, an amended loan agreement was signed between aforementioned parties and the credit line were increased to USD148 million. In addition to the said loan agreement, account pledge, share pledge, assignment of receivables and assignment of shareholder receivables agreement are signed. In addition to the aforementioned credit agreement, account pledge, share pledge, consecutive lending and takeover contracts were signed. As per the Commercial Enterprise Pledge Contract, a commercial enterprise lien equal to TL1,060,800 thousand was granted. As per the transfer of receivables agreement, the cap for the receivable transfer amount of EPIAŞ was determined to be TL2,155,000 thousand. Since the EPIAŞ receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Company note. Zorlu Holding is guarantor for Zorlu Jeotermal's loan obtained from Yapı ve Kredi AŞ amounting USD148 million.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

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

##### *Zorlu Rüzgar Enerjisi Elektrik Üretimi AŞ*

Pursuant to the material disclosure dated 24 November 2014, Zorlu Rüzgar, which is 100% subsidiary of the Company, signed two loan agreements amounts to EUR40 million with Türkiye Sınai Kalkınma Bankası and EUR41.3 million with Bayerische Landesbank as a part of ECA financing with German Trade Finance Agency (Euler Hermes) contribution, in order to finance Saritepe and Demirciler wind power plant projects which are planned to established in Bahçe/Osmaniye and to have 80.3 MW installed capacity. In addition to the loan agreement, account pledge, share pledge, assignment of receivables, assignment of electricity production license, and commercial enterprise pledge agreements are signed. As per commercial pledge agreement, a commercial pledge amounts to TL193 thousand has placed on Company's fixed assets. As per the transfer of receivables agreement, the cap for the EPIAŞ receivable transfer amount is TL870,000 thousand. Since the EPIAŞ receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Company note. Zorlu Enerji is guarantor for Zorlu Rüzgar's loan obtained amounts to EUR80,6 million loan obtained from Türkiye Sınai Kalkınma Bankası and Bayerische Landesbank.

##### *Zorlu Enerji*

Since Katılım Varlık Kiralama AŞ and TFKB Varlık Kiralama AŞ is the issuer and Zorlu Enerji is the beneficiary of the funds in the sukuk transaction, which amounts to TL200 million and was issued on 3 October 2017 and 20 April 2018 and also amounts to TL100 million and was issued on 24 March 2015, Zorlu Enerji and Zorlu Holding became the guarantor of Katılım Varlık Kiralama AŞ and TFKB Varlık Kiralama AŞ.

As per the sale of the Lüleburgaz steam generator of Zorlu Enerji, a sell and lease-back financial leasing agreement was signed between Şeker Finansal Kiralama AŞ and Zorlu Enerji on 24 August 2017. Zorlu Holding is guarantor for the financial leasing liabilities of Zorlu Enerji resulted from sell and lease back agreement signed for the sale of steam generator. The receivables of Zorlu Enerji arising from the steam agreement with Zorluteks Tekstil Tic. ve San. AŞ ("Zorluteks") were transferred to Şeker Finansal Kiralama AŞ in the scope of financial leasing transactions.

Zorlu Holding is guarantor for Zorlu Enerji's loan obtained from Export Development Canada amounts to USD100 million and loan obtained from Kuwait Investment Authority amounts to USD250 million.

##### *Gazdaş*

On 29 June 2015, a loan agreement with a term of 12 years for the amount of USD102 million was signed with Akbank and Yapı ve Kredi Bankası for use in the expansion investments to be made by Gazdaş in the scope of natural gas distribution licence expansion in the Gaziantep region. In this agreement, Zorlu Holding is a guarantor, and Trakya and Gazdaş are guarantors for each other. In addition to the said loan agreement, an account pledge agreement, transfer of consecutive receivables and a share collateral agreement, a licence transfer contract and an account pledge agreement worth TL29,250 thousand were signed.



## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

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

##### *Trakya*

On 29 June 2015, a loan agreement with a term of 12 years for the amount of USD114 million was signed with Akbank and Yapı ve Kredi Bankası for use in the expansion investments to be made by Trakya in the scope of natural gas distribution licence expansion in the Gaziantep region. In this agreement, Zorlu Holding is a guarantor, and Trakya and Gazdaş are guarantors for each other. In addition to the said loan agreement, an account pledge agreement, transfer of consecutive receivables and a share collateral agreement, a licence transfer contract and an account pledge agreement worth TL63,500 thousand were signed.

##### *OEDAŞ*

OEDAŞ, the European Bank for Reconstruction and Development (“EBRD”), the International Finance Corporation (“IFC”), Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. (“FMO”) and Denizbank AŞ signed project financing agreements for a loan with a maximum amount of USD330 million. In addition to the loan agreement, agreements for receivable transfer, account pledge, transfer of consecutive receivables and share collateral amounting to TL47,743 thousand were signed. Zorlu Enerji Elektrik Üretim AŞ(“Zorlu Enerji”), Zorlu Holding and Zorlu Osmangazi were co-signers as the guarantors for OEDAŞ’s loan in the amount of TL596 million, which was provided from EBRD, IFC, FMO and Denizbank. And also, TL52,126 thousand and TL 1,150,050 thousand shares pledge agreements were signed for OEPSAŞ and Zorlu Osmangazi, respectively.

Zorlu Holding and Zorlu Enerji co-signed as guarantors on the financial debts that the Group obtained from various banks, except for the collateral, mortgages and liens related to the project financing loans mentioned above.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

### NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS

#### Derivative financial instruments

31 March 2019								
	Contract amount (USD)	Contract amount (EUR)	Contract amount (TL)	Total contract amount (TL)	Fair value asset	Fair value liability	Carried at fair value through profit or loss	Carried at fair value under hedge reserves (**)
Cross currency swap agreements held for hedging (*)	-	32,381	-	204,609	-	(6,971)	(2,658)	(9,470)
Cross currency swap agreements (*)	69,420	-	-	390,724	4,001	-	6,192	-
Interest rate swap agreements	-	-	62,680	62,680	3,962	-	(1,186)	-
Interest rate swap agreements held for hedging	655,235	-	-	3,687,925	-	(74,856)	(15,846)	(35,671)
	<b>724,655</b>	<b>32,381</b>	<b>62,680</b>	<b>4,345,938</b>	<b>7,963</b>	<b>(81,827)</b>	<b>(13,498)</b>	<b>(45,141)</b>
31 December 2018								
	Contract amount (USD)	Contract amount (EUR)	Contract amount (TL)	Total contract amount (TL)	Fair value asset	Fair value liability	Carried at fair value through profit or loss	Carried at fair value under hedge reserves (**)
Cross currency swap agreements held for hedging (*)	-	32,381	-	195,193	-	(3,651)	(2,929)	(4,929)
Cross currency swap agreements (*)	69,420	-	-	365,212	-	(2,191)	(27,909)	-
Interest rate swap agreements	-	-	340,630	340,630	5,148	-	12,679	-
Interest rate swap agreements held for hedging	655,235	-	-	3,447,126	-	(35,756)	(233)	(16,434)
	<b>724,655</b>	<b>32,381</b>	<b>340,630</b>	<b>4,348,161</b>	<b>5,148</b>	<b>(41,598)</b>	<b>(18,392)</b>	<b>(21,363)</b>

(\*) The remaining transaction (principal) amount as of 31 March 2019, which refers to the original contract amount at the cross exchange trade transactions date amounts to TL 572,871 thousand.

(\*\*) The amount was presented as netted off deferred tax in “Hedge Reseves” account under equity.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments are initially recognized in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group consist of interest rate swap and cross currency swaps.

On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognized asset or liability (“fair value hedge”) or a hedge of a forecasted transaction or a firm commitment (“cash flow hedge”). Interest rate swap transactions provide effective economic hedges under the Group risk management position and qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for hedging. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in “Other comprehensive income/(expenses) to be reclassified to profit or loss” under “hedge reserves” whereas ineffective portion is recognized in the consolidated statement of profit or loss. Amounts recognized under equity are transferred to the consolidated statement of profit or loss in the period in which the hedged firm commitment or forecasted transaction affects the consolidated statement of profit or loss.

As at 31 March 2019, the Group has a forward purchase commitment amounts to USD69,420 thousand and EUR32,381 thousand against a sale commitment of TL314,554 thousand and USD37,719 thousand.

#### Non-derivative financial instruments

	<u>31 March 2019</u>			<u>31 December 2018</u>		
	Original amount USD	Carried at fair value through other comprehensive income EUR	Carried at fair value through other comprehensive income (TL) (*)	Original amount USD	Carried at fair value through other comprehensive income EUR	Carried at fair value through other comprehensive income (TL) (*)
Hedged amount for foreign currency risk	1,335,146	30,161	(2,362,614)	983,412	29,688	(1,962,737)
	<b>1,335,146</b>	<b>30,161</b>	<b>(2,362,614)</b>	<b>983,412</b>	<b>29,688</b>	<b>(1,962,737)</b>

(\*) The Group uses investment loans amounting to USD1,335,146 thousand and EUR30,161 thousand as a hedging instrument against the USD spot exchange rate risk the Group is exposed to due to highly probable YEKDEM sales income, and applies cash flow hedge accounting as a result of the effectiveness tests performed.

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

### NOTE 13 - EQUITY

#### Share capital

	31 March 2019	31 December 2018
Limit on registered share capital	3,000,000	3,000,000
Issued capital	2,000,000	2,000,000

The Group's shareholders and shareholding structure as at 31 March 2019 and 31 December 2018 are as follows:

	Share (%)	31 March 2019	Share (%)	31 December 2018
Zorlu Holding (*)	48.7	974,478	48.7	974,478
Korteks	17.5	350,949	17.5	350,949
Publicly held (**)	32.0	639,623	32.0	639,623
Other	1.8	34,950	1.8	34,950
	<b>100.0</b>	<b>2,000,000</b>	<b>100.0</b>	<b>2,000,000</b>
<b>Adjustment to share capital</b>		<b>110,948</b>		<b>110,948</b>
<b>Total</b>		<b>2,110,948</b>		<b>2,110,948</b>

(\*) Zorlu Holding AŞ raised its share in the Company from 45.7% to 48.7% by acquiring Zorlu Enerji's shares with TL59,813 thousand nominal value on 28 June 2018, which represented 2.99% of company capital.

(\*\*) TL329,207 thousand and the portion equivalent to 16.46% of the total capital represent the shares that belong to Zorlu Holding.

### NOTE 14 - TAXES ON INCOME

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements prepared by the parent company, which include its affiliates and associates. Accordingly tax considerations reflected in these consolidated financial statements have calculated separately for each of the companies in the scope of the consolidation.

In Turkey, corporation tax is payable at a rate of 22% for 2019 and 2018. Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government. Within the scope of the Law regarding Amendments to Certain Tax Laws and Other Laws No. 7061, which went into effect after promulgation in the Official Gazette dated 5 December 2017, the corporate income tax rate was raised from 20% to 22% for 2018, 2019 and 2020.

The taxation on income and expense for the Group for the period ended 31 March 2019 and 2018 is summarised as follows:

	1 January - 31 March 2019	1 January - 31 March 2018
Current period tax expense	(16,656)	(13,559)
Deferred tax (expense)/income	(7,420)	16,574
<b>Total tax (expense)/income</b>	<b>(24,076)</b>	<b>3,015</b>

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

### NOTE 14 - TAXES ON INCOME (Continued)

The reconciliation of taxation on income for the period ended 31 March 2019 and 2018 is as follows:

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Profit before tax</b>	<b>42,338</b>	<b>22,001</b>
Local tax rate	22%	22%
Tax expense calculated with effective tax rate	(9,314)	(4,840)
Deductions and exemptions	35,992	21,473
Additions	(21,934)	(96,575)
Tax losses and other tax advantages (net effect)	(38,057)	82,419
Effect of tax rate change	5,334	-
Share of profit of associates	4,889	3,831
Other	(986)	(3,293)
<b>Current income (expense)/tax income</b>	<b>(24,076)</b>	<b>3,015</b>

### Deferred taxes

The Group recognizes deferred income tax based on all temporary differences arising between their financial statements as reported for IFRS and its statutory tax financial statements.

Within the scope of the Law regarding Amendments to Certain Tax Laws and Other Laws No. 7061, which went into effect after promulgation in the Official Gazette dated 5 December 2017, the corporate income tax rate was raised from 20% to 22% for 2018, 2019 and 2020. As per the said law, in the financial statements dated 31 March 2019, the deferred tax assets and liabilities were calculated using a tax rate of 22% for the portion of the temporary differences that will have a tax impact in 2019 and 2020, and using a tax rate of 20% for the portion of the temporary differences that will have a tax impact in 2021 and thereafter (31 December 2018: 22%).

	31 March 2019		31 December 2018	
Deferred tax assets	317,718		312,084	
Deferred tax liabilities	(671,199)		(761,300)	
<b>Deferred tax assets/(liabilities), net</b>	<b>(353,481)</b>		<b>(449,216)</b>	
	<u>Temporary differences</u>		<u>Deferred tax assets/(liabilities)</u>	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Property, plant and equipment	3,403,472	3,513,914	(648,878)	(696,572)
Carry forward tax losses	(2,607,324)	(2,307,599)	555,912	492,729
Receivables from service concession arrangements	1,318,364	1,325,932	(278,557)	(280,267)
Credit commission and unearned credit finance expense	230,037	240,208	(42,334)	(48,258)
Indexation of deposits received	(253,012)	(260,944)	55,663	57,408
Derivative instruments	(73,864)	(36,450)	14,773	7,339
Other	39,120	(101,415)	(10,060)	18,405
<b>Deferred tax assets/(liabilities), net</b>	<b>(353,481)</b>		<b>(449,216)</b>	

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

#### NOTE 14 - TAXES ON INCOME (Continued)

The movements in deferred tax assets and liabilities for the period ended 31 March 2019 and 2018 are as follows:

	2019	2018
<b>1 January</b>	<b>(449,216)</b>	<b>(57,415)</b>
Charged to statement of profit or loss	(7,420)	16,574
Charged to equity	105,834	(254,486)
Transfer to assets/(liabilities) held for sale	(2,679)	-
<b>31 March</b>	<b>(353,481)</b>	<b>(295,327)</b>

As of 31 March 2019, the Group recognized deferred tax assets for the carry forward tax losses amounting to TL2,607,324 thousand (31 December 2018: TL2,307,599 thousand) for which the Group believes it will not utilize in the future, For the remaining carry forward tax losses amounting to TL230,469 thousand (31 December 2018: TL130,747 thousand). The Group's tax losses and deferred tax assets as of the balance sheet date are as follows:

Due date	Losses
2019	98,566
2020	222,885
2021	374,878
2022	364,768
2023	1,130,813
2024	415,414
	<b>2,607,324</b>

The Group's expiration dates of unrecognized carry forward tax losses are as follows:

Due date	Losses
2019	133,044
2020	44,367
2021	753
2022	51,589
2023	378
2024	338
	<b>230,469</b>

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

### NOTE 15 - EXPENSES BY NATURE

	1 January - 31 March 2019	1 January - 31 March 2018
Direct materials and merchandise expenses	1,244,429	496,664
Depreciation and amortisation (*)	114,719	77,792
Employee and personnel expenses (**)	47,724	13,863
Other	128,421	75,004
	<b>1,535,293</b>	<b>663,323</b>

(\*) The total amount of depreciation and amortization is TL142,654 thousand (31 March 2018: 89,347 thousand) and TL114,719 thousand (31 March 2018: TL77,792 thousand) of the amount of the depreciation and amortization under the expenses by the nature, TL27,935 thousand of the amount of amortization under the other operating expense (31 March 2018: TL11,555 thousand).

(\*\*) The total amount of employee and personnel expenses is TL47,724 thousand (31 March 2018: TL13,863 thousand) and TL3,817 thousand of the amount accounted under selling and marketing expenses (31 March 2018: TL3,762 thousand), TL16,913 thousand of amount accounted under general and administrative expense (31 March 2018: TL9,937 thousand) and TL26,994 thousand of the amount is accounted under cost of sales (31 March 2018: TL164 thousand).

### NOTE 16 - OTHER OPERATING INCOME AND EXPENSE

#### a) Other operating income:

	1 January - 31 March 2019	1 January - 31 March 2018
Interest income from distribution activities (*)	62,086	22,684
Indexation of deposits received (Note 9)	7,932	-
Provisions released	3,798	2,612
Interest income from trading activities	3,966	2,104
Insurance income	3,443	2,867
Risk sharing income	835	-
Foreign exchange difference from trading activities	643	1,413
Other	10,317	2,694
	<b>93,020</b>	<b>34,374</b>

(\*) This amount represents the profit earned on investment performed by electricity distribution segment.

#### b) Other operating expense:

	1 January - 31 March 2019	1 January - 31 March 2018
Depreciation of service concession arrangements	27,935	11,555
Interest expense from trading activities	15,692	43
Foreign exchange difference from trading activities	11,990	5,974
Indexation of deposits received (Note 9)	-	4,028
Other	9,797	4,270
	<b>65,414</b>	<b>25,870</b>

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 17 - FINANCIAL INCOME AND EXPENSES

##### a) Financial income:

	1 January - 31 March 2019	1 January - 31 March 2018
Foreign exchange gains	219,192	103,256
Interest income	79,249	36,546
Income on derivative instruments	-	37,720
	<b>298,441</b>	<b>177,522</b>

##### b) Financial expense:

	1 January - 31 March 2019	1 January - 31 March 2018
Interest expense (*)	416,137	215,874
Foreign exchange loss (*)	191,755	127,610
Loss on derivative instruments	13,498	-
Bank commission and other financial expenses	20,091	24,543
	<b>641,481</b>	<b>368,027</b>

(\*) As at 31 March 2019, capitalized borrowing cost amounts to TL9,729 (31 March 2018: TL40,536 thousand).

#### NOTE 18 - RELATED PARTY TRANSACTIONS

##### i) Related party balances:

##### a) Short-term trade receivables from related parties

	31 March 2019	31 December 2018
Zorluteks Tekstil Ticaret ve Sanayi AŞ (“Zorluteks”)	14,120	5,359
Korteks	11,771	13,985
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ (“Meta Nikel”)	8,640	1,594
Other	2,565	2,247
	<b>37,096</b>	<b>23,185</b>

Applied interest rate for for USD, EUR and TL trade receivables from related parties are 9%, 6% and 30% respectively (31 December 2018: USD and EUR balances: %9 and 6% respectively, TL balances: 36%).



## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 18 - RELATED PARTY TRANSACTIONS (Continued)

##### b) Short-term other receivables from the related parties

	31 March 2019	31 December 2018
Zorlu Holding (*)	575,440	648,347
Zorlu O&M Enerji Tesisleri İşletme ve Bakım Hizmetleri AŞ (“Zorlu O&M”) (**)	124,888	177,746
Zorlu Endüstriyel ve Enerji Tesisleri İnşaat Ticaret AŞ (“Zorlu Endüstriyel”) (**)	108,537	94,957
Other	101,105	65,263
	<b>909,970</b>	<b>986,313</b>

(\*) The maturity of USD102,239 thousand portion (equivalent of TL575,440 thousand) of the Group’s total receivables from Zorlu Holding amounts to TL1,595,043 thousand is less than one year. Most of the receivables are denominated in USD and the applied interest rate is %9 (31 December 2018: TL648,347 thousand and 9% for USD).

(\*\*) The maturity of other short term receivables from Zorlu Endüstriyel and Zorlu O&M are less than one year and the interest rate for these financial receivables are 9% for USD balances (31 December 2018: 9% for USD). Part of Zorlu O&M receivable include the one-to-one reflection loans and the respective weighted average interest rates is %11.75.

##### c) Long-term other receivables from related parties

	31 March 2019	31 December 2018
Zorlu Holding (*)	1,019,603	928,168
Ezotech (**)	166,628	147,452
Edeltech (**)	97,235	92,062
Solad (**)	17,842	16,677
	<b>1,301,308</b>	<b>1,184,359</b>

(\*) The maturity of TL1,019,603 thousand portion of the Group’s total receivables from Zorlu Holding amounts to TL1,595,043 thousand is more than one year. The interest rate for the USD portion of the Group’s receivable from Zorlu Holding is %9, the interest rate is %30 for the portion in TL receivables and %6 for the portion in EUR receivables (31 December 2018: for USD and EUR 9% and 6% respectively and for TL 36% - average weighted interest rate is %30 for TL receivables). Part of the above-mentioned receivables include the one-to-one reflection loans in TL, EUR and USD that the Company provided to Zorlu Holding and the respective weighted average interest rates are %32.85, %8.75 and %10.75, respectively (31 December 2018: for TL, EUR and USD %37.35, %8.75 and %10.75 respectively).

(\*\*) The receivables from Ezotech, Solad and Edeltech consist of the amounts provided for the power plant projects in Israel.

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

#### NOTE 18 - RELATED PARTY TRANSACTIONS (Continued)

##### d) Short-term trade payables to related parties

	31 March 2019	31 December 2018
Zorlu Doğalgaz Tedarik Ticaret AŞ (*)	34,995	36,256
Zorlu O&M (*)	6,693	5,288
Zorlu Endüstriyel (*)	4,707	5,078
Zorlu Holding (*)	3,494	3,819
Zorlu Doğal Gaz (*)	1,102	67,997
Other	6,938	8,786
	<b>57,929</b>	<b>127,224</b>

(\*) Applied interest rate for USD, EUR and TL trade payables from related parties are 9%, 6% and 30% respectively (31 December 2018: USD balances: 9%, EUR balances: 6% and TL balances: 36%).

##### e) Short-term other payables to related parties

	31 March 2019	31 December 2018
Zorlu Endüstriyel (*)	2,327	2,119
Korteks (*)	-	6,085
Other (*)	21,364	20,400
	<b>23,691</b>	<b>28,604</b>

(\*) The amounts provided to the Company for financing purposes are either directly used or are carried out through one-to-one reflection loans. The interest rates for the loans provided are respectively %9, %6 and %30 for USD, EUR and TL borrowings (31 December 2018: for USD 9%, for EUR: 6% and for TL %36).

##### f) Short-term bank borrowings

	31 March 2019	31 December 2018
Zorlu Faktoring	40,292	39,920
	<b>40,292</b>	<b>39,920</b>

# ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

### NOTE 18 - RELATED PARTY TRANSACTIONS (Continued)

ii) Transactions carried out with related parties for the period 1 January - 31 March 2019 and 2018 are as follows (continued):

	Sales	Purchases	Operating expenses and other income/ (expenses), net	Interest income/ (expenses), net	Foreign exchange income/(expenses), net
<b>1 January - 31 March 2019</b>					
Korteks	25,219	-	-	(186)	1,275
Zorluteks	15,845	(5)	24	(29)	35
Zorlu Tesis Yönetimi AŞ	9,475	-	(189)	-	-
Meta Nikel	5,888	-	(8)	-	-
Zorlu Holding	44	-	(3,999)	39,545	111,946
Zorlu O&M	89	(17,203)	(275)	4,523	11,038
Zorlu Endüstriyel	24	(5)	(26)	(6,522)	7,229
Edeltech	-	-	10	831	6,468
Zorlu Doğal Gaz Tedarik	26	(82,869)	-	(306)	(2,019)
Diğer	1,356	(2,170)	(1,768)	(1,720)	14,457
	<b>57,966</b>	<b>(102,252)</b>	<b>(6,231)</b>	<b>36,136</b>	<b>150,429</b>

	Sales	Purchases	Operating expenses and other income/ (expenses), net	Interest income/ (expenses), net	Foreign exchange income/(expenses), net
<b>1 January - 31 March 2018</b>					
Korteks	18,961	-	-	4,989	-
Zorluteks	10,077	-	(30)	(240)	-
Zorlu Tesis Yönetimi AŞ	6,610	-	(152)	111	-
Meta Nikel	1,914	-	(6)	147	-
Zorlu Holding	-	-	(2,174)	7,320	39,923
Zorlu O&M	9	(15,866)	(88)	(82)	9,808
Zorlu Endüstriyel	181	(56)	(15)	13,980	33,078
Edeltech	-	-	7	320	3,400
Zorlu Doğal Gaz Tedarik	-	-	-	(3)	-
Diğer	3,688	(9)	(2,082)	(1,039)	6,555
	<b>41,440</b>	<b>(15,931)</b>	<b>(4,540)</b>	<b>25,503</b>	<b>92,764</b>

Sales to related parties generally indicate the electricity sale transactions carried out within the framework of the main operations. Purchase and sale transactions also include service purchases and sales between related companies.

Operating income and expenses generally include invoicing transactions resulted from common expenses.

Interest income (loss) and foreign exchange differences consisted of interest and foreign exchange differences regarding which was presented in other operating income/(expense) and financial income/(expense).

## ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

#### NOTE 18 - RELATED PARTY TRANSACTIONS (Continued)

For the purpose of this consolidated financial statements, key management compensation consists of the payments made to Group shareholders and top management (General Manager and Vice General Managers and directors).

	1 January - 31 March 2019	1 January - 31 March 2018
Salaries	1,900	981

#### NOTE 19 - EVENTS OCCURRING AFTER REPORTING PERIOD

As per the material event disclosure dated 4 April 2019, an application was filed with EMRA for a production licence for the Tekkehamam II Geothermal Energy Power Plant Project, which is planned to be built in Sarayköy, Denizli with installed power of 35 MW.

As per the material event disclosure dated 26 April 2019, it was decided that applications shall be made to the relevant authorities, and within the scope of the EMRA approval process, for a “Merger in a Facilitated Manner” process within Zorlu Enerji to take over the Company’s 100% subsidiary Zorlu Hidroelektrik and all its assets and liabilities.

As per the material event disclosure dated 30 April 2019, Zorlu Enerji’s application to EMRA for the transfer of its Alibeyhöyüğü Solar Energy Plant Project production license for the 18 MW energy plant it plans to build in Çumra, Konya to its 100% subsidiary Çumra, has been approved.

As per the material event disclosure dated 7 May 2019, it was decided that a branch shall be opened in Palestine, and in concert with this opening, a company (New Company) with capital of 10,000 Jordanian dinar shall be established in Palestine to operate in the solar energy, renewable energy and other energy fields. The New Company’s shareholding structure will be 75% Zorlu Enerji and 25% Jerusalem District Electricity Co. Ltd. (Sharekat Kahrabaa Mohavazat Al-Quds Al-Urdineyyah). The plan is to use the New Company to build solar energy plants in various regions of Palestine in order to meet Palestine’s electricity needs.

As per the material event disclosure dated 21 May 2019, Zorlu Enerji transferred all the shares it held in Çumra Güneş Enerjisi ve Üretim AŞ (Çumra), all the shares of which belonged to Zorlu Enerji, to KHM Enerji Turizm Ticaret Sanayi AŞ for USD 6,400,000. As stated in the Company’s material event statement dated 30 April 2019, Zorlu Enerji transferred its Alibeyhöyüğü Solar Energy Plant Project production license for the 18 MW energy plant it plans to build in Çumra, Konya to Çumra. As the transaction mentioned in the statement is subject to certain prerequisites such as permits from the relevant official and administrative entities, and as it is uncertain whether the transaction will be performed between the parties during the share purchase agreement stage, within the scope of Article 6 of the Material Events Communique of the Capital Markets Board the public announcement of this internal information has been postponed until the share transfer is performed, as per the decision of the Board of Directors dated 5 March 2019. This statement is being made as the reason for postponement no longer exists because the share transfer transaction has been performed.

As per the material event disclosure dated 22 May 2019, a new branch of the Company was opened in Palestine. In addition, a new company named ZJ Strong Energy For Renewable Energy Ltd. Co. was established with capital of 10,000 Jordanian dinar to operate in the solar energy, renewable energy and other energy fields. The new company’s shareholding structure is 75% Zorlu Enerji Elektrik Üretim AŞ and 25% Jerusalem District Electricity Co. Ltd. (Sharekat Kahrabaa Mohavazat Al-Quds Al-Urdineyyah).

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