ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 31 MARCH 2018 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 2018 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and notes, comprising a summary of a significant accounting policies 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 Sürücü, SMMM
Partner

Istanbul, 13 June 2018

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AT 31 MARCH 2018

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

	Notes	31 March 2018	31 December 2017
ASSETS			
Current assets:			
Cash and cash equivalents	4	926,472	335,085
Derivative financial instruments	10	4,432	1,706
Trade receivables			
- Other trade receivables		340,172	260,106
- Due from related parties	15	125,808	66,954
Other receivables			
- Other receivables		29,175	26,054
- Due from related parties	15	258,905	1,141,843
Receivables from service concession arrangements	5	145,832	130,999
Inventories		7,568	16,490
Other current assets	6	496,796	367,330
Total current assets		**2,335,160**	**2,346,567**
Non-current assets:			
Other receivables			
- Other receivables		137	154
- Due from related parties	15	1,540,345	787,161
Financial assets		246	246
Derivative financial instruments	10	40,802	31,603
Receivables from service concession arrangements	5	478,139	508,335
Associates		286,786	258,379
Property, plant and equipment		6,950,034	5,326,348
Intangible assets		1,252,446	1,268,799
Goodwill		485,368	485,368
Deferred tax assets		101,682	193,830
Other non-current assets	6	89,089	78,260
Total non-current assets		**11,225,074**	**8,938,483**
Total assets		**13,560,234**	**11,285,050**

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 31 MARCH 2018

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

	Notes	31 March 2018	31 December 2017
LIABILITIES			
Current liabilities:			
Financial liabilities			
- Borrowings	7	2,782,703	2,435,325
Trade payables			
- Other trade payables		881,649	795,528
- Due to related parties	15	14,303	98,366
Other payables			
- Other payables	8	250,061	288,799
- Due to related parties	8, 15	80,845	139,485
Derivative financial instruments	10	3,368	5,639
Taxes on income		2,566	-
Provisions for employment benefits		4,456	4,327
Other provisions		32,712	42,537
Other current liabilities	6	286,449	211,872
Total current liabilities		**4,339,112**	**4,021,878**
Non-current liabilities:			
Financial liabilities			
- Borrowings	7	6,021,292	4,954,148
Derivative financial instruments	10	9,578	34,342
Other payables			
- Other payables	8	25,727	27,453
- Due to related parties	8, 15	5,456	291,967
Deferred tax liabilities		397,009	251,244
Provisions for employment benefits		15,623	12,949
Total non-current liabilities		**6,474,685**	**5,572,103**
Total liabilities		**10,813,797**	**9,593,981**
EQUITY			
Share capital	11	2,110,948	2,110,948
Revaluation fund		1,791,379	648,807
Share premium	11	916	916
Hedge reserves		(732,400)	(595,039)
Actuarial losses		(6,388)	(4,572)
Currency translation adjustment		204,621	192,213
Accumulated losses		(621,051)	(660,774)
Equity attributable to equity holders of the parent		**2,748,025**	**1,692,499**
Non-controlling interests		**(1,588)**	**(1,430)**
Total equity		**2,746,437**	**1,691,069**
Total liabilities and equity		**13,560,234**	**11,285,050**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME AND LOSS FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2018

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

	Notes	1 January- 31 March 2018	1 January- 31 March 2017
CONTINUING OPERATIONS			
Revenue		935,098	652,228
Cost of sales (-)	12	(702,107)	(509,304)
GROSS PROFIT		**232,991**	**142,924**
General administrative expenses (-)	12	(34,934)	(24,711)
Marketing and selling expenses (-)	12	(11,468)	(12,255)
Other operating income	13	34,374	20,496
Other operating expense (-)	13	(25,870)	(41,995)
OPERATING INCOME		**195,093**	**84,459**
Share of loss of associates		17,413	9,471
Financial income	14	177,522	93,637
Financial expenses (-)	14	(368,027)	(263,333)
INCOME/ (LOSS) BEFORE INCOME TAX		**22,001**	**(75,766)**
Current income tax expense		(13,559)	(4,854)
Deferred tax income		16,574	3,295
INCOME/ (LOSS) FOR THE PERIOD		**25,016**	**(77,325)**
Income/ (loss) attributable to:			
Equity holders of the parent		25,174	(77,209)
Non-controlling interests		(158)	(116)
		25,016	**(77,325)**
Income/ (loss) per share (TL)		12.59	(66.28)

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME AND LOSS FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2018

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

	Notes	1 January- 31 March 2018	1 January- 31 March 2017
Income/ (loss) for the period		**25,016**	**(77,325)**
Revaluation of property, plant and equipment	2.7	1,446,401	-
Changes in actuarial gains on employment benefit obligations		(2,270)	(365)
Losses on hedges		(171,701)	(64,771)
Changes in currency translation adjustments		12,408	24,256
Deferred income tax related to other comprehensive income		(254,486)	12,954
Other comprehensive income/ (loss)		**1,030,352**	**(27,926)**
Total comprehensive income/ (loss)		**1,055,368**	**(105,251)**
Total comprehensive income/ (loss) attributable to:			
Equity holders of the parent		1,055,526	(105,135)
Non-controlling interests		(158)	(116)
Total comprehensive income/ (loss)		**1,055,368**	**(105,251)**

The accompanying notes form an integral part of these 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 2018

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

	Attributable to equity holders of the parent								
	Share capital	**Share premium**	**Hedge reserves**	**Actuarial losses**	**Currency translation adjustment**	**Revaluation fund**	**Accumulated losses**	**Non-controlling interests**	**Total equity**
1 January 2017	**860,948**	**273**	**(466,825)**	**(2,118)**	**146,395**	**705,267**	**(764,676)**	**(1,080)**	**478,184**
Transfer	-	-	-	-	-	(13,829)	13,829	-	-
Capital increase	1,250,000	643	-	-	-	-	-	-	1,250,643
Total comprehensive loss	-	-	(51,817)	(365)	24,256	-	(77,209)	(116)	(105,251)
31 March 2017	**2,110,948**	**916**	**(518,642)**	**(2,483)**	**170,651**	**691,438**	**(828,056)**	**(1,196)**	**1,623,576**
1 January 2018	**2,110,948**	**916**	**(595,039)**	**(4,572)**	**192,213**	**648,807**	**(660,774)**	**(1,430)**	**1,691,069**
Transfer	-	-	-	-	-	(14,549)	14,549	-	-
Total comprehensive income	-	-	(137,361)	(1,816)	12,408	1,157,121	25,174	(158)	1,055,368
31 March 2018	**2,110,948**	**916**	**(732,400)**	**(6,388)**	**204,621**	**1,791,379**	**(621,051)**	**(1,588)**	**2,746,437**

The accompanying notes form an integral part of these condense consolidated interim financial information.

ZORLU ENERJİ ELEKTRİK ÜRETİM AŞ
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 MARCH 2018

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

	Notes	1 January- 31 March 2018	1 January- 31 March 2017
Cash flows from operating activities:			
Income/ (loss) before taxation		22,001	(75,766)
Depreciation and amortisation	12, 13	89,347	57,081
Interest income	13, 14	(38,650)	(29,736)
Interest expense	13, 14	215,917	149,489
Deferred finance expense	14	676	4,003
Unrealized foreign exchange losses and currency translation differences		66,380	98,650
Loss/ (income) from financial derivative instruments	14	(37,720)	14,545
Change in provision for employment termination benefits		3,240	9,804
Provisions		(9,696)	365
Loss/ (income) from sale of tangible fixed assets		(18)	5,553
Share of gain of associates		(17,413)	(9,471)
Net cash generated from operating activities before changes in operating assets and liabilities		**294,064**	**224,517**
Changes in trade receivables		(137,492)	(21,943)
Changes in other receivables		(3,104)	(16,605)
Changes in other current and non-current assets		(153,854)	21,489
Changes in trade payables		2,015	(149,454)
Changes in receivables from service concession arrangements		15,363	(39,656)
Changes in other payables		(40,464)	(1,007)
Changes in other liabilities		77,143	3,300
Changes in inventories		8,922	-
Taxes paid		-	(4,854)
Termination benefits paid		(2,836)	(772)
Net cash generated from/ (used in) operating activities		**59,757**	**15,015**
Cash flows from investing activities:			
Purchase of property plant and equipment and intangible assets		(209,626)	(139,383)
Borrowing cost capitalized		(40,536)	(40,087)
Proceeds from sale of property, plant and equipment and intangible assets		102	3,912
Interest received		6,010	6,434
Proceeds from purchase of subsidiary		-	(1,217,599)
Net cash generated from/ (used in) investing activities		**(244,050)**	**(1,386,723)**
Cash flows from financing activities:			
Proceeds from issued debt instruments		139,000	85,000
Proceeds from bank borrowings		1,319,259	510,982
Proceeds from other financial liabilities		920	-
Repayment of bank borrowings		(317,437)	(433,109)
Repayment of issued debt instruments		(54,000)	(89,000)
Capital increase		-	1,250,643
Changes in other payables from related parties		(383,420)	302,278
Changes in other receivables from related parties		256,322	52,140
Change in financial assets		-	100
Interest paid		(151,328)	(127,274)
Other cash outflows		(33,636)	(29,064)
Net cash generated from financing activities		**775,680**	**1,522,696**
Net increase in cash and cash equivalents		591,387	150,988
Change in restricted cash		2,762	2,287
Cash and cash equivalents at the beginning of the period	**4**	**317,570**	**80,303**
Cash and cash equivalents at the end of the period	**4**	**911,719**	**233,578**

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

(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 and steam production and selling, distribution and trading electricity. 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 of 31 March 2018, 32% of its shares are open for trading (31 December 2017: 32%).

The subsidiaries and associates of the Company, their nature of business and registered addresses are presented as below (Zorlu Enerji and its subsidiaries and associates are called as "Group").

Subsidiaries	Nature of business	Country
Rotor Elektrik Üretim AŞ	Electricity production	Turkey
Zorlu Hidroelektrik Enerji Üretim AŞ	Electricity production	Turkey
Zorlu Jeotermal Enerji Elektrik Üretimi AŞ	Electricity production	Turkey
Zorlu Enerji Pakistan Ltd.	Electricity production	Pakistan
Zorlu Wind Pakistan (Private) Ltd.	Electricity production	Pakistan
Zorlu Solar Pakistan (Private) Ltd.	Electricity production	Pakistan
Zorlu Rüzgar Enerjisi Elektrik Üretimi AŞ	Electricity production	Turkey
Zorlu Doğal Elektrik Üretimi AŞ	Electricity production	Turkey
Nemrut Jeotermal Elektrik Üretimi AŞ	Electricity production	Turkey
Zorlu Solar Enerji Tedarik ve Ticaret AŞ	Electricity production and panel trading	Turkey
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret AŞ	Electricity trading	Turkey
Zorlu Osmangazi Enerji Sanayi ve Ticaret AŞ (*)	Electricity distribution and trading	Turkey
Zorlu Enerji İsrail Ltd. ("Zorlu İsrail")	Electricity production	Israel
Zorlu Renewable Pakistan (Private) Ltd.	Electricity production	Pakistan
Zorlu Sun Power (Private) Ltd.	Electricity production	Pakistan

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

(*) Zorlu Osmangazi Enerji Sanayi ve Ticaret AŞ has 100% shares of Osmangazi Elektrik Dağıtım AŞ ("OEDAŞ") and Osmangazi Elektrik Satış Perakende AŞ ("OEPSAŞ").

(**) Ezotech Electric Ltd has 100% shares of Ashdod Energy Ltd. ("Ashdod") and Ramat Negev Energy Ltd. ("Ramat Negev").

As of 31 March 2018, the number of personnel employed was 1,771 (31 December 2017: 1,762).

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

Installed capacity in Turkey:

Power Plant	Location	Type	Electricity Production Capacity (MW)	Steam Production Capacity (Ton/Hour)
Natural Gas			**176,2**	**239,5**
Lüleburgaz	Lüleburgaz, Kırklareli	Cogeneration Natural Gas	126	209,5
Bursa	Bursa Organized Industrial Zone	Combined-Cycle Natural Gas	34,3	-
Yalova	Altınova, Yalova	Cogeneration Natural Gas	15,9	30,0
Wind			**215,3**	-
Gökçedağ (Rotor)	Osmaniye	Wind	135,0	-
Sarıtepe	Osmaniye	Wind	57,0	-
Demirciler	Osmaniye	Wind	23,3	-
Hydroelectric			**118,9**	-
Tercan	Erzincan	Hydroelectric	15,0	-
Kuzgun	Erzurum	Hydroelectric	20,9	-
Ataköy	Tokat	Hydroelectric	5,5	-
Mercan	Tunceli	Hydroelectric	20,4	-
Çıldır	Kars	Hydroelectric	15,4	-
İkizdere	Rize	Hydroelectric	24,9	-
Beyköy	Eskişehir	Hydroelectric	16,8	-
Geothermal			**305,0**	-
Kızıldere I	Denizli	Geothermal	15,0	-
Kızıldere II	Denizli	Geothermal	80,0	-
Kızıldere III	Denizli-Aydın	Geothermal	165,0	-
Alaşehir I	Manisa	Geothermal	45,0	-
TOTAL			**815,4**	**239,5**

(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)
Wind			**56,4**	-
Jhimpir	Pakistan	Wind	56,4	-
Natural Gas			**290,5**	**110,0**
Dorad	Israel	Combined-Cycle Natural Gas	840,0	-
Ashdod	Israel	Cogeneration Natural Gas	64,54	40,0
Ramat Negev	Israel	Cogeneration Natural Gas	126,4	70,0
TOTAL[1]			**346,9**	**110,0**

[1] 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 INFORMATION

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.

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 of 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.2 Basis of consolidation (Continued)

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.

Changes in ownership rates that do not result in control ceases in the subsidiaries

Changes ownership interests in a subsidiary that do not result in losing control of the subsidiary are equity transactions. These transactions are the transactions that are made among shareholders. The difference between the net book value of the acquired assets of aa subsidiary and the fair value of consideration paid for these assets are accounted for under equity. Gains or losses arising from the sale of non-controlling interests are presented under equity.

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.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.2 Basis of consolidation (Continued)

The table below sets out all subsidiaries and demonstrates the proportion of ownership interest as of 31 March 2018 and 31 December 2017.

	Direct and indirect ownership interest by the Company and its Subsidiaries (%)	
Subsidiaries	**31 March 2018**	**31 December 2017**
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

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. If the associates make profit in subsequent periods, the Group will be able to reflect the share from the profit in its financial statements, but only after its share of the associate profit is balanced with its share of the losses that are not reflected in the financial statements.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.2 Basis of consolidation (Continued)

The table below sets out all associates and demonstrates the proportion of ownership interest as of 31 March 2018 and 31 December 2017:

	Direct and indirect ownership interest by the Company and its associates (%)	
Associates	**31 March 2018**	**31 December 2017**
Solad Energy Ltd.	42.15	42.15
Dorad Energy Ltd.	25.00	25.00
Ezotech Electric Ltd.	42.15	42.15

2.3 Amendments in International Financial Reporting Standards

a) The new standards, amendments and interpretations which are effective for the consolidated financial statements as of 31 March 2018:

- IFRS 9, Financial instruments; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Based on the assesment performed by the Group management, this standart has not any material effect on the financial information.

- IFRS 15, Revenue from contracts with customers; effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. Based on the assesment performed by the Group management, this standart has not any material effect on the financial information.

- Amendment to IFRS 15, Revenue from contracts with customers; effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. Based on the assesment performed by the Group management, this standart has not any material effect on the financial information.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.3 Amendments in International Financial Reporting Standards (Continued)

- Amendments to IFRS 4, Insurance contracts regarding the implementation of IFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

    - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.

- Amendment to IAS 40, Investment property relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- Amendments to IFRS 2, Share based payments on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

    - IFRS 1, First time adoption of IFRS, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,
    - IAS 28, Investments in associates and joint venture regarding measuring an associate or joint venture at fair value.

- IFRIC 22, Foreign currency transactions and advance consideration; effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (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 2018:

- Amendment to IFRS 9, Financial instruments; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- Amendment to IAS 28, Investments in associates and joint venture; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

- IFRS 16, Leases; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15‘Revenue from Contracts with Customers’ is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- IFRIC 23, Uncertainty over income tax treatments; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.3 Amendments in International Financial Reporting Standards (Continued)

- IFRS 17, Insurance contracts; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

- Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - IFRS 3, Business combinations, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, Joint arrangements, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, Income taxes – a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, Borrowing costs – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendments to IAS 19, Employee benefits on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The Group is evaluating the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of these amendments and interpretations will not have a material affect on the condensed consolidated interim financial information of the Group.

2.4 Summary of significant accounting policies

The condensed consolidated interim financial information for the period then ended 31 March 2018 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial information for the year then ended 31 December 2017, which have been prepared in accordance with IFRSs.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (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 majority of its investments are financed through borrowings. As of 31 March 2018 gross profit of the Group is TL232,991 thousand increasing by 63% compared to the same period of last year. The Group has TL621,051 thousand of accumulated loss and TL25,016 thousand of net income as of and for the period ending 31 March 2018. Besides, the Group's current liabilities exceeds its current assets by TL2,003,952 thousand. The Group does not foresee any issue with respect to going concern due the following facts:

It is expected that the Group's realized 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 YEKDEM, it affects the gross profitability positively. In addition, exchange rate difference losses of companies selling in line with YEKDEM and arising from loans in foreign currencies are eliminated by the sales indexed to foreign currencies 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 2 January 2018.

The Group plans to reduce its payables with the cash inflow and profitability provided by its current projects and the completion of its ongoing projects. Therefore, the Group management does not foresee any risks regarding going concern and has prepared this consolidated financial statements under the assumption that the Group will continue its operations on a going concern basis in the foreseeable future.

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 consended consolidated interim financial statements can be reclassified when deemed necessary, where descriptions on significant differences are disclosed.

The Group has performed the following reclassifications:

- Interest income arising from trading activities amounting to TL221 thousand and foreign exchange gains arising from trading activities amounting to TL1,396 thousand which are shown in the financial income in the consolidated statement of profit or loss and other comprehensive income for the period ending 31 March 2017, are classified to the other operating income. And interest expense arising from trading activities amounting to TL95 thousand and, foreing exchange loss from trading activities amounting to TL2,119 thousand which are shown in the financial expense in the condensed consolidated interim statement of profit or loss and other comprehensive income for the period ending 31 March 2017, are classified to the other operating expenses.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.6 Comparatives and restatement of prior year financial statements (continued)

- The system usage fee amounting to TL6,902 thousand, which is shown in selling and marketing expenses in the condensed consolidated interim financial infomation of profit or loss and other comprehensive income for the period ending 31 March 2017, is classified as the cost of sales and this reclassification has no effect on the net profit or loss of the related year and the accumulated losses.

- The personnel expenses amounting to TL9,106 thousand, which is shown in the selling and marketing expenses in the condensed consolidated interim financial infomation of profit or loss and other comprehensive income for the period ending 31 March 2017, is classified to cost of sales.

- The amortisation of service concession arrangements of OEDAŞ amounting to TL7,318 thousand accounted in "marketing and selling expenses" in the condensed consolidated interim financial infomation dated 31 March 2017, is reclassified to "other expense".

- The interest income arising from distribution services of OEDAŞ amounting to TL8,901 thousand accounted in "revenues" in the condensed consolidated interim financial information dated 31 March 2017 is reclassified to "other income". This reclassification has not any effect on accumulated losses and period income or loss.

- The payables to Zorlu Faktoring amounting to TL 5.709 thousand, which is shown in the "other payables to related parties" in the consolidated financial statement dated 31 December 2017, is reclassified to short term financial liabilities.

- The receivable amounting to TL11.705 thousand, which is shown in the "other trade receivables" in the consolidated financial statement dated 31 December 2017, is reclassified in "trade receivables from related parties".

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 is recognized for TL1,186,794 thousand carryforward tax losses (31 December 2017: TL1,385,602 thousand). Deferred tax asset is not recognized for the remaining TL345,568 thousand carryforward tax losses (31 December 2017: TL460.685 thousand).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.7 Critical accounting estimates, assumptions and judgments (Continued)

The key estimations made by the Group in the business plans in order to assess the recoverability of such cumulative tax losses are the future exchange rates, electricity prices and total electricity production volumes. Exhange rates used in the business plans increased or decreased of +10% and -10% and if all other variables are held constant, deferred tax asset amount recognized in the consolidated financial statements would have been influenced favorably or unfavorably by TL664 thousand. Electricity sale volumes in the business plans increased or decreased of +10% and-10% and if all other variables are held constant, deferred tax asset amount recognized in the condensed consolidated interim financial information would have been influenced favorably or unfavorably by TL1,839 thousand.

b) Fair value of interest rate swaps

The fair value of forward contracts calculated by calculating forward exchange rate, for remainder of agreement related foreign currency’s prevailed market interest rate, and comparing it to reporting date forward exchange rate.

c) Cash flow hedging

As explained in Note 10, the Group uses investment loan amounting to USD1,013,941 thousand and EUR60,429 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 sales quantities, sales prices and foreign exchange rates. Based on the sensivitiy analysis performed for the estimations used in effectiveness tests, the Group concluded that 10% increase/decrease in estimations do not have any significant effect on the assessment of effectiveness tests.

d) 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 lands, land improvements, buildings, machinery and equipments belonging its powerplants at fair value commencing from 31 December 2013. Revaluation studies for Zorlu Enerji’s natural gas power plants, Zorlu Doğal’s hydroelectric and geotermal power plants and Rotor’s Gökçedağ wind power plant have been reperformed as of 31 March 2015, Zorlu Jeotermal’s Alaşehir I power plant as of 31 December 2015 and Zorlu Rüzgar’s Sarıtepe and Demirciler wind power plants as of 31 December 2016 by Avrupa Gayrimenkul Değerleme ve Danışmanlık AŞ, a CMB accredited professional valuation company. Revaluation study dated 3 August 2015 for the Group’s powerplant in Pakistan has been carried out by A A Baig & Co Chartered Accountants which is located in Pakistan.

In addition to the said revoluation studies above, the fair value of Kızıldere III geothermal power plants which was commenced in the first quarter of 2018 with a full capacity recognised under Zorlu Doğal is determined by using using “income approach - discounted cash flow analysis” in the valuation reports prepared by Avrupa Gayrimenkul Değerleme ve Danışmanlık AŞ on 30 April 2018.

The major assumptions used in the discounted cash flow analysis are as follows:

- USD discount rate: 9.25%
- risk free rate of return: 6.25%
- risk premium: 3%

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.7 Critical accounting estimates, assumptions and judgments (Continued)

e) Uninvoiced sales

Electricity supplied to customers but not billed yet is accounted upon estimated amounts. Total unbilled electricity amount is reflected to financial statements by multiplying the difference between the reading date of customer's meter and the last date of relevant period with the tariff prices of the period.

f) Provisions

The Group management is reflecting the best estimation to the financial statements based on the best available data and results might differ when fulfilling the liabilities. As of 30 September 2017, the Group is subject to certain lawsuits. Depending on the reviews of legal counsels, Company is evaluating the probable results of these lawsuits and reserving required provisions in the financial statements.

2.8 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 Euro denominated liabilities to TL. In order to eliminate these risks, protection policies are applied in order to use various derivative instruments.

Foreign currency denominated assets and liabilities held by the Group as of 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	**31 December 2017**
Assets	2,432,566	2,497,027
Liabilities	(7,551,538)	(6,411,271)
Net position of derivative financial instruments	(4,900)	4,720
Foreign currency position, (net)	**(5,123,872)**	**(3,909,524)**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.8 Financial risk management (Continued)

TL equivalent of assets and liabilities denominated in foreign currency held by the Group at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018						**31 December 2017**					
	TL equivalent	**USD**	**Euro**	**PKR**	**NIS**	**JPY**	**TL equivalent**	**USD**	**Euro**	**PKR**	**NIS**	**JPY**
Cash and cash equivalents	472,126	104,006	6,762	823,537	492	1	235,785	40,762	5,834	1,633,793	249	1
Trade receivables	37,271	125	59	1,075,152	-	-	42,671	2,829	79	932,891	-	-
Due from related parties - short term	337,812	72,448	-	634,482	26,756	-	1,252,573	318,344	-	401,787	35,116	-
Due from related parties - long term	1,540,345	389,888	-	-	634	-	820,107	214,054	-	-	11,695	-
Other assets	45,012	-	9,248	-	-	-	145,891	-	32,309	-	-	-
Total assets	**2,432,566**	**566,467**	**16,069**	**2,533,171**	**27,882**	**1**	**2,497,027**	**575,989**	**38,222**	**2,968,471**	**47,060**	**1**
Trade payables	246,729	38,792	17,886	191,125	-	-	291,984	51,219	20,330	206,099	-	-
Short term financial liabilities	1,537,832	308,674	64,974	78,382	-	-	1,291,577	265,313	63,354	140,462	-	-
Due to related parties - short term	302,042	70,698	-	673,641	-	-	23,100	354	-	641,663	-	-
Due to related parties - long term	5,457	1,382	-	-	-	-	291,967	73,534	3,234	-	-	-
Long term financial liabilities	5,447,892	1,229,771	116,312	751,996	-	-	4,480,194	1,044,780	114,047	719,674	-	-
Other liabilities	11,586	2,934	-	-	-	-	32,449	8,603	-	-	-	-
Total liabilities	**7,551,538**	**1,652,251**	**199,172**	**1,695,144**	**-**	**-**	**6,411,271**	**1,443,803**	**200,965**	**1,707,898**	**-**	**-**
Net foreign currency position	**(5,118,972)**	**(1,085,784)**	**(183,103)**	**838,027**	**27,882**	**1**	**(3,914,244)**	**(867,814)**	**(162,743)**	**1,260,573**	**47,060**	**1**
Net position of derivative financial instruments	**(4,900)**	**85,451**	**(70,334)**	**-**	**-**	**-**	**4,720**	**85,451**	**(70,334)**	**-**	**-**	**-**
Net foreign currency position	**(5,123,872)**	**(1,000,333)**	**(253,437)**	**838,027**	**27,882**	**1**	**(3,909,524)**	**(782,363)**	**(233,077)**	**1,260,573**	**47,060**	**1**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.8 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, PKR, NIS and JPY currencies denominated assets and liabilities to local currency. As of 31 March 2018 and 31 December 2017, had the TL appreciated or depreciated by 10% against USD, EUR, PKR and NIS with all other variables held constant, the effect over current period consolidated net income and equity would be as follows:

	31 March 2018 Gain/(Loss) (*)		31 March 2018 Equity (*)	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% appreciation of USD against TL:				
USD net asset/liability	(28,369)	28,369	(428,765)	428,765
Amount hedged for USD risk (-)	33,744	(33,744)	33,744	(33,744)
USD net effect	**5,375**	**(5,375)**	**(395,021)**	**395,021**
In case of 10% appreciation of EUR against TL:				
EUR net asset/liability	(59,709)	59,709	(89,121)	89,121
Amount hedged for EUR risk (-)	(34,234)	34,234	(34,234)	34,234
EUR net effect	**(93,943)**	**93,943**	**(123,355)**	**123,355**
In case of 10% appreciation of PKR against TL:				
PKR net asset/liability	2,844	(2,844)	2,844	(2,844)
Amount hedged for PKR risk (-)	-	-	-	-
PKR net effect	**2,844**	**(2,844)**	**2,844**	**(2,844)**
In case of 10% appreciation of NIS against TL:				
NIS net asset/liability	3,145	(3,145)	3,145	(3,145)
Amount hedged for NIS risk (-)	-	-	-	-
NIS net effect	**3,145**	**(3,145)**	**3,145**	**(3,145)**
Total net effect	**(82,579)**	**82,579**	**(512,387)**	**512,387**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

2.8 Financial risk management (Continued)

	31 December 2017 Gain/(Loss) (*)		31 December 2017 Equity (*)	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% appreciation of USD against TL:				
USD net asset/liability	57,509	(57,509)	(327,331)	327,331
Amount hedged for USD risk (-)	32,231	(32,231)	32,231	(32,231)
USD net effect	**89,740**	**(89,740)**	**(295,100)**	**295,100**
In case of 10% appreciation of EUR against TL:				
EUR net asset/liability	(46,556)	46,556	(73,487)	73,487
Amount hedged for EUR risk (-)	(31,759)	31,759	(31,759)	31,759
EUR net effect	**(78,315)**	**78,315**	**(105,246)**	**105,246**
In case of 10% appreciation of PKR against TL:				
PKR net asset/liability	4,276	(4,276)	4,276	(4,276)
Amount hedged for PKR risk (-)	-	-	-	-
PKR net effect	**4,276**	**(4,276)**	**4,276**	**(4,276)**
In case of 10% appreciation of NIS against TL:				
NIS net asset/liability	5,117	(5,117)	5,117	(5,117)
Amount hedged for NIS risk (-)	-	-	-	-
NIS net effect	**5,117**	**(5,117)**	**5,117**	**(5,117)**
Total net effect	**20,818**	**(20,818)**	**(390,953)**	**390,953**

(*) The portion of the foreign exchange rate difference related to the loans used in the financing of the investments made in 2018 amounting to TL24,889 thousand (31 December 2017: TL54,930 thousand) is included in the net foreign currency asset/liability position and is not related to the profit and loss, For this reason, foreign currency denominated borrowing should be considered when the foreign currency denominated borrowings are subject to a 10% change in the net foreign currency asset / liability position, taking into account the effect on profit or loss or equity.

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

NOTE 3 - SEGMENT REPORTING

Group management has determined the reportable parts of the Group as distribution, retail and whosale 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 2018	Distribution	Retail and wholesale	Production and trading	Consolidation adjustments	Consolidation total
Revenue	160,791	716,745	434,173	(376,611)	935,098
Cost of sales	(73,762)	(683,960)	(320,300)	375,915	(702,107)
Gross profit	87,029	32,785	113,873	(696)	232,991
Operating income/(expense) (*)	(13,003)	(10,505)	(1,787)	(3,694)	(28,989)
Amortisation and depreciation expenses (**)	-	547	72,855	4,390	77,792
Income related to distribution activities (***)	22,684	-	-	-	22,684
EBITDA	96,710	22,827	184,941	-	304,478
Financial income	961	24,344	243,283	(91,066)	177,522
Financial expense	(12,506)	(34,545)	(412,042)	91,066	(368,027)
Tax income/(expenses)	(19,295)	(946)	20,067	3,189	3,015

1 January - 31 March 2017	Distribution	Retail and wholesale	Production and trading	Consolidation adjustments	Consolidation total
Revenue	169,771	391,276	208,826	(117,645)	652,228
Cost of sales	(78,879)	(392,534)	(161,475)	123,584	(509,304)
Gross profit	90,892	(1,258)	47,351	5,939	142,924
Operating income/(expense) (*)	(7,176)	(10,356)	(27,591)	17,628	(27,495)
Amortisation and depreciation expenses (**)	-	218	55,896	(6,351)	49,763
Income related to distribution activities (***)	8,901	-	-	-	8,901
EBITDA	92,617	(11,396)	75,656	17,216	174,093
Financial income	272	8,290	156,923	(71,848)	93,637
Financial expense	(6,058)	(11,809)	(317,315)	71,849	(263,333)
Tax income/(expenses)	(14,457)	4,613	6,266	2,019	(1,559)

1 January - 31 March 2018	Distribution	Retail and wholesale	Production and trading	Consolidation adjustments	Consolidation total
Segment assets	900,435	879,614	15,587,644	(4,094,245)	13,273,448
Associates	-	-	286,786	-	286,786
Segment liabilities	620,021	1,000,623	10,787,465	(1,594,312)	10,813,797

1 January - 31 December 2017	Distribution	Retail and wholesale	Production and trading	Consolidation adjustments	Consolidation total
Segment assets	915,468	742,563	12,933,997	(3,565,357)	11,026,671
Associates	-	-	258,379	-	258,379
Segment liabilities	700,235	871,601	9,563,450	(1,541,305)	9,593,981

(*) Includes general administrative expenses, marketing expenses and shares of profit of the associates.

(**) Depreciation expense amounting to TL11,555 thousand for service concession arrangement related to the purchase of OEDAŞ shares has been accounted under other expense (31 March 2017: TL7,318 thousands).

(***) Interest income related to distribution activities amounts to TL22,684 thousands which is presented in the other income is considered in EBITDA calculation (31 March 2017: TL8,901 thousands).

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

NOTE 3 - SEGMENT REPORTING (Continued)

Reconciliation between EBITDA and income/(loss) before taxation is as follows:

	31 March 2018	31 March 2017
EBITDA	304,478	174,093
Amortisation and depreciation expenses	(77,792)	(49,763)
Income related to distribution activities	(22,684)	(8,901)
Financial income	177,522	93,637
Financial expenses	(368,027)	(263,333)
Other operating (expenses)/income	8,504	(21,499)
Income/ (loss) before tax from continued operations	**22,001**	**(75,766)**

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2018	31 December 2017
Cash	292	158
Banks		
- Time deposits	850,879	222,831
- Demand deposits	75,301	112,096
	926,472	**335,085**

The maturities of time deposits are less than 1 year and the average effective annual interest rates for time deposits are as follows:

	31 March 2018 (%)	31 December 2017 (%)
TL	7.11	10.13
EUR	0.50	0.23
USD	0.78	1.17
PKR	3.88	3.88

The details of cash and cash equivalents include the following for the purpose of the consolidated statements of cash flows as of 31 March 2018 and 2017:

	31 March 2018	31 March 2017
Cash and cash equivalents	926,472	249,148
Less: Restricted cash	(14,753)	(15,570)
	911,719	**233,578**

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

NOTE 5 - RECEIVABLES FROM SERVICE CONCESSION ARRANGEMENT

	31 March 2018	31 December 2017
Short-term receivables from service concession arrangement	145,832	130,999
Long-term receivables from service concession arrangement	478,139	508,335
	623,971	**639,334**

The receivables of service concession arrangements are composed of uncollected investments made by OEDAŞ through the service concession arrangement.

NOTE 6 - OTHER ASSETS AND LIABILITIES

a) Other Current Assets:

	31 March 2018	31 December 2017
VAT receivable	221,054	150,452
Income accruals (*)	160,722	133,293
Advance given	75,134	37,364
Prepaid expenses	16,913	17,731
Other	22,973	28,490
	496,796	**367,330**

(*) An income accrual accounted under "Other Current Assets" amounting to TL32,499 thousand (31 December 2017: TL42,346 thousands) has been recognized for the open lawsuits which is under guarantee. Remaining balance composes of the followings: TL4,460 thousand loss and theft income accrual of OEDAŞ (31 December 2017: TL5,947 thousands), TL18,398 thousand income accrual regarding unbilled electricity of OEDAŞ (31 December 2017: TL22,572 thousands), TL4,368 thousands of uncontrollable expense related with OEPSAŞ (31 December 2017: TL5,824 thousands), TL31,760 thousand insurance income accrual (31 December 2017: TL45,843 thousands), TL58,528 thousands (31 December 2017: None) and TL10,709 thousand other income accruals (31 December 2017: TL10,761 thousands).

b) Other non-current assets:

	31 Mart 2018	31 December 2017
Income accurals (*)	21,584	31,751
Non controlling expenses (**)	20,302	10,311
VAT receivable	15,063	19,673
Prepaid expenses	2,209	2,230
Advance given	1,070	3,603
Other (***)	28,861	10,692
	89,089	**78,260**

(*) Income accruals are related to income difference adjustments belongs to OEDAŞ.
(**) Income accruals amounting to TL9,613 thousand consists of accruals related to income difference adjustments related with OEDAŞ and the remaining balance is related to non-controlling expenses.
(***) Balance is related to the electrical maintenance materials belongs to OEDAŞ.

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

NOTE 6 - OTHER ASSETS AND LIABILITIES (Continued)

c) Other current liabilities

	31 March 2018	31 December 2017
VAT payable	88,702	2,040
Deferred income on investment difference (*)	78,611	104,815
Retail sales gross profit margin income accruals (***)	35,740	1,285
Deferred distribution income (**)	28,222	37,630
Taxes and funds payable	21,634	38,652
Advances received	16,616	4,587
Expense accruals	1,324	10,349
Other	15,600	12,514
	286,449	**211,872**

(*) Within the framework of the Communiqué on Regulating Distribution System Income, published by EMRA, if the net investment expenses incurred by the distribution companies and the investment cap taken into consideration during tariff calculations are different, the redemption equivalent of the said difference, real reasonable income and tax difference amounts are taken into consideration for investment difference adjustment component calculations and are allocated to the tariff calculations in the following periods.

(**) Within the framework of EMRA regulations, some operation expenses of distribution companies are limited by a predetermined cap. Collection through tariff for deferred distribution income has excessed the EMRA cap (This extra collected amount will be considered an adjustment to the tariffs determined by EMRA in the second year after the extra is created, and will be offset from the 2018 tariff).

(***) A retail company must obtain a 2.38% gross profit margin from sales to tariff customers. The retail sales gross profit margin consists of corrective items registered to make income accrual profit margins equal to 2.38%.

NOTE 7 - FINANCIAL LIABILITIES

The detail of financial liabilities of the Group as of 31 March 2018 and 31 December 2017 is as follows:

	31 March 2018	31 December 2017
Short-term bank borrowings	860,937	814,002
Short-term portion of long-term bank borrowings	1,511,184	1,177,825
Issued bonds	275,631	308,102
Other issued securities	132,304	132,361
Financial leasing liabilities	2,647	3,035
Total short-term financial liabilities	**2,782,703**	**2,435,325**
Long-term bank borrowings	5,471,642	4,509,972
Issued bonds	346,683	242,688
Other issued marketable securities	175,969	176,040
Financial leasing liabilities	26,998	25,448
Total long-term financial liabilities	**6,021,292**	**4,954,148**
Total financial liabilities	**8,803,995**	**7,389,473**

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

The detail of short-term bank borrowings and financial leasing liabilities of the Group as of 31 March 2018 and 31 December 2017 is as follows:

	Original currency		Weighted average effective interest rate per annum (%)		TL equivalent	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
USD	4,590	17,324	7.0	6.4	18,126	65,345
EUR	15,085	14,711	6.7	6.7	73,424	66,430
TL	772,034	685,262	18.4	16.9	772,034	685,262
					863,584	**817,037**

The detail of short-term portion of long-term bank borrowings of the Group as of 31 March 2018 and 31 December 2017 is as follows:

	Original currency		Weighted average effective interest rate per annum (%)		TL equivalent	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
USD	304,084	247,989	8.6	7.4	1,200,795	935,388
EUR	49,889	48,643	4.1	3.6	242,827	219,650
TL	472,837	458,486	15.8	15.3	472,837	458,486
Other	78,382	140,462	12.37	12.37	2,660	4,764
					1,919,119	**1,618,288**

The detail of long-term bank borrowings, issued bonds and other long-term borrowings of the Group as of 31 March 2018 and 31 December 2017 is as follows:

	Original currency		Weighted average effective interest rate per annum (%)		TL equivalent	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
USD	1,229,771	1,044,780	8.6	7.4	4,856,244	3,940,806
EUR	116,312	114,047	4.1	3.6	566,125	514,977
TL	573,400	473,954	15.8	15.3	573,400	473,954
Other	751,996	719,674	12.37	12.37	25,523	24,411
					6,021,292	**4,954,148**

The loan obtained from financial institutions by Zorlu Enerji and its subsidiaries including loan arrangement commissions amounting to TL33,636 thousand regarding the aforementioned loan were deducted from the total loan amount. Such commisions are amortized during the term of the loans' own maturity

Letters of guarantee given, pledges and mortgages related to financial liabilities are explained in Note 9.

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of the borrowings as of 31 March 2018 and 31 December 2017 is as follows:

	31 March 2018	**31 December 2017**
Up to 1 year	2,782,703	2,435,325
Up to 1 to 2 years	1,616,424	1,334,776
Up to 2 to 3 years	1,603,788	849,075
Up to 3 to 4 years	610,076	572,503
Up to 4 to 5 years	599,331	570,121
More than 5 years	1,591,673	1,627,673
	8,803,995	**7,389,473**

The sum of the Group's principal and instalments of the short and long-term issued bonds as of 31 March 2018 is TL622,314 thousand, and the details related to the bonds issued to qualified investors without public offering by the Group are indicated below.

Zorlu Enerji Elektrik Üretim AŞ

As per the material event disclosures dated 28 May 2015, 6 February 2017 and 22 January 2018, it was announced that the company's application was approved. The application is related to issuing debt instruments that cannot exceed, respectively, TL356,224 thousand, TL280,000 thousand and TL300,000 thousand, once or more than once and without public offering, and which will be sold to allocated and/or qualified investors on various dates within one year after the communication of the issuance certificate and which will have a payment period of one to three years and five years respectively, be in TL, and in the country. In this scope, bond issuances with floating rates with a nominal value of TL50,600 thousand and a maturity term of 1,092 days on 20 August 2015, a nominal value of TL16,550 thousand and a maturity term of 1,024 days on 27 October 2015, a nominal value of TL54,000 thousand and a maturity term of 727 days on 3 February 2016, a nominal value of TL11,000 thousand and a maturity term of 730 days, a nominal value of TL74,000 thousand and a maturity term of 455 days on 22 February 2017, a nominal value of TL12.520 thousand and a maturity term of 645 days, , a nominal value of TL13.250 thousand and a maturity term of 370 days on 18 May 2017, a nominal value of TL139.000 thousand with variable interest rate and a maturity term of 540 days on 30 January 2018 were carried out.

Furhermore, On 2 November 2017, the sale of bond with a nominal value amounting of TL91,950 thousand with variable interest rate and 364 days maturity and the sale of bond amounting of TL62,680 thousand with variable interest rate and 728 day maturity was completed to be sold to qualified investors without being offered to the public by the Company.

Issuance of sukuk with the nominal value of TL100,000,000 having due date of 17 March 2020 and payment term on every three months has been completed as of 24 March 2015 by the Company.

Zorlu Enerji has announced on 26 September 2017 that the Capital Markets Board had approved the Company's application to issue a sukuk, which is backed by a management contract, with a nominal value of up to TL200 million and a maturity of 2 years for sale in single or multiple tranches to qualified investors in the domestic market. Within this scope, the Company completed the sale of TL100 million fixed rate sukuk with a maturity of 364 days to domestic qualified investors on 3 October 2017 by the Company.

NOTE 7 - FINANCIAL LIABILITIES (Continued)

The Company was extended a of USD250,000,000 consecutive loan with five year maturity within the scope of the terms of the loan facility agreement Zorlu Enerji signed with Kuwait Investment Agency ("KIA") and with the intermediation of Wren House Infrastructure Management Limited, which is directly affiliated with KIA and invests in infrastructure projects. The loan agreement was signed on 15 March 2018, the entire loan was provided on 31 March 2018 and no repayment was made in respect of the loan.

In line with Zorlu Enerji's strategy of long-term borrowing and creating new financial resources, a loan agreement with Canada's Export Credit Institution Export Development Canada amounting to USD100 million with a five-year term was signed on 22 December 2017. The loan will be used to meet the corporate and business capital needs of the Company. The whole loan amount has been obtained as of 31 March 2018. The amount does not contain the commission net off amounts and other adjustments, if any.

Zorlu Osmangazi Enerji Sanayi ve Ticaret AŞ

On 5 December 2017, the sale transactions of the floating interest rate bond with a nominal value amounting of TL140,000 thousand with variable interest rate and having 1,091 days term and also in the amount of TL35,000 thousand and having 542 days term were completed by way of sale to qualified investors without public offering by Zorlu Osmangazi.

Rotor Elektrik Üretim AŞ

Rotor, one of the subsidiary of the Company, has signed a long term loan agreement with the consortium of a group of financial institutions amounting EUR130 million as of 8 May 2009 related to the 135 MW electricity production powerplant located in Osmaniye. The amount remaining after the loan payments is EUR60,6 million and does not contain the commission net off amounts and other adjustments, if any.

Zorlu Enerji Pakistan Ltd.

As of 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 Habib Bank Limited ("HBL") amounting USD111 million 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. The amount remaining after the loan payments is USD45.8 million and PKR830 million and does not contain the commission net off amounts and other adjustments, if any.

Zorlu Doğal Elektrik Üretimi AŞ

A loan agreement amounting 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 Doğal, Akbank TAŞ, Türkiye Garanti Bankası AŞ, Türkiye İş Bankası AŞ and Türkiye Sınai Kalkınma Bankası AŞ for refinancing of the existing debts and in order to use the investment in the Kızıldere III geothermal power plant for financing.

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

In addition, Zorlu Doğal signed a loan agreement amounting 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. Maturity of the loan that has been obtained is 13 years, with non-repayable period of 2 years. The total amount of loans obtained by Zorlu Doğal is USD955 million and TL76,8 million as of 31 March 2018. The amount remaining after the loan payments is USD903 million and TL76,8 million and does not contain the commission net off amounts and other adjustments, if any.

Zorlu Jeotermal Enerji Elektrik Üretimi AŞ

Zorlu Jeotermal Enerji Elektrik Üretimi AŞ, %100 owned subsidiary of Zorlu Enerji, has been signed a long term loan agreement (14 years) on 25 November 2013 with Yapı Kredi A.Ş which will provide a fund up to USD113 million in order to finance the geothermal powerplant project with the capacity of 45 MW that will be established in Alaşehir, Manisa. After the capacity increase from 30 MW to 45 MW, pursuant to the material disclosure dated 24 June 2015, the loan amount was increased from USD113 million to USD148 million. In this respect, Zorlu Jeotermal has obtained USD148 million as of 31 March 2018. The amount remaining after the loan payments is USD124 million and does not contain the commission net off amounts and other adjustments, if any.

Zorlu Rüzgar Enerjisi Elektrik Üretimi AŞ

Pursuant to the material event disclosure dated 24 November 2014, Zorlu Rüzgar, which is 100% subsidiary of the Company, signed two loan agreements amounting to EUR 40million 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 Sarıtepe and Demirciler wind power plant projects which are planned to established in Bahçe/Osmaniye and to have 80.3 MW installed capacity. Maturity of the loan that has been obtained from Türkiye Sınai Kalkınma Bankası is 12 years, with non-repayable period of 2 years and maturity of the loan that has been obtained from Bayerische Landesbank is 15.5 years, with non-repayable period of 1.5 years. Zorlu Rüzgar has obtained EUR80,6 million as of 31 March 2018. The amount remaining after the loan payments is EUR70,4 million and does not contain the commission net off amounts and other adjustments, if any.

NOTE 8 - OTHER PAYABLES

a) Short-term other payables:

	31 March 2018	31 December 2017
Deposit received (*)	231,591	207,262
Other payables to related parties (Note 15)	80,845	139,485
Other short-term payables	18,470	81,537
	330,906	**428,284**

(*) Deposits received are related with the subscription fee payments made by customers. Subscription fees amounting to TL15,528 thousand (31 December 2017: TL15,433 thousands) are related to customers with no sales transaction and the remaining balance amounting to TL216,063 thousand (31 December 2017: TL191,829 thousands) consists of the subscription fees of ongoing customers.

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

NOTE 8 - OTHER PAYABLES (Continued)

Movement for deposit received is as follows:

	1 January - 31 March 2018
Opening balance	**207,262**
Additions and payments, net	20,301
Indexation of interest on deposits received (Note 13)	4,028
Closing balance	**231,591**

b) Long-term other payables:

	31 March 2018	31 December 2017
Other long-term payables	25,727	27,453
Other payables to related parties (Note 15)	5,456	291,967
	31,183	**319,420**

NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

9.1 Short term provision

	31 March 2018	31 December 2017
Provisions for the claims	32,712	42,537

The portion of TL32,499 thousand of the litigation provisions consist of the compensation cases (31 December 2017: 42,537) and the remaining TL213 thousand consists of other claims (31 December 2017: None).

9.2 Contingent assets

		31 March 2018		31 December 2017	
	Currency	Original amount	TL equivalent	Original amount	TL equivalent
Letters of guarantees received	TL	115,223	115,223	205,540	205,540
Letters of guarantees received	USD	8,801	34,754	11,395	42,981
Letters of guarantees received	EUR	3,718	18,097	3,768	17,014
Letters of guarantees received	JPY	1,511	56	2,064	69
Cheques received	TL	18,979	18,979	18,979	18,979
Cheques received	USD	150	592	1,905	7,185
Cheques received	EUR	180	876	180	813
			188,577		**292,581**

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

NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

As per the final protocol between the Company and Dedeli Yatırım İnşaat Taahhüt Elektrik Dağıtım Sanayi Ticaret AŞ ("Dedeli"), from which the Company took over the OEDAŞ and OEPSAŞ shares, the Company received an account pledge worth USD7,300,000 and a guarantee note amounting to TL9,000,000. Dedeli has a compensation obligation up to TL100,000,000 to the Group, which includes but is not limited to the related liens and guarantees.

9.3 Letters of guarantees/pledges/mortgages given

The commitments and contingent liabilities of the Group that are not expected to result in material loss or liability is summarized as follows:

	31 March 2018			31 December 2017	
	Original currency	**Original amount**	**TL equivalent**	**Original equivalent**	**TL amount**
Letters of guarantees given	TL	1,349,582	1,349,582	1,368,054	1,368,054
Letters of guarantees given	EUR	182,237	887,002	182,237	822,891
Letters of guarantees given	USD	154,968	611,953	159,753	602,572
Letters of guarantees given	PKR	1,875,000	63,638	1,875,000	63,600
			2,912,175		**2,857,117**

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

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

NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The Group's guarantees, pledges and mortgage ("GPM") positions in TL as of 31 March 2018 and 31 December 2017:

		31 March 2018		31 December 2017	
	Original currency	**Original amount**	**TL equivalent**	**Original equivalent**	**TL amount**
GPM's given by the Group					
Total amount of GPM's given for companies' own legal entity	USD	134,765	532,174	137,265	517,750
	EUR	174,587	849,767	174,587	788,347
	TL	1,331,861	1,331,861	1,339,920	1,339,920
	PKR	1,875,000	63,638	1,875,000	63,600
Total amount of GPM given for the subsidiaries and associates in the full scope of consolidation	TL	17,721	17,721	28,134	28,134
	USD	14	55	314	1,184
	EUR	7,300	35,531	7,300	32,963
Total amount of GPM given for the purpose of maintaining operating activities	USD	20,189	79,724	22,174	83,638
	EUR	350	1,704	350	1,581
Total amount of other GPMs given		-	-	-	-
			2,912,175		**2,857,117**

As of 31 March 2018, the ratio of GPMs given by the Company to equity is 106% (31 December 2017: 169%).

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:

Zorlu Enerji Elektrik Üretim AŞ

Zorlu Enerji is guarantor for Zorlu Rüzgar's loan obtained from Türkiye Sınai Kalkınma Bankası and Bayerische Landesbank amounting EUR80.6 million. Zorlu Holding is also guarantor for Zorlu Doğal's loan obtained amounting to USD955 million and TL76.8 million, for Zorlu Jeotermal's loan obtained from Yapı ve Kredi AŞ amounting USD148 million, for Rotor's loan obtained from the consortium of several financial institutions amounting EUR130 million and for Zorlu Enerji's loan obtained from Export Development Canada amounting to USD100 million and loan obtained from Kuwait Investment Authority amounting to USD250 million .

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 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.

NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Zorlu Enerji became the guarantor for the Zorlu Osmangazi's bond issuance amounting to TL175 million, to ensure that payments are made in full, in cash and on time should the principal and/or coupon payments of debt instruments to be issued by Zorlu Osmangazi not be done within the determined periods and/or periods determined in a case of early depreciation.

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.

Rotor Elektrik Üretim AŞ

Rotor has signed a long term loan agreement with the consortium of a group of financial institutions amounting to EUR130 million as of 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 TL119,654,194 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 Enerji Pakistan Ltd.

As of 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. 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 Doğal Elektrik Üretimi AŞ

On 27 October 2015, a loan agreement amounting 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 Doğal, 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 constracted in Denizli. 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 loan contract, they also signed contracts for an account pledge, a share pledge, the transfer of receivables and stakeholder receivables transfers. EPİAŞ's receivable transfer amount cap in the scope of the transfer of receivables agreement is TL9,500,000,000. Since EPİAŞ's receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Company note.

NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Zorlu Jeotermal Enerji Elektrik Üretimi AŞ

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 USD113,000,000 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 USD148,000,000. 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 TL1,060,800,000 was granted. As per the transfer of receivables agreement, the cap for the receivable transfer amount of EPİAŞ was determined to be TL2,155,000,000. Since the EPİAŞ receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Company note.

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 amounting 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 Sarıtepe 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 TL193,711 has placed on Company's fixed assets. As per the transfer of receivables agreement, the cap for the EPİAŞ receivable transfer amount is TL870,000,000. Since the EPİAŞ receivable transfer amount is the cap, it is not included in the collateral, pledges and mortgages given by the Company note.

Other

The rest of the guarantee given amounting to TL566,703 thousand consists of letters given to government agencies for the electricity transmission and distribution (mainly to EMRA and government agencies providing electricity transmission and distribution), to natural gas suppliers for the procurement of natural gas and to banks for the bank loans obtained.

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

NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments held for cash flow hedges:

	31 March 2018			31 December 2017		
	Contract Amount	Fair values asset	Fair values liability	Contract amount	Fair values asset	Fair values liability
Interest rate swap agreements	414,630	651	(1,361)	414,630	-	(7,531)
Cross currency swap agreements held for hedging	337,439	44,583	-	322,314	33,309	-
Interest rate swap agreements held for hedging	2,271,546	-	(11,585)	1,820,357	-	(32,450)
	3,023,615	**45,234**	**(12,946)**	**2,557,301**	**33,309**	**(39,981)**

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 that are designated as being and qualify as cash flow hedges and are highly effective, are recognized in equity as “hedge reserves” (Note 2.4). As of 31 March 2018, the Group has accounted TL40,777 thousand financial income (31 March 2017: 14,545 thousand) for interest rate swap transactions.

Cross currency swaps are recorded in the balance sheet as assets or liabilities depending on whether their fair values are positive or negative. Gains and losses arising from changes in fair value of cross currency swaps are recognized as income and expenses in the consolidated statements income or loss. As of 31 March 2018, the Group has accounted TL3,057 thousand financial expense (31 March 2017: None). As of 31 March 2018, the Group has a forward sales commitment of EUR70,334 thousand against a purchase commitment of USD74,786 thousand, and a forward sales commitment of TL44,855 thousand against a purchase commitment of USD10,665 thousand.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income.

Non- derivative cash flow hedges

The Group uses its investment loans (in the amount of USD1,031,941 thousand and EUR60,429 thousand) to protect itself against the USD spot exchange rate risk (which it is subject to highly probable YEKDEM sales), and applies cash flow hedge accounting as a result of the efficiency tests that were run in this scope. In this scope, the Group has recognized a loss on cash flow hedges in the amount of TL138,353 thousand, net off tax, related to the investment loans in the “cash flow hedge funds” account in the condensed consolidated interim financial information as of 31 March 2018.

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

NOTE 11 - EQUITY

Share capital

Zorlu Enerji adopted the registered capital system applicable to the companies registered on the CMB and defined a limit to its registered capital for shares whose nominal value is Kr1 ("Kuruş"). As of 31 March 2018 and 31 December 2017, the share capital held is as follows:

	31 March 2018	31 December 2017
Limit on registered share capital	3,000,000	3,000,000
Issued capital	2,000,000	2,000,000

The Group's shareholders and share holding structure as of 31 March 2018 and 31 December 2017 are as follows:

	Share (%)	31 March 2018	Share (%)	31 December 2017
Zorlu Holding	45.7	914,665	45.7	914,665
Korteks	17.5	350,949	17.5	350,949
Publicly held (*)	32.0	639,623	32.0	639,623
Other	4.8	94,763	4.8	94,763
	100.0	**2,000,000**	**100.0**	**2,000,000**
Adjustment to share capital		**110,948**		**110,948**
Total		**2,110,948**		**2,110,948**

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

Share premium

Share premiums presented in the consolidated financial statements represent the excess of the amount of shares issued during the capital increases to their nominal values.

Retained earnings and legal reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of a company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

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

NOTE 12 - EXPENSES BY NATURE

	1 January - 31 March 2018	1 January - 31 March 2017
Direct materials and merchandise expenses	581,850	426,626
Depreciation and amortisation (*)	77,792	49,763
Repair and maintenance expenses	18,615	14,356
System usage expenses	14,648	15,875
Employee and personnel expenses (**)	13,863	17,932
Consultancy expenses	8,463	3,148
Outsourcing expenses	5,222	4,326
Energy expenses	1,424	1,246
Other	26,632	12,998
	748,509	**546,270**

(*) The total amount of depreciation and amortisation expense is TL77,792 thousand and TL76,433 thousand of the amount is presented in cost of sales (31 March 2017: TL49,380 thousand), TL4 thousand of the amount is presented in selling and marketing expense (31 March 2017: TL12 thousand), TL1,355 thousand of the amount is presented in general and administrative expense (31 March 2017: TL371 thousand).

(**) The total amount of employee and personnel expenses is TL13,863 thousand and TL3,762 thousand of the amount presented in selling and marketing expense (31 March 2017: TL620 thousand), TL9,937 thousand of amount presented in general and administrative expense (31 March 2017: TL1,111 thousand) and TL164 thousand of the amount is presented in cost of sales (31 March 2017: TL16,201 thousand).

NOTE 13 - OTHER OPERATING INCOME AND EXPENSE

a) Other operating income:

	1 January - 31 March 2018	1 January - 31 March 2017
Income from distribution activities (*)	22,684	8,901
Insurance income	2,867	2,029
Provisions released	2,612	1,983
Interest income from trading activities	2,104	221
Foreign exchange difference from trading activities	1,413	1,396
Other	2,694	5,966
Total	**34,374**	**20,496**

(*) This amount represents the profit earned on investment made electricty distribution segment.

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

NOTE 13 - OTHER OPERATING INCOME AND EXPENSE (Continued)

b) Other operating expense:

	1 January - 31 March 2018	1 January - 31 March 2017
Depreciation of service concession arrangements	11,555	7,318
Foreign exchange difference from trading activities	5,974	2,119
Indexation of deposits received (Note 8)	4,028	-
Provisions expenses	2,322	1,692
Interest expense from trading activities	43	95
Loss on sale of property, plant and equipment	-	5,553
Other	1,948	25,218
Total	**25,870**	**41,995**

NOTE 14 - FINANCIAL INCOME AND EXPENSES

a) Financial income:

	1 January - 31 March 2018	1 January - 31 March 2017
Foreign exchange gains	103,256	64,122
Profit on derivative instruments	37,720	-
Interest income	36,546	29,515
Financial income	**177,522**	**93,637**

b) Financial expense:

	1 January - 31 March 2018	1 January - 31 March 2017
Interest expense (*)	215,874	149,394
Foreign exchange loss (*)	127,610	81,326
Bank commission and other financial expenses	23,867	14,065
Loss on derivative instruments	-	14,545
Deferred finance expense	676	4,003
Financial expenses	**368,027**	**263,333**

(*) As of 31 March 2018, interest expense and foreign exchange loss that were capitalized TL15,647 thousand (31 March 2017: TL17,295 thousand) and TL24,889 thousand (31 March 2017: TL17,295 thousand) respectively.

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

NOTE 15 - RELATED PARTY TRANSACTIONS

i) <u>Related party balances</u>:

a) Short-term trade receivables from related parties

	31 March 2018	31 December 2017
Korteks	62,454	35,358
Zorluteks Tekstil Ticaret ve Sanayi AŞ (“Zorluteks”)	25,685	14,343
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ	14,367	11,705
Zorlu Tesis Yönetimi AŞ	11,438	3,095
Other	11,864	2,453
	125,808	**66,954**

Maturity of trade receivables from related parties is approximately 1 month (31 December 2017: 1 month). Applied interest rate for TL balances is 18%, USD and EUR balance is 7% and 6% respectively (31 December 2017: TL balances: 18%, USD and EUR balances: 6%).

b) Short-term other receivables from the related parties

	31 March 2018	31 December 2017
Zorlu O&M Enerji Tesisleri İşletme ve Bakım Hizmetleri AŞ (“Zorlu O&M “) (*)	141,797	162,753
Zorlu Endüstriyel ve Enerji Tesisleri İnşaat Ticaret A,Ş, (“Zorlu Endüstriyel”) (*)	48,153	911,406
Dorad Energy Ltd. (“Dorad”) (**)	30,186	38,185
Edeltech Ltd. (“Edeltech”) (**)	14,912	18,043
Other	23,857	11,456
	258,905	**1,141,843**

(*) The maturity of short term other receivable from Zorlu Endüstriyel and Zorlu O&M for financing purpose is less than 1 year and applied interest rate is 7% for USD balances (31 December 2017: 6%).

(**) Receivables from Dorad and Edeltech consist of financing in respect of power plants which was constructed in Israel.

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

NOTE 15 - RELATED PARTY TRANSACTIONS (Continued)

c) Long-term other receivables from related parties

	31 March 2018	31 December 2017
Zorlu Holding (*)	1,361,331	598,467
Ezotech (**)	110,067	105,139
Edeltech (**)	59,841	62,830
Solad (**)	9,106	8,698
Dorad (**)	-	12,027
	1,540,345	**787,161**

(*) The Board of Directors determined that Company receivables from Zorlu Holding amounts to USD161,181 plus accumulated interest on 23 March 2018, through their protocol, with Board of Directors decision No. 2015/21 dated 10 May 2015. With the decision of the Board of Directors on 23 March 2018, receivable of Zorlu Doğal from Zorlu Endüstriyel amounting to USD227,558 will be first transferred to Zorlu Holding and then to Zorlu Enerji. Accordingly, receivable of the Company from Zorlu Holding in the period ending on 31 March 2018 was offset by the Company's debts to Zorlu Holding for the same period and recognised under "other long-term receivables from related parties" in the attached financial statements. It was decided that the maturity date of the receivable, determined through the protocol for the first time, will remain 31 December 2020, and the maturity date of the amount which was transferred as per the Board of Directors decision on 23 March 2018 was determined to be 31 December 2025.

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

d) Short-term trade payables to related parties

	31 March 2018	31 December 2017
Zorlu O&M	9,536	20,476
Zorlu Holding	1,028	46,250
Zorlu Endüstriyel	629	27,166
Other	3,110	4,474
	14,303	**98,366**

e) Short-term other payables to related parties

	31 March 2018	31 December 2017
Zorluteks (*)	35,396	35,568
Korteks (*)	31,277	90,305
Zorlu O&M Pakistan (*)	11,236	10,700
Other	2,936	2,912
	80,845	**139,485**

(*) Consist of the amounts provided by the Company for financing purposes.

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

NOTE 15 - RELATED PARTY TRANSACTIONS (Continued)

f) Long-term other payables to related parties

	31 March 2018	31 December 2017
Zorlu Holding (*)	5,456	291,967
	5,456	**291,967**

(*) Long term other payables to Zorlu Holding consists of the payables for financing purposes and the interest rate is 7% for USD balance (31 December 2017: for USD and EUR 6%).

ii) Transactions carried out with related parties for the period 1 January - 31 March 2018 and 2017 are as follows:

	Sales	Purchases	Operating expenses and other income/ (expenses), net	Financial income/ (expenses), net
1 January - 31 March 2018				
Korteks	18,961	-	-	4,989
Zorluteks	10,077	-	(30)	(240)
Zorlu Tesis Yönetimi	6,610	-	(152)	111
Zorlu Holding	-	-	(2,174)	47,243
Zorlu O&M	9	(15,866)	(88)	9,726
Zorlu Endüstriyel	181	(56)	(15)	47,058
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş. ("Zorlu Gayrimenkul")	-	-	(1,315)	-
Other	5,602	(9)	(766)	9,380
	41,440	**(15,931)**	**(4,540)**	**118,267**

	Sales	Purchases	Operating expenses and other income/ (expenses), net	Financial income/ (expenses), net
1 January - 31 March 2017				
Korteks	11,700	-	-	(786)
Zorluteks	9,003	-	(35)	79
Zorlu Tesis Yönetimi	6,100	-	(101)	-
Zorlu Holding	175	-	(1,153)	(13,135)
Zorlu O&M	24	(13,993)	(772)	9,047
Zorlu Endüstriyel	87	(13)	(154)	29,390
Edeltech	-	-	5	3,231
Dorad	-	-	-	5,387
Other	4,078	(1)	(1,661)	1,136
	31,167	**(14,007)**	**(3,871)**	**34,349**

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

NOTE 15 - RELATED PARTY TRANSACTIONS (Continued)

The sales to the related parties consist of electricity sales.

Purchases of Zorlu O&M are related to cost of repair and maintenance.

Operating income and expense generally consist of amounts related to common expenses.

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

iii) Key management compensations for the periods between 1 January - 31 March 2018 and 2017 are as follows:

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 2018	1 January - 31 March 2017
Salaries	981	586

NOTE 16 - EVENTS OCCURING AFTER REPORTING PERIOD

- Pursuant to material event disclosure dated 18 April 2018 it was decided that the Company will join Zorlu Enerji Dağıtım Anonim Şirketi as the sole founding partner with a capital share of TRY50,000, and this amount, which is equal to the entire capital liability of the Company, will be paid before registration. The foundation registration transactions of the said company were completed on 20 April 2018.
- Pursuant to material event disclosure dated 2 April 2018, the Company applied to the CMB for a management contract for the issuance of a sukukwith a maximum maturity of five years and for up to TRY300,000,000, to be sold via private placement and/or to qualified investors without a public offering, and this application was approved by the Board. The Company completed the sales transactions for a sukuke with a floating dividend payment with a TRY200,100,000 nominal value, and 728 day term, and which was to be sold to qualified investors without a public offering on 20 April 2018. Vakıf Yatırım Menkul Değerler AŞ mediated the issuance.
- Pursuant to material event disclosure dated 16 May 2018, Zorlu Enerji Dağıtım AŞ, of which the Company holds 100% of the shares, will buy 90% of the shares of Trakya Bölgesi Doğalgaz Dağıtım AŞ ("Trakya Doğal Gaz") and Gazdaş Gaziantep Doğalgaz Dağıtım AŞ ("Gaziantep Doğal Gaz") from the relevant Zorlu Group companies. The below shares, terms and prices are in line with institutionalization work aiming to maintain the activity integrity of our Company. The shares to be purchased are as follows:
  - 80.76% of the 90.76% of total shares held by Zorlu Holding, 0.67% of the shares held by Zorlu O&M, 2.68% of the shares of Zorlu Endüstriyel, 0.13% of the shares of Zorluteks, 5.76% of the shares held by Olgun Zorlu in Trakya Bölgesi Doğalgaz Dağıtım AŞ,
  - 67.31% of the shares held by Zorlu Holding, 1.54% of the shares held by Zorlu O&M, 5.22% of the shares held by Zorlu Endüstriyel, 0.38% of the shares held by Zorluteks, and 15.56% of the shares held by Olgun Zorlu in Gazdaş.

NOTE 16 - EVENTS OCCURING AFTER REPORTING PERIOD (Continued)

- Ernst & Young Kurumsal Finansman Danışmanlık AŞ performed valuation work as per CMB regulations on the said share transfers. At the end of this work, the total value of Trakya Doğal Gaz was determined to be TRY195,556,539 and the total value of Gaziantep Doğal Gaz was determined to be TRY129,860,092. Members of the board of directors attending the meeting unanimously decided that Zorlu Enerji Dağıtım AŞ will buy 90% of the shares of Trakya Doğal Gaz and Gaziantep Doğal Gaz for TRY176,000,885 and TRY116,874,082, respectively, and that the said amounts will be paid in cash within one year after the date of transfer.
- Pursuant to material event disclosure dated 23 May 2018, it was announced that Company's application was approved. The application is related to issuing debt instruments not to exceed TRY300,000,000; which will be sold to qualified investors in various periods within one year after the issuance certificate is submitted; which will have a maximum term of five years; be denominated in TRY; be sold domestically once or more than once; and without public offering. Our Company completed the sale transactions for floating rate bonds having a TRY10,000,000 nominal value and a 526 day term, and which were to be sold to qualified investors without a public offering on 23 May 2018. Ak Yatırım Menkul Değerler A.Ş. mediated the issuance.
- The Dubai International Financial Centre approved the title change from "Zorlu Enerji Asia Limited" to "Zorlu Enerji Asia Holding Limited", the foundation of which we announced with the material event statement dated 15 February 2018, and the foundation transactions of the company were completed on 29 May 2018.
- Project Financing Contracts, all of which are in TL, were signed between OEDAŞ, a 100% subsidiary of the Company, and the European Bank for Reconstruction and Development ("EBRD"), International Finance Corporation ("IFC"), Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. ("FMO") and local banks for a cash loan with a maximum value of USD330,000,000. The loan subject to the contract signed between the parties on 31 May 2018 will be used in electricity distribution investments to be made in the third tariff implementation period announced by the Energy Market Regulation Board.

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