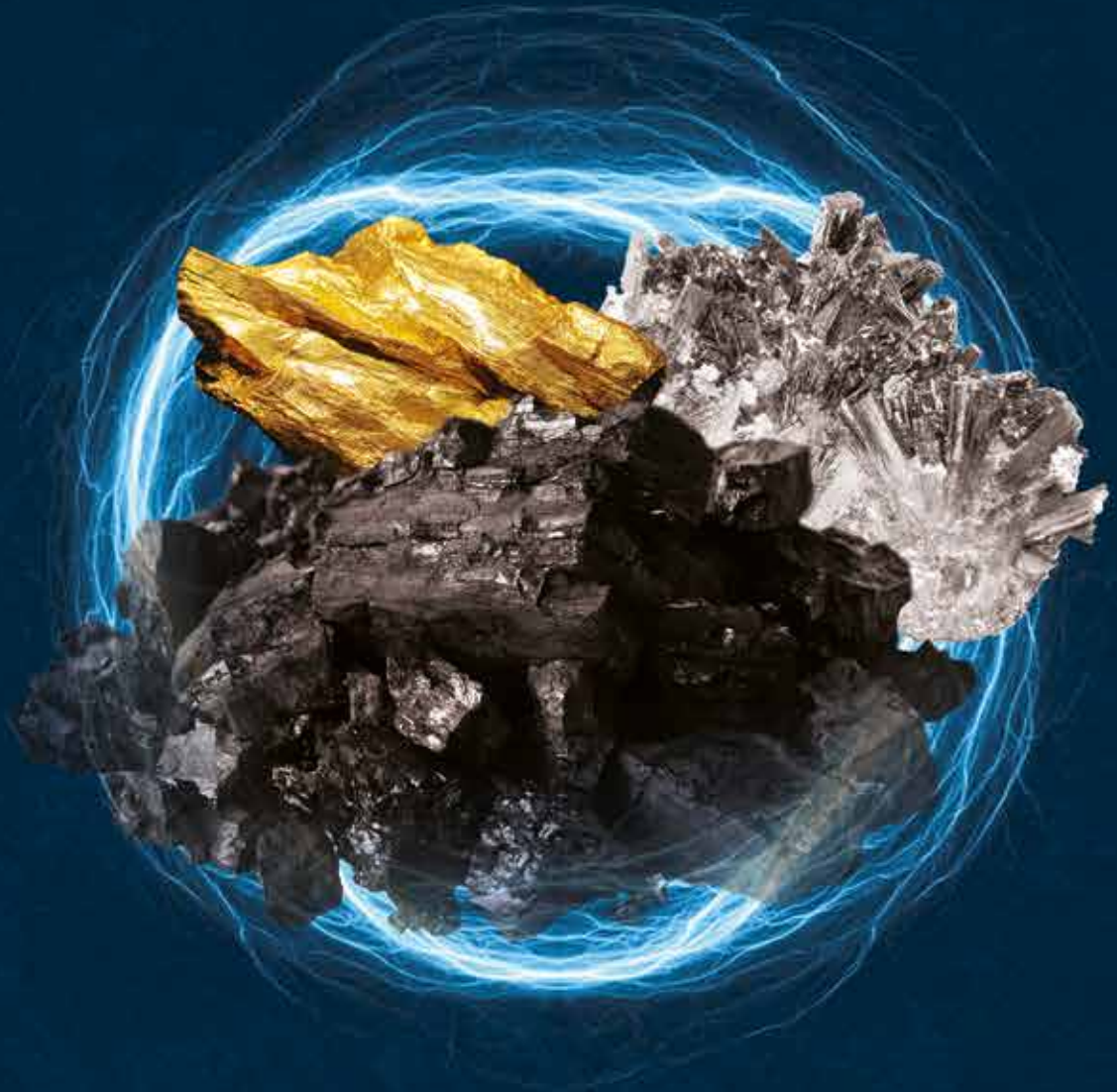


ODAS



ANNUAL REPORT

2017

Table of Contents

Chapters

1 Annual Report

Independent Audit Report for the Board of Directors' Annual Report	sf.6
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2 ODAŞ at a Glance

ODAŞ Milestones	sf.10
-----------------------	-------

Financial Highlights	sf.12
----------------------------	-------

Existing Operations and Ongoing Investments	sf.14
---	-------

Highlights of 2017	sf.16
--------------------------	-------

3 Management

Board Members	sf.20
---------------------	-------

Vision, Mission, Strategy	sf.21
---------------------------------	-------

4 Operations

ODAŞ Group Companies	sf.24
Energy	sf.26
Electricity Generation & Retail	sf.26
Mining	sf.31
Precious Metal & Minings	sf.31
Investor Relations & Share Performance	sf.32
Human Resources	sf.34
Social Responsibility Projects	sf.36

5 Corporate Governance

Report for Compliance with Corporate Governance Principles	sf.40
--	-------

6 Consolidated Financial Tables

Audit Report for Consolidated Financial Tables	sf.60
Financial Tables	sf.70
Footnotes	sf.76

7 Contacts

Contacts	sf.162
----------------	--------

Chapter

1





*Independent
Audit Report
for the Board of
Directors' Annual
Report*



Independent Audit Report for the Board of Directors' Annual Report

To the Board of Directors of
ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş.

1) Opinion

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

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

2) Basis for Opinion

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

3) Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 12 March 2018 on the full set consolidated financial statements for the 1 January - 31 December 2017 period.

4) Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly.

AS Bağımsız Denetim ve YMM AŞ | NEXIA TURKEY

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nexia@nexiaturkey.com.tr | www.nexiaturkey.com.tr

b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also, in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regard to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Customs and Trade and other relevant institutions.

5) Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC provisions regarding whether or not the financial information and the analysis made by the Board of Directors are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit. Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information in the annual report and the analysis made by the Board of Directors are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

As Bağımsız Denetim ve YMM AŞ
(Member of NEXIA INTERNATIONAL)



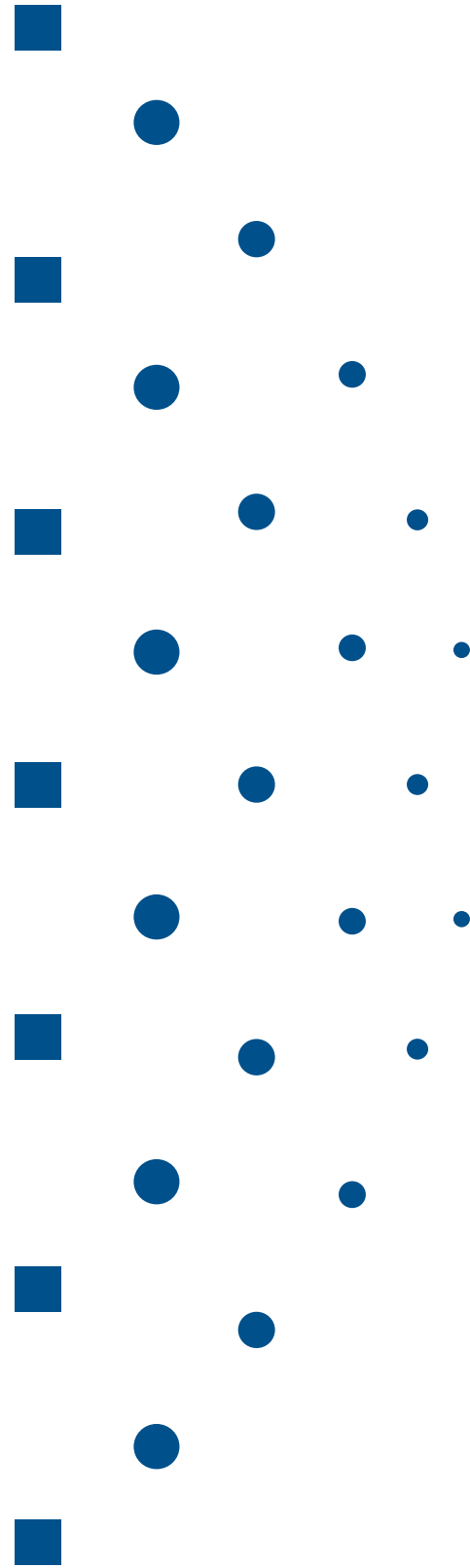
M. Cem Tezelman
Partner

12.03.2018
İstanbul, Turkey

Chapter

2





*ODAŞ at
Glance*

2

ODAŞ Milestones



2012

ODAŞ Enerji Elektrik Perakende Satış Anonim Şirketi became a part of ODAŞ Group.



2011

The first phase of Şanlıurfa Combined Cycle Natural Gas Power Plant with an installed capacity of 140 MW was brought into use.

2010

ODAŞ was founded.



2013

ODAŞ Natural Gas Wholesaling was founded.

Şanlıurfa Combined Cycle Natural Gas Power Plant reached to 140 MW installed capacity.

92% of Can Komur ve Insaat A.S. was acquired by ODAŞ Elektrik Uretim A.S.

2014

0.25 MW solar power plant is brought into use.

Investment in Çan-2 Thermal Power Plant with an installed capacity of 340 MW begun.

Çan Kömür ve İnşaat AŞ's Environmental Impact Assessment (ÇED) for Çan-2 Thermal Power Plant was approved.



2

ODAŞ Milestones



2017

The production capacity in Antimony and Antimony Trioxide Mining has doubled.

The Environmental Impact Assessment (EIA) Report application regarding operations prior to gold production planning was conducted.

Coal sales started in accordance with the Group's coal production and sales planning.

- ODAŞ Enerji Elektrik Perakende Satis A.S. increased the size of its total client portfolio by 30%.



2016

Antimony and antimony trioxide production begins at Suda Maden A.Ş.



2015

ODAŞ begins working on gold and antimony mining operations. Under these operations, 96% of Anadolu Export and 100% of Suda Maden A.Ş. were acquired.

Köprübaşı Hydroelectric Power Plant with an installed capacity of 8.2 MW became operational.

ODAŞ started to be listed on the Istanbul Stock Exchange in the BIST 100 index.

Consolidated Financial Data (Mn TRY)

	2014	2015	2016	2017
Net Sales	622	485	517	614
Sales From Productions	212	172	210	265
EBITDA Margin from Productions	%28	%16	%28	%19
Net Profit	27	0,5	-9	100
EBITDA*	54	37	60	54

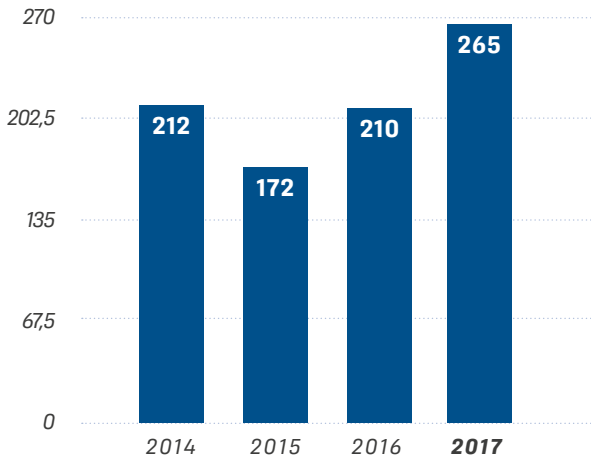
Cash & Cash Equivalents	71	62	108	124
Short Term Liabilities	104	115	165	341
Long Term Liabilities	136	251	473	825
Equity	96	169	158	282
Total Assets	419	648	952	1780
Net Debt**	169	305	531	1042

KPIs

	2014	2015	2016	2017
EBITDA Margin (%)	%9	%8	%12	%9
Net Debt /EBITDA (x)	3,2	8,2	8,8	19,3
Equity / Total Assets (%)	%23	%26	%17	%16

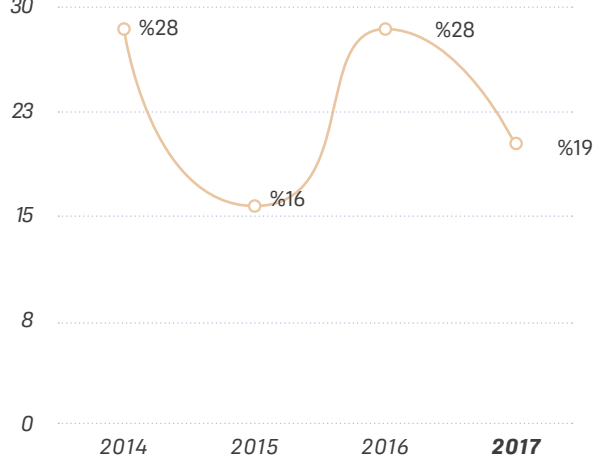
Sales From Productions

Mn TRY



EBITDA Margin from Productions (%)

%

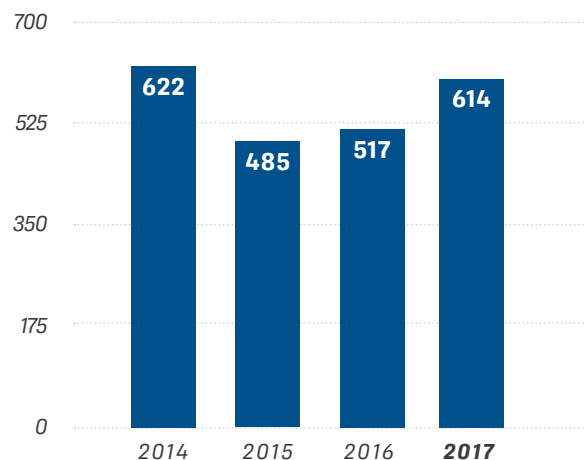


* Earnings Before Interest Tax and Amortization

**62% of total Net Debt of 2017 comes from ÇAN-2 Coal Fired Power Plant Investment and the principle payments of ÇAN-2 CFPP will commence as of 2019.

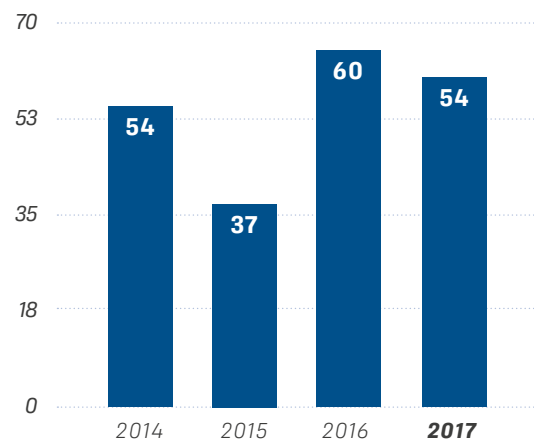
Net Sales

Mn TRY



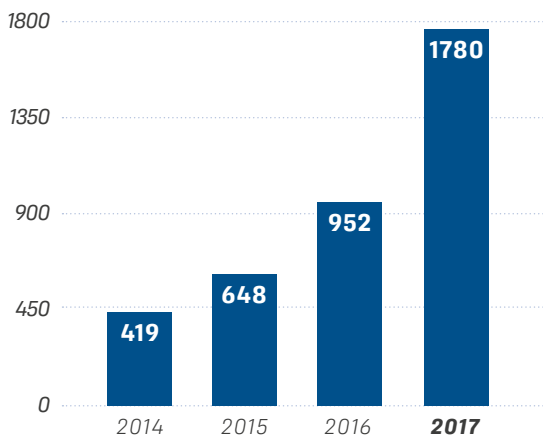
EBITDA

Mn TRY



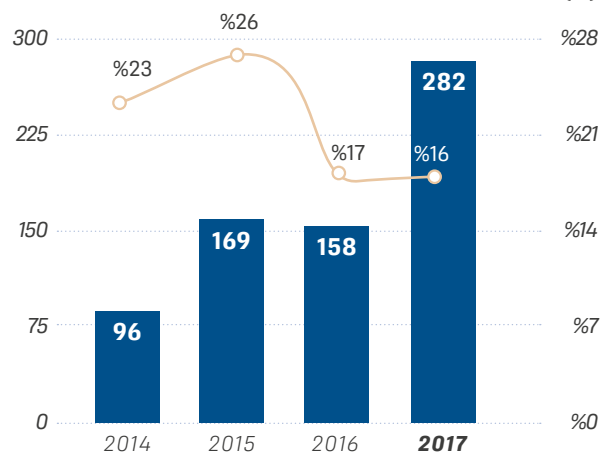
Total Assets

Mn TRY



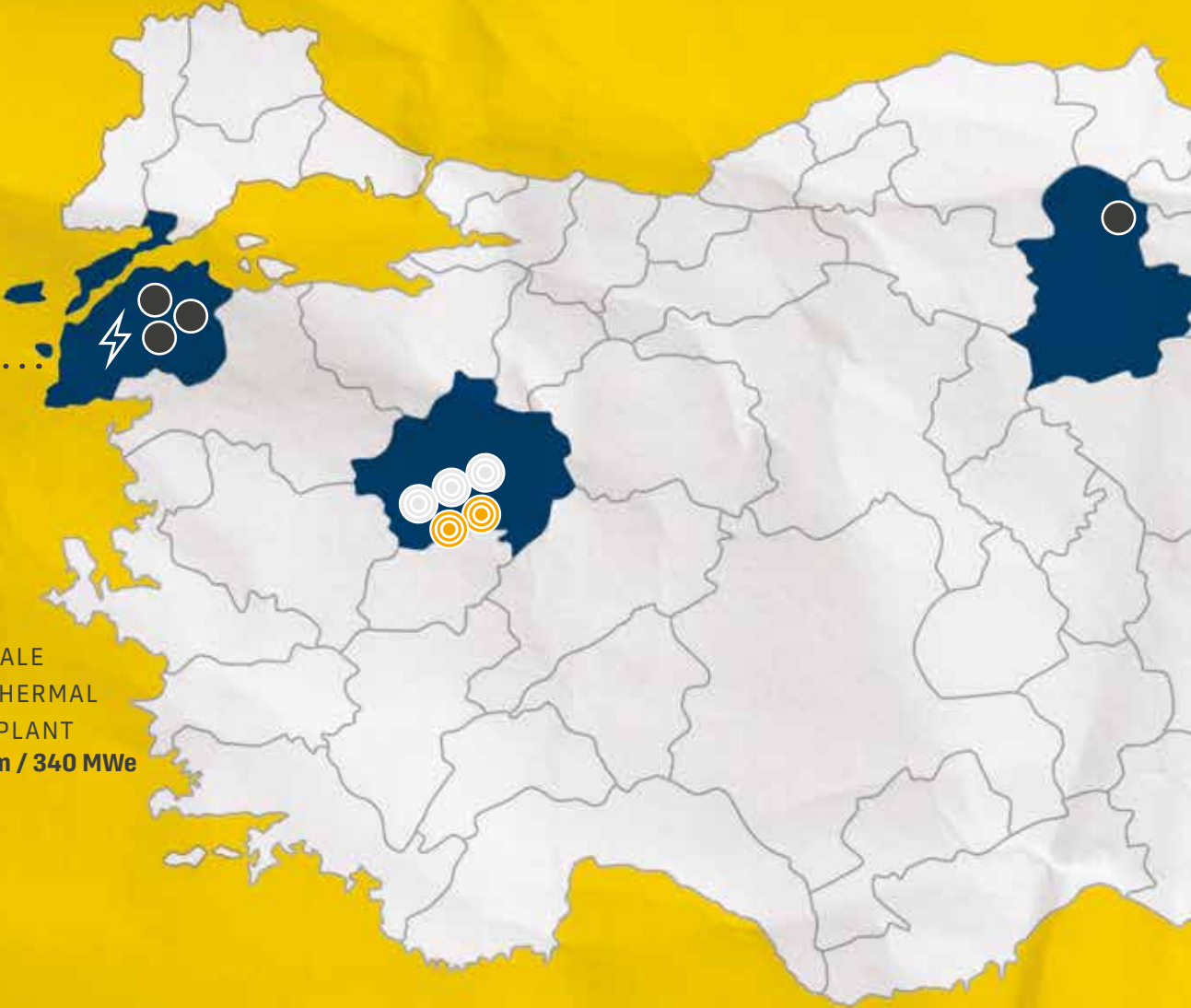
Equity

Mn TRY



Equity/ Total Assets

(%)



ÇANAKKALE
ÇAN-2 THERMAL
POWER PLANT
330 MWm / 340 MWe

TRABZON KÖPRÜBAŞI Hydroelectric Power Plant **8,2 MW**



ŞANLIURFA NATURAL GAS POWER PLANT **140 MW**

ŞANLIURFA SOLAR POWER PLANT **0,25 MW**



Gold Mining Sites



Coal Mining Sites



Antimony Mining Sites



Electricity Generation



Investment in Progress

ÇAN-II Thermal Power Plant

The progress of 340 MW installed capacity of CAN II Thermal Power Plant investment continued in the year 2017 as per the set schedule.

In parallel to the investment development process, the flue gas desulphurization (FGD) system, one of the major equipment of the plant in terms of environmental sensitivities, was built with the latest technology. In order to achieve this, General Electric (GE) (Alstom Power SPA), one of the largest and most experienced firms of the world, has been chosen as the contractor.

Taking into account the power plant's rather low investment cost relative to other similar investments as well as the electricity purchases TETAŞ was set to make at an established price from private firms operating generation plants based on domestic coal, and the capacity payments to be made within the framework of the electricity market capacity mechanism regulation, Çan-2 Thermal Power Plant will reinforce the EBITDA from electricity operations even further. The first ignition was made in March 2018 in Can-2 Thermal Power Plant and it has been progressing at a fast pace.



Precious and Strategic Metal Mining

The studies conducted revealed the existence of 348 thousand ounces of gold and 2.8 mn ounces of silver resources; prior to gold production. The application was made for an Environmental Impact Assessment (EIA) report. Currently, the EIA process is still on progress, a meeting to facilitate local participation has been held, and all the related agencies have been consulted.

Further steps regarding financing gold investment will accordingly be started after Çan-2 Thermal Power Plant becomes operational. Additionally, in the last quarter of 2016, ODAŞ Group successfully commenced the production of antimony, the first metal that is expected to be fully depleted on earth, and in 2017, a decision was made to increase the production capacity of antimony by taking into account of increased demand.

Within this framework, an additional production furnace was put into operation in December 2017. Thus, we have become the only antimony trioxide and metal producing company with a vertically integrated structure in the Group. The production capacity has been doubled parallel to the increase in demand for antimony.

Coal Mining

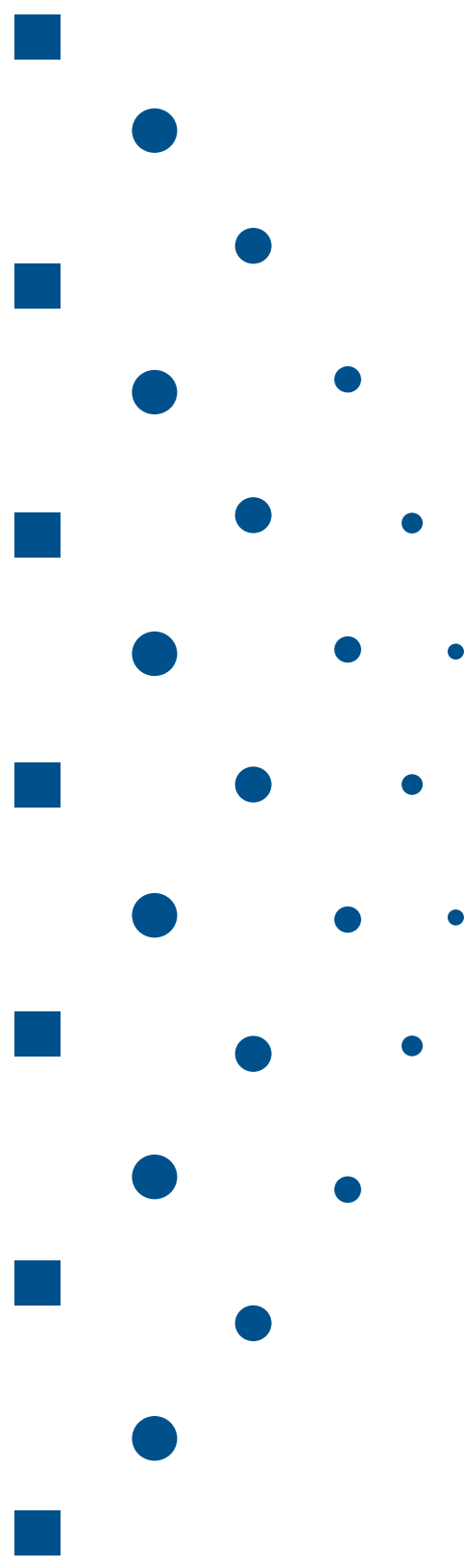
The Group's operations in coal production and sales begun by adding new resources to the already existing ones.



Chapter

3





Management

Abdulkadir Bahattin Özal

Chairman

Having completed his primary and secondary education at TED Ankara College, Mr. Özal attended Üsküdar Cumhuriyet High School, followed by ITU Control and Computer Engineering Department in 1985, and Boğaziçi University Physics Engineering Department in 1988. Thereafter, he entered business life and established and managed numerous firms in the construction, import, export and energy sectors. In cooperation with Mr. Burak Altay, Mr. Özal has implemented more than ten projects in the energy sector, as well as completing investments in five power plants over five years. Currently he serves as the Chairman of the Board of Directors of the firm, as the founding partner of ODAŞ Group.

Mustafa Ali Özal

Board Member

Having graduated from Gazi University's Department of Economics, Mr. Özal took on a career in business in 1982. He served as an executive and board member at various firms operating in a number of sectors. Mr. Özal continues to serve as a board member in the firm.

Yavuz Baylan

Independent Board Member

Having graduated from Istanbul University's Department of Economics, Mr. Baylan served as a chief public accountant at the Ministry of Finance for eight years, followed by a career in financial consultancy in the private sector from 1981 onward. In 1987, he was a pioneer in the establishment of BDO Turkey, and became a sworn financial consultant in 1989. Mr. Baylan continues to serve as an independent board member in the firm.

Burak Altay

Deputy Chairman / CEO

Having graduated from Koç University's Department of Business Administration, Mr. Altay taught courses as a research assistant at Koç University while studying for his master's degree at Marmara University's Faculty of Law. After beginning his career in entrepreneurship as Alstom Power's representative in Turkey, Mr. Altay then developed numerous start-up projects in the energy sector together with Mr. Bahattin Özal, leading to successful investments in energy. Mr. Altay continues to serve as the Deputy Chairman of the Board as a founding partner of ODAŞ Group.

Hafize Ayşegül Özal

Board Member

Having completed her education in 1972, Mrs. Özal began working at Aköz Foundation in 1994, and was appointed as Foundation Director in 1996. Currently, she is a board member of Aköz Foundation, offering scholarships to 250 students and providing support to people in need. Mrs. Özal continues to serve as a board member in the firm.

Salih Erez

Independent Board Member

Mr. Erez graduated from Koç University's Department of Business Administration and continues to serve as a board member at Haznedar Refrakter San. AŞ, Durer Refrakter Malzemeleri San. ve Tic. AŞ, and Haznedar Yatırım ve Pazarlama AŞ, along with his position as an independent board member in ODAŞ.

Mission

To provide value-creating products and services for our country and shareholders through a flexible approach to high-return investments, by taking social and environmental concerns into account.

To become a pioneering firm achieving sustainable profitability by standing out with strategic investments in the energy and mining sector.

Vision

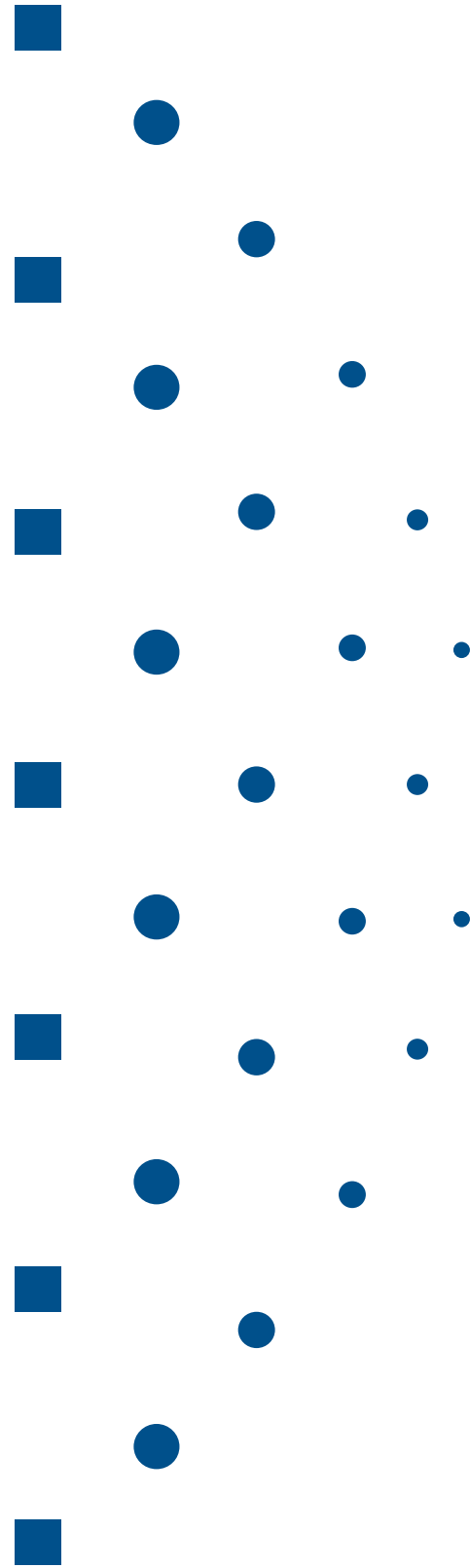
While maintaining its value-creating investments in the energy sector and standing out with its high level of internal efficiency, ODAŞ intends to achieve added synergies through operations in the mining industry, and to diversify its revenues.

Strategy

Chapter

4





Operations

ENERGY

4*ODAŞ Group Companies*

Çan Kömür ve İnşaat AŞ

%92

Local Coal Based Thermal Power Plant

ODAŞ Enerji Elektrik Perakende Satış AŞ

%100

Retail Sales of Electricity

Küçük Enerji Üretim ve Ticaret Ltd. Ş

%90

Köprübaşı Regulator and Hydroelectric Power Plant

ODAŞ Doğal Gaz Toptan Satış Sanayi ve Ticaret AŞ

%90

Natural Gas Wholesale

Hidro Enerji Elektrik Üretim Sanayi AŞ

%100

Volkan Hydroelectric Power Plant Generation License

Ena Elektrik Üretim Ltd. Ş

%80

Electricity Wholesale

CR Proje Geliştirme Yatırım Sanayi ve Ticaret AŞ

%100

MINING

4

ODAŞ Group Companies

Suda Maden AŞ

%100

Precious and Strategic Metal Mining

Anadolu Export Maden Sanayi ve AŞ

%96

Precious Metal Mining

Suda Stratejik Metal Dış Ticaret AŞ

%100

YS Madencilik Sanayi Ticaret Ltd. Ş

%52

Electricity Generation & Retail

Çan Kömür ve İnşaat AŞ

As part of our vision to move towards local coal resources with high calorific value in order to employ the most advantageous methods of power generation currently available in the sector, in September 2013 the Group acquired 92% of Çan Kömür ve İnşaat AŞ, which holds an already paid royalty in Çanakkale province's Çan district. Boring was performed in line with the Joint Ore Reserves Committee's (JORC) standards on the existing license site. The average calorie value of the reserves identified in 2013 was 3,481 kcal/kg. This figure ranks top among all lignite resources used in power plants in Turkey.

This translates not only to a reduction in investment costs per MW, but also to a competitive advantage in terms of production costs.

Together with these advantages the investment process for the power plant was commenced. The investment cost of the power plant is rather low relative to similar investments. The technical, mechanical and construction work on Can-2 Thermal Power Plant, which will have an installed capacity of 340 MWm/330 MWe, progressed successfully in 2017. Accordingly, the initial ignition was made in March 2018 in Can-2 Thermal Power Plant, the work to render the plant operational has been progressing at a fast pace.

Additionally, the electricity purchases TETAŞ is set to make at an established price from private firms operating generation plants based on domestic

coal, and the capacity payments to be made within the framework of the electricity market capacity mechanism regulation will further reinforce the EBITDA due from electricity operations of Çan-2 Thermal Power Plant.

The high calorific content of the coal at the site also provides the option to sell it directly to the market. Therefore, it is possible to sell the coal as a retail product and/or to industrial enterprises using coal during the production phase.

ODAŞ Enerji Elektrik Perakende Satış AŞ

A fully-owned subsidiary of ODAŞ Group, ODAŞ Enerji Elektrik Perakende Satış AŞ (ODAŞ Energy Electricity Retail – formerly named Voytron) was established in 2009. The firm's growth strategy is based on developing an extensive electricity distribution network within the vertical integration structure of the group, and making electricity available to end-consumers.

Making good use of the advantages provided by being a part of ODAŞ group, the firm has managed to stand out among the leading wholesalers of the sector. In 2017, an agreement was made between ODAŞ Enerji Elektrik Perakende Satis A.S. and 2M Enerji Toptan Elektrik Ticaret A.S. (2M Enerji) for the transfer of the portfolio of 2M Enerji to ODAŞ Enerji Elektrik Perakende Satis A.S. The nature of the electricity market leads to a high level of volatility, with prices varying on a hourly, daily, and monthly basis.

The firm's ability to fix the electricity sale price through bilateral agreements enables a guarantee of minimum cash flow for the group. Furthermore, authorized to engage in imports in case the prices remain above the normal levels, ODAŞ Enerji Elektrik Perakende is able to import power from countries such as Bulgaria and Greece.

Küçük Enerji Üretim ve Ticaret Ltd. Ş

Köprübaşı Hydroelectric Power Plant, 90% subsidiary of ODAŞ, is located on Manahoz Creek in Trabzon province, with an installed capacity of 8.2 MW. The power plant began commercial operations in October 2015.

The electro-mechanic equipment used in the construction of the power plant was procured from a local firm, marking it a first in Turkey for a power plant of such scale and leading to a guaranteed purchase price of \$9.3/KWh instead of \$7.3/KWh for a five-year period from 2016 onward.

ODAŞ Doğal Gaz Toptan Satış Sanayi ve Ticaret AŞ

A 90% subsidiary of ODAŞ Elektrik Üretim Sanayi

Ticaret AŞ (ODAŞ), ODAŞ Doğal Gaz Toptan Satış Sanayi ve Ticaret AŞ was set up to provide long-term reliable natural gas supplies for ODAŞ Natural Gas Power Plant in Şanlıurfa, as well as to extend ODAŞ Enerji Elektrik Perakende AŞ's existing sales network in the electricity sector to the natural gas sector. As of March 2013, the firm holds a natural gas wholesale license granted by the Energy Market Regulatory Authority.

Hidro Enerji Elektrik Üretim Sanayi AŞ

A 100% subsidiary of ODAŞ, the firm holds a generation license for Volkan Hydroelectric Power Plant on Balkodu Creek in Trabzon, with an installed power capacity of 1.9 MW.

Ena Elektrik Üretim Ltd.Ş

An 80% subsidiary of ODAŞ, the firm applied for a generation license for Hisar Regulator and Hydroelectric Power Plant. Following the completion of the licensing procedures with the Energy Market Regulatory Authority a "Share Transfer Agreement" was signed with a foreign firm to ensure the transfer of all our shares in Ena Elektrik Üretim Limited Şirketi for a price of TRY 1 million.

Electricity Generation

Urfa Natural Gas Power Plant (140 MW)

As of 31.12.2017, 497 GWh of electricity has been generated.

Köprübaşı HEPP (8,2 MW)

As of 31.12.2017, 26 GWh of electricity has been generated.

Electricity Retail

ODAŞ Enerji Elektrik Perakende Satış AŞ

As of 31 December 2017, a total of 997 GWh of electricity was sold through ODAŞ Energy Electricity Retail serving 26.981 utility meters.

In order to benefit the group's vertical integration structure and further developing the portfolio, an agreement has been made between ODAŞ Enerji Elektrik Perakende Satış A.S. and 2M Enerji Toptan Elektrik Ticaret A.S. (2M Enerji) for the transfer of the portfolio of 2M Enerji to ODAŞ Enerji Elektrik Perakende Satış A.S.

500 MW Installed Capacity Target

Currently ODAŞ operates a 140 MW combined cycle natural gas power plant, a 0.25 MW solar power plant, and a 8.2 MW hydroelectric power plant.

In the electricity generation business, ODAŞ opted for a medium-scale yet profitable generation policy, rather than focusing on high installed power ratings. To do so, it began the investment for a 340 MW thermal power plant in Çan. Currently in 2013. Accordingly, the first ignition was made in March 2018 in Can-2 Thermal Power Plant. The work to render the plant operational has been progressing at a fast pace. The 8.2 MW hydroelectric power plant investment at Köprübaşı, on the other hand, has been operational on a commercial basis since October 2015.

Electricity Generation

ODAŞ Urfa DGKÇS (140 MW)	2017	2016	2015	2014
Urfa Total Electricity Generation (Net) (GW)	497	581	534	583
Average Spot Price (TL/MWh)	164	140	138	164
ODAŞ Average Sales Price (TL /MWh)	262	290	278	313
Price Premium	%60	%107	%101	%91
Körübaşı HEPP (8,2 MW)	2017	2016	2015	2014
Köprübaşı Total Electricity Generation (Net) (GW)	26	35,9		
Total Electricity Production	523 GWh	617.4 GWh		

Electricity Sales

ODAŞ Enerji Elektrik Perakende Operational Figures	2017	2016	2015	2014
Total Electricity Sales (GWh)	997	847	1,320	1,850
Utulity Meters (Total)	26.981	23.105	19.548	33.678

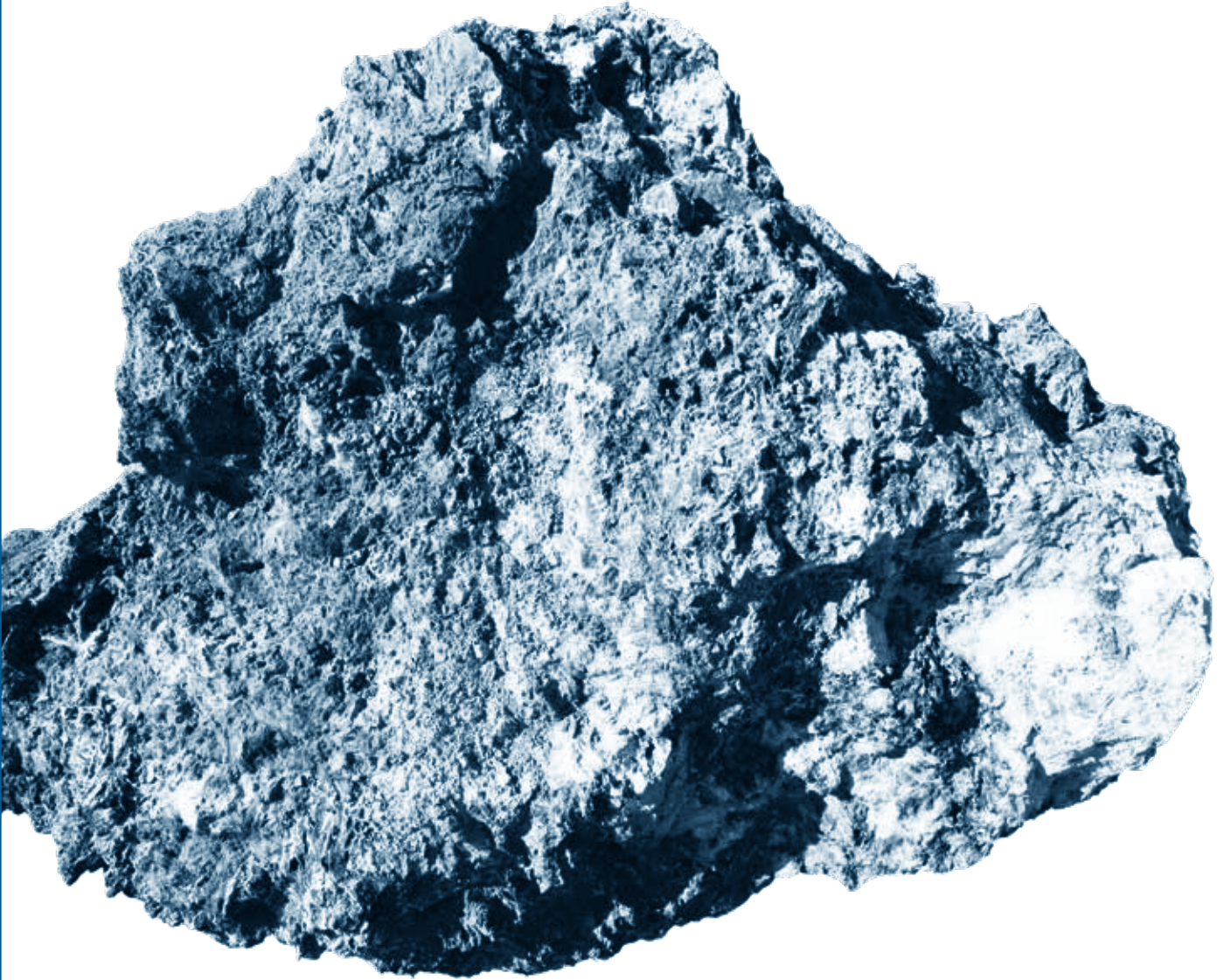
An Outlook of the Sector

As of December 2017, the total installed power in the sector registered an increase of 7.1% and reached 83,274.9 MW. The share of the installed power based on natural gas was 31.9% while renewable energy resources had a share of 45.2% as they registered an increase of 1.9% compared to the previous year.

The breakdown of the total installed power on the basis of the establishment type reveals the investments to be mainly private sector sourced. As of 2017 year end, 61.8% of the total installed power originates from the power plants of the independent generation companies while EUAS makes up the 23.9%.

The renewable energy portfolio continued to maintain its upward trend in the year 2017 and registered an installed power increase of 11.8%. The electricity generation in Turkey displayed a year-on-year increase of 5.4%.

The share of the renewable energy and natural gas power plants in the year 2017 electricity generation was 28.8% and 37.5%, respectively. In spite of the increase in the installed power of renewable energy investments, the production volume decreased by 5.7% relative to the previous year.



Precious Metal & Minings

SUDA MADEN AŞ

A 100% subsidiary of ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., the firm holds four mining licenses in the Kütahya-Uşak region; two for operating and two for prospecting. Precious metal works carried out under these licenses revealed the existence of gold (Au) and antimony (Sb), as well as copper (Cu) and silver (Ag), leading to the inclusion of all in the prospecting framework. Antimony and antimony trioxide are currently produced on the sites belonging to Suda Maden A.Ş., while the licenses held by the firm cover an area in Kütahya and Uşak, near the Karaağaç gold mining license site. The additional production furnace was put into operation in December 2017 to increase our antimony production capacity.

Anadolu Export Maden Sanayi ve Ticaret AŞ

Anadolu Export Maden Sanayi, 96% of share is owned by ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., has Karaagac gold mining license applicable within the city limits of Kutahya and Usak and the current work conducted under this license revealed the existence of 348,150 ounces of Gold (Au) (167,486 ounces indicated and

180,664 ounces inferred) and 2,832,036 ounces of Silver (Ag) (1,255,604 ounces indicated and 1,576,432 ounces inferred) in total. The Environmental Impact Assessment (EIA) Report process regarding operations prior to gold production is on progress.

YS Madencilik Sanayi Ticaret Ltd. Ş

52% of this company active in the field of mining belongs to ODAŞ. The site handover for license No. IR:1521 , with attached royalty rights, in the city of Balıkesir, district of Balya was made as YS Madencilik San. ve Tic. Company acquired the royalty rights pertaining to this license from Komur İşletmeleri A.Ş. Furthermore, a 10-year royalty agreement was executed with Komur İşletmeleri A.Ş. (KIAS) regarding the coal mining operations based on license No. IR: 2600 in the city of Corum, district of Dodurga.

Suda Stratejik Metal Dış Ticaret AŞ

ODAŞ Elektrik Üretim Sanayi Ticaret AŞ. indirectly owns 100% of Suda Stratejik Metal Dış Ticaret A.Ş.

ODAŞ's Investor Relations Department enables communications between the Board of Directors and existing and potential shareholders institutional investors, analysts, and portfolio managers, and ensures perfect compliance with the firm's obligations to capital market regulations, ensuring observance of the CMB's Corporate Governance Principles in line with the principles of honesty, accountability, transparency, and reliability in operations.

Investor Relations Activities

In 2017, the Investor Relations Team, along with the senior management of the firm, had contacts with a total of 82 institutional investors, analysts, and portfolio managers, and provided a picture of the firm's existing

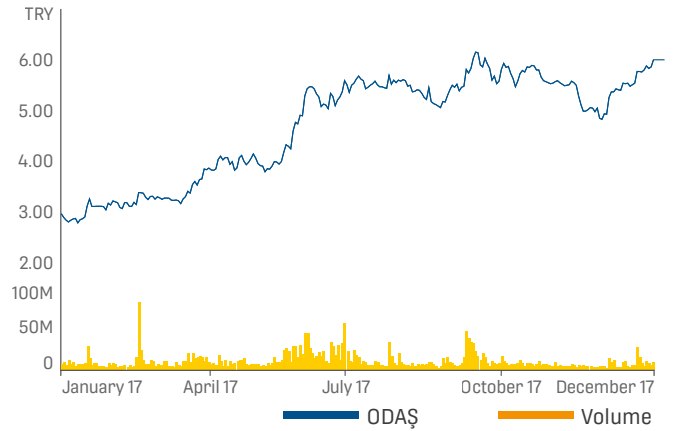
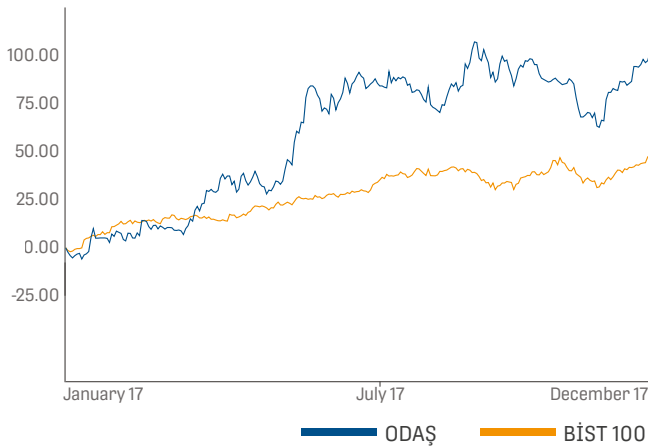
operations and investments, with reference to actual financial and operational data.

Furthermore, in May 2017, a site visit to Çan-2 Thermal Power Plant was held and 22 analyst and portfolio managers have been attended.

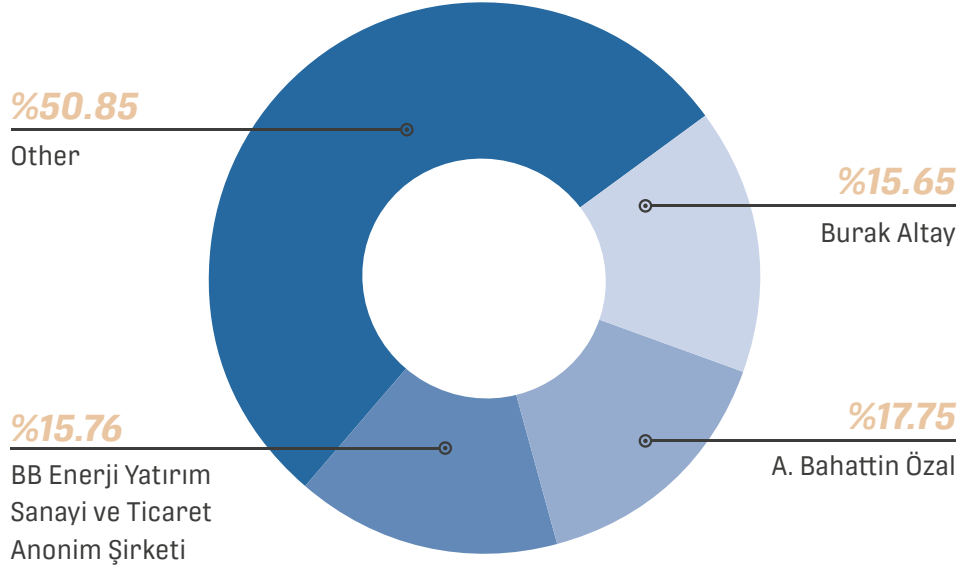
Investor Relations & Share Performance

37.46% of ODAŞ's 135.750.000 shares, each worth a nominal value of TRY 1, are traded on the Istanbul Stock Exchange in the BIST 100 index. As of 31.12.2017, the firm has a total market value of TRY 814,5 Million. The shares having been traded in the TRY 2,79 – 6,15 range throughout 2017.

Comparison of ODAŞ's performance versus the BIST 100



Shareholding Structure



Full Name / Title	Number of Nominal Shares	%
A. Bahattin Özal	24.091.255	%17,75
Burak Altay	21.243.782	%15,65
BB Enerji Yatırım Sanayi ve Ticaret Anonim Şirketi	21.389.099	%15,76
Diğer	69.025.864	%50,85
TOTAL	135.750.000,00	%100,00

Human Resources

By welcoming qualified human resources staff into the family, ODAŞ implements detailed reference checks, as well as group interviews attended by management, case studies, professional presentations, competence-based personal interviews, foreign language proficiency testing by professional entities, and personality tests. Under this work, 602 new members joined the ODAŞ family in 2017. Furthermore, 27 vocational high school students and university students were provided internships.

Training and Development Activities

ODAŞ carefully chooses each employee in line with its sustainable growth target principles and corporate approach of promoting coexistence and diversity in order to establish a young and dynamic workforce that adds value to the country and sector. Group's human resources policies are developed on the basis of "creativity and flexibility", "transparency and sustainability", "sensitivity towards society and the environment", and "a focus on occupational health and safety". In light of this, ODAŞ provides all the support required for both personal and technical issues regarding the development of all individuals in the ODAŞ family, with a view to enabling them to reach to the very peak of their capabilities. Furthermore, the priority targets of human resources policies include the development of practices to bring about a high level of job satisfaction and comfort, through increasing employees' quality of life. Committed to its vision of being a pioneering company that provides sustainable profitability by differentiating its commercial activities through strategic investments in the energy and mining sectors, ODAŞ continues its activities with a total of 665 employees as of 2017 year end. Furthermore, all technical staff involved in the production channel are at least vocational high school graduates, have received all professional qualification training, and hold the relevant certifications required.

Recruitment Activities

Considering the professional and personal development of all its employees a priority, ODAŞ allocates all resources required for training to achieve such development, in line with the required strategic planning. On the other hand, performance and competence assessment systems inform the formulation of personal development plans, with feedback from both management and the employees.

For this purpose, practical professional development training for specialist and management levels was procured from professional training agencies, as well as technical development training on a number of issues, including, but not limited to, occupational safety, for production staff. Furthermore, all employees are encouraged to attend seminars and conventions regarding their areas of expertise, with the aim of creating professional awareness.

Performance Management

ODAŞ assesses its employees' annual performance through competence-based performance assessment forms. Following the assessment process, all results are calibrated per individual firm, and finalized in the light of mutual feedback gained through effective communications with the employees. The results of the performance assessments are used for various purposes, such as personal development planning, practical training analysis, determination of rotation requests and needs, identification of potential management candidates, and last but certainly not least, establishment of wages for subsequent periods. Accordingly, as of the end of 2017, individual performance assessments and personal feedback sessions were carried out for all employees. Moreover, an assessment center procedure entailing assessment of management skills, as well as development planning, is kept in place for the management level, and is implemented by an international agency.

ODAŞ's Remuneration and Benefits Management System is based on the following criteria; wage market and policy, existing wage structure and payment capabilities, individual performance, and narrow-band job tiers. Regular market analyses performed in line with research and studies by independent consultants specializing in the field, lead to the application of a fair and market-competitive remuneration and benefits policy.

Internal Communications Activities

One of ODAŞ' fundamental human resources policies is to develop a common language based on open communications with its young and dynamic family of employees. The objective is to generate innovative and solution-oriented ideas through transparent and non-hierarchical sharing, hence continuously improving the firm's performance, leading to the development of an excellence-focused culture embraced by all.

Remuneration and Benefits Management

Social Responsibility Policy

We embrace social responsibility as a corporate culture, with our values as its building blocks and in line with the environmental and social needs of the society in which we live.

Our basic management philosophy is to operate with an awareness of our social and environmental responsibilities and turn these into our corporate values.

Support for Sports

ODAŞ Group acted as sponsor for the traditional oil wrestling events organized by Çan Municipality.

Within the framework of the social responsibility activities performed by ODAŞ, a park was built at Trabzon Köprübaşı as a place for the people of Beşköy Neighborhood to rest and where children can play.

Social Facility

Support for Karaağaç, Kütahya

Various elements of the renovation work, such as marble, concrete, and paintwork for Karaağaç Elementary School, Wedding Hall, and Neighborhood Mosque, in Kütahya Province, were covered by the firm.

ODAŞ Group provided the necessary support for the village of Semedeli's 5th Fish Tournament held with the participation of the public near Çanakkale's Çan district.

Social Events

Çan Kömür ve İnşaat A.Ş., a member of ODAŞ Group, collected 425 aid packages from the people of Çan and our sub-contractors as part of a charity project. The aid packages were distributed to families identified as being in need by the District Governorship and Municipality of Çan, marking the launch of the “Our energy makes you smile” campaign.

“Our Energy Makes You Smile”

We Support Education

Çan Kömür ve İnşaat A.Ş., a member of ODAŞ Group, constructed a modern conference hall at Etili Elementary School, a regional school located 6km from the construction site in Çan, to serve as a model. The hall has a capacity for twelve teachers and 176 pupils and will provide a venue where teachers and pupils can comfortably hold their meetings, celebrations and shows.

Çan Kömür ve İnşaat A.Ş., a member of ODAŞ Group, contributed to the reconstruction of the neighborhood representative building in the area.

Çan Neighborhood Representative Building

Supporting Education

Within the scope of the organized social responsibility activities, ODAŞ Group has lent its support to the opening of the catering facility serving Haci Fatima Bodur Occupational and Technical High School in the Can District of Canakkale province. The fixtures for the Catering Facility were procured, assembled and delivered.

A total of 1,600 students in need of economic aid have catered meals delivered by two vehicles.

Can Komur ve Insaat A.S., a subsidiary of ODAŞ Group, provided all the necessary office supplies for Can Gendarmerie Command Headquarters.

Can Gendarmerie Command Headquarters Building

Chapter

5





*Report for
Compliance
with Corporate
Governance
Principles*

CHAPTER I - COMPLIANCE STATEMENT FOR CORPORATE MANAGEMENT PRINCIPLES

ODAŞ (the firm) applies the utmost diligence in compliance with the Capital Markets Board's Corporate Governance Principles, and embraces the concepts of equality, transparency, accountability, and responsibility among the corporate governance principles while proceeding towards its objectives. In 2017, ODAŞ complied completely with the mandatory principles under Communiqué No. II-17.1 on the Identification and Application of Corporate Governance Principles, and did its best to comply with the optional principles.

On these foundations, the efforts to ensure compliance with corporate governance principles, which began in 2013 and continued through to 2017, are still on track with the use of numerous mechanisms implemented within the firm's framework. In the early phase of the efforts, the Articles of Incorporation were revised to provide the shareholders with an egalitarian, accountable, responsible and transparent structure. In conjunction with the amendment of the Articles of Incorporation to entail the rights stipulated in the Corporate Governance Principles, the management structure was also reviewed to achieve the objective of "better management".

The firm's website was updated to provide the maximum amount of accurate and complete information to the public, swiftly and on a real-time basis.

This statement shows ODAŞ's embracement of a transparent and open form of management, and its intent to develop a responsible and accountable management perspective with respect to all shareholders, particularly small shareholders.

The firm's Corporate Governance Committee continues its efforts to develop corporate governance practices. The difficulties experienced with certain principles, and

Justification for Delays in the Implementation of Certain Corporate Governance Principles

ongoing debates in national, as well as international platforms, regarding compliance with certain principles have so far prevented complete compliance with some principles. That said, the principles which have yet to be implemented have not lead to any conflicts of interests between stakeholders. Plans are in place to effect the required structural changes and internal arrangements for the implementation of the limited number of optional principles which have not been implemented so far. Comments on comprehensive work carried out at our firm with respect to Corporate Governance Principles, and principles which have yet to be complied with, are noted in the subsequent sections of the report.

- Even though the Articles of Incorporation do not specify so, no one at the firm has unlimited decision-making authority.
- According to Article 4.6.5 of the "Corporate Governance Principles", the remuneration and other benefits provided to the members of the Board of Directors and other senior executives are disclosed to the public through the annual report. However, the disclosure does not provide such information with reference to specific individuals, but rather is based on a distinction between the Board of Directors and senior executives.

CHAPTER II - SHAREHOLDERS

Investor Relations Department

At our firm, the Investor Relations Department serves to facilitate the exercise of shareholder rights, enabling communications between the Board of Directors and existing and potential shareholders, as well as local and foreign analysts and portfolio managers, and executing required procedures in compliance with the CMB's

Corporate Governance Principles. The department reports to the Corporate Governance Committee, as well as to Burak ALTAY, Deputy Chairman of the Board of Directors and the Chief Executive Officer.

In 2017, the Investor Relations Team, along with the senior management of the firm, had contacts with a total of 82 institutional investors, analysts, and portfolio managers, and provided a picture of the firm's existing operations and investments, with reference to actual financial and operational data.

Accordingly, the Investor Relations Department is responsible for;

- Promoting the firm's operations and investments among an audience of existing and potential institutional investors and intermediaries from within Turkey, as well as from overseas.
- Responding to information requests regarding the firm submitted by Turkish and foreign institutional investors and analysts, save for confidential information and trade secrets withheld from the public.
- Notifying shareholders and Turkish and foreign institutional investors on a proactive and regular basis through conferences and investor meetings, about the developments concerning the firm.
- Responding to the questions received from shareholders, save for confidential information and trade secrets currently withheld from public.
- Performing analyses of the performances of other firms operating in the same sector from a comparative perspective regarding the performance of the firm's shares.
- Ensuring that General Assembly meetings are carried

out in accordance with the Articles of Incorporation and other internal regulations of the firm.

- Preparing documents that shareholders can use as a reference for General Assembly meetings, and publishing such documents on the firm's website three weeks in advance of the General Assembly for investors to review.
- Keeping a record of voting results through the General Assembly minutes and offering the reports of voting results to shareholders.
- Ensuring compliance with, referral to, and monitoring of obligations arising from any Capital Market Regulations applicable to the shareholders of public corporations, along with the obligations regarding financial reporting, corporate governance, and public disclosure.
- Regularly reviewing the contents of the "Investor Relations" section of the website, applying updates where required.
- Preparing presentations on and summaries of the firm's operations and finances for the relevant operating quarters.
- Preparing and updating the list of people with access to insider information, within the framework of the Material Cases Communiqué.
- Management and monitoring all procedures with the Capital Markets Board, Borsa Istanbul A.Ş., Merkezi Kayıt Kuruluşu A.Ş., and any other capital markets agencies.
- Ensuring the flow of information both ways, between shareholders and the senior management and the firm's Board of Directors.

ODAŞ Investor Relations Department

Full Name	Title	E-Mail
Melih Yüceyurt	Director of Finance and Investor Relations	yatirimciiliskileri@odasenerji.com
Mehmet Erdem Aykın	Investor Relations Manager	yatirimciiliskileri@odasenerji.com

Exercise of the Shareholders' Right to Information

Any information requests submitted to the Investor Relations Department are responded to diligently in accordance with the principle of equality and without any discrimination between investors, provided that they do not concern confidential information or trade secrets currently withheld from the public. Accordingly, in 2017, any information requests submitted by the shareholders on various issues were responded to clearly and in detail via telephone and e-mail on a verbal and written basis. Every question was answered to the satisfaction of investors, provided that they did not concern trade secrets.

Furthermore, the "Investor Relations" section of the firm's website (www.odasenerji.com) makes complete, accurate, and up-to-date information available to investors. In 2017, public disclosure of any developments that may affect the exercise of shareholder rights was achieved through the material disclosures on the Public Disclosure Platform (KAP), as well as the firm's website.

As the shareholders' right to demand the appointment of a special auditor is subject to regulations, the Articles of Incorporation does not stipulate any arrangements regarding the appointment of a special auditor. During the year, no request regarding the appointment of a special auditor was received.

General Assembly Meetings

The General Assembly meetings are carried out in accordance with the Turkish Code of Commerce, the Capital Markets Law, and the Corporate Governance Principles, in a manner that provides adequate information to and the extensive participation by shareholders. The Ordinary General Assembly of the firm convenes at least once a year, and discusses and decides on the matters on the agenda drawn up by the Board of Directors in accordance with Article 413 of the Turkish Code of Commerce. The notices and announcements regarding the General Assembly meeting are published through any means of communication including electronic communications, so as to reach the highest number of shareholders, and according to the minimum time frames stipulated in the Turkish Code of Commerce, the Capital Markets Law, and other regulations concerned.

The firm's Ordinary General Assembly Meeting for the year 2016 was held on Tuesday, May 02, 2017, at 2pm, at the corporate headquarters located at the address of Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8B 2. Kule Kat: 17 Tepeüstü Ümraniye/İSTANBUL. The 2016 Ordinary General Assembly Meeting was held under the oversight of the Government Commissar appointed by the Turkish Ministry of Customs and Trade. The agenda, minutes, and attendance sheet for the meeting are published on the firm's website.

Invitations to General Assembly meetings are extended by the Board of Directors in accordance with the provisions of Turkish Code of Commerce, the Capital Markets Law, and the Articles of Incorporation. The Board of Directors' resolution for the General Assembly meeting is followed immediately by necessary disclosures to inform the public, via KAP and the Electronic General Assembly Meeting System (EGKS).

The General Assembly meeting announcements are made at least three weeks in advance via the website www.odasenerji.com, so as to reach out to the highest number of shareholders possible, as well as through other procedures stipulated in the regulations, not to mention the ads published in the Trade Registry Gazette of Turkey, and one of the daily newspapers with a high circulation figure.

Prior to the General Assembly meetings, the disclosure document regarding the items in the agenda is drawn up and announced to the public, in compliance with the legal procedures and regulations regarding all disclosures. Within the framework of the items on the agenda for the General Assembly meeting, financial statements and reports, dividend payment proposals, and independent audit reports including the audited annual report, as well as any proposed amendment texts and justification thereof in case of Articles of Incorporation amendments, the disclosure policy, remuneration policy, dividend policy, resumés of all prospective Board of Directors members including independent ones, and other documents which are to serve as the basis of the items on the agenda, are made easily available for review by shareholders, at the corporate headquarters and on the website.

The General Assembly meetings are held simultaneously in physical and electronic form, at the corporate headquarters, and via the Electronic General Assembly

Meeting System. The venue for General Assembly meetings is arranged to enable participation by all shareholders. The agenda of the General Assembly is set clearly to enable the consideration of each proposal under a separate item, so as to prevent different interpretations. At the General Assembly meeting, the agenda items are conveyed to the shareholders in an objective, detailed, clear and understandable way, and the shareholders are given the opportunity to explain their opinions and ask questions under equal conditions. The questions directed by the shareholders during the general assembly meeting are responded accordingly by the board members and the senior executives of the firm.

Templates for proxy appointment letters for those who are employing a proxy to represent them at the General Assembly meeting, are made available to shareholders via newspaper ads and the website. The voting procedure applicable at the meeting is presented to shareholders via the website and newspaper ads. The items on the agenda at the General Assembly meetings are voted on by raising hands in an open ballot.

Following the General Assembly meeting, the meeting minutes are registered in the firm's minutes book. The meeting minutes are available through KAP, EGKS, and the corporate website. The General Assembly meetings, the attendance sheet, agenda, and announcements are made available for review by all local and foreign investors simultaneously.

The firm's preparations for the Electronic General Assembly Meeting for the 2016 Ordinary General Assembly were carried out in compliance with the regulations, under Article 1527 of the Turkish Code of Commerce. The invitation for the meeting was made on 31.03.2017 through announcement on the Public

Disclosure Platform (KAP), Merkezi Kayıt Kuruluşu A.Ş.'s Electronic General Assembly System (EGKS), the corporate website, and in Issue 9299 of the Turkish Trade Registry Gazette dated 05.04.2017, so as to cover the agenda, and in line with the requirements of the Law and the Articles of Incorporation. A review of the attendance sheet revealed that, out of the 135.750.000 shares, each worth a nominal value of TRY 1, representing the firm's total capital figure of TRY 135.750.000, shares corresponding to TRY 42.778.198,05 were represented in proxy, while shares corresponding to TRY 42.529.966,594 were represented in person, amounting to a total attendance representing a capital figure of TRY 85.303.165,094 leading to the observation that the quorum for meeting stipulated in the Turkish Code of Commerce, the Capital Markets Law, and the Articles of Incorporation were met. Thereafter, the General Assembly meeting was opened by the President of the Council. At the Ordinary General Assembly for 2016, the shareholders were given the opportunity to ask questions. When discussing the last item of the agenda "Wishes and Requests", the questions received from the shareholders were responded to, providing them with information. There were no written requests submitted by the shareholders of the corporation for inclusion within specific items in the agenda with respect to the Ordinary General Assembly Meeting for 2016.

Donations and grants worth a total of TRY 331.680 during the period were presented to the shareholders, under a separate item of the agenda. Furthermore, an upper limit of TRY 400,000 was set for donations and grants for 2017, under Article 19, Paragraph 5 of the Capital Markets Law.

The agenda for the General Assembly meeting, as well as the attendance sheet and meeting minutes are made available for review by shareholders at the

corporate headquarters. Furthermore, the Investor Relations section of the corporate website presents the documents pertaining to the General Assembly meeting, for review by shareholders and all stakeholders. The controlling shareholders, members of the Board of Directors, executive directors and their spouses and family members (both blood and in-law relatives) up to second degree did not engage in any material transaction which may lead to conflicts of interest with the corporation or subsidiaries.

Voting Rights and Minority Rights

The voting procedure for General Assembly meetings is announced to the shareholders at the beginning of the meeting. The firm avoids practices which could complicate the exercise of voting rights.

At the Ordinary and Extraordinary General Assembly meetings of the firm, group (A) shareholders are accorded 15 votes for each share, while group (B) shareholders are accorded 1 vote for each share. The shareholders can appoint proxies from both within and outside the shareholders, to represent them at the General Assembly meetings.

Proxies who hold shares in their own right as well, are authorized to vote in consideration of the shares of the shareholders they represent, in addition to the shares they themselves hold. The Board of Directors shall establish the formal requirements of the proxy appointment letter within the framework of the Capital Markets Board regulations. The proxy appointment letter should be in writing.

The proxy is required to cast votes in line with the will of the shareholder who appointed the proxy, provided that such instructions are noted on the proxy appointment letter. The relevant regulations of the Capital Markets

Board shall apply with respect to proxy voting. The votes in General Assembly meetings are cast by raising hands, showing the documents attesting proxy voting, in line with the regulations of the Capital Markets Board. However, a secret ballot can be employed, upon the request of shareholders who hold one twentieth of the firm's capital, among those shareholders present at the meeting.

Group A shares are privileged in terms of the appointment of the members of the Board of Directors, and the exercise of voting rights at the General Assembly, within the framework of Articles 7, 8, and 10 of the Articles of Incorporation (Board of Directors, nomination for the Board of Directors, election of the Chairman and the Deputy Chairman, representation of the firm, and right to vote in the General Assembly).

Dividend Rights

The firm's dividend payment decisions are made with reference to the Turkish Code of Commerce, Capital Markets Regulations, the Regulations and Decisions by the Capital Markets Board (CMB), Tax Codes, and the provisions of other applicable regulations, as well as the firm's Articles of Incorporation. The dividend payment is based on a balanced and consistent policy between the interests of shareholders, and the interests of the firm, in line with the Principles of Corporate Governance.

Each year, the Board of Directors resolution regarding dividend payments is submitted for the approval of shareholders at the General Assembly, as a separate item on the agenda. The firm's dividend payment policy is announced in the annual report, as well as on the firm's website. The firm's Ordinary General Assembly for 2015 discussed the Board of Directors' proposal regarding the dividend payment, and culminated in the decision to withhold dividend payment as no dividends payable

arose in the financial statements drawn up for 2015, in accordance with the principles of the Tax Procedure Code.

The firm does not have any preference shares in terms of dividend payment. Every share of the firm is entitled to an equal share of the dividends.

The firm can pay out advance dividends within the framework of Article 20 of the Capital Markets Law. The form and timing of dividend payment shall be established by the General Assembly, with reference to the relevant Board of Directors' proposal.

The principles of dividend payments shall abide by the provisions of the Capital Markets Board Communiqué No. II-19.1 and other applicable provisions, with reference to the establishment of the responsibilities and the dividend to be paid.

Share Transfers

The approval of the Energy Market Regulatory Board shall be sought for each instance of direct or indirect acquisition of shares representing 5% or more of the firm's capital, by a natural or legal person, and existing shareholders acquiring additional shares to increase their shareholdings above 5% of the legal person's capital, and/or any share transfers causing a fall of the shareholding of an existing shareholder below the above-mentioned limits. The transfer shall be followed by material disclosures required as per the Capital Markets Regulations.

This provision shall also apply in case of acquisition of voting rights.

Even if no share transfers occur, the establishment and removal of concessions on existing shares, or the issuance of dividend shares shall be submitted to

the approval of the Energy Market Regulatory Board, regardless of the rates stipulated above.

In the case of transfers of Group (A) shares, the Board of Directors is entitled to withhold approval for the transfer and registration to the share registry, on the grounds of realizing the corporation's objective, and maintaining economic autonomy within the framework of the provision of Article 493 of the Turkish Code of Commerce. No restrictions shall be introduced on the transfer of group (B) shares to be traded at the stock exchange.

In cases where banks and/or financial institutions obtain the control of the firm and/or engage in a subsidiary relationship with the firm due to default in terms of the requirements of credit agreements within the framework of irrevocable project financing, bringing about a case where the market share limits stipulated in applicable regulations are exceeded, such excess shall be eliminated within the time frame granted to such banks and/or financial institutions by the Energy Market Regulatory Authority.

Without prejudice to the provisions above, the transfer of registered shares shall be subject to the applicable provisions of the Turkish Code of Commerce, Capital Markets Regulations, and Energy Market Regulatory Authority regulations.

PUBLIC DISCLOSURE AND TRANSPARENCY

Disclosure Policy

The Corporate Disclosure Policy was established with the Board of Directors' resolution dated 30.12.2013 no. 2013/34, and is published on the website. The Corporate Disclosure Policy was established and is implemented under the authority of the Board of Directors. The Board of Directors reserves the right to revise the policy at any time in line with the applicable regulations.

The disclosure policy and any revisions thereof shall be published on the firm's website, following the approval of the Board of Directors. The Investor Relations Department is responsible for overseeing and monitoring the Disclosure Policy.

Corporate Website and its Contents

The firm's website address is www.odasenerji.com.tr; the Investor Relations section of the website contains the issues noted in the CMB's Corporate Governance Principles. The website is set up to provide open, clear, and simultaneous disclosure to shareholders, stakeholders, and the entire public. The information provided on the website is updated continuously. The information provided on the website is presented in English language as well, to enable it to be accessed by international investors.

Annual Report

The firm's activity report is drawn up in line with the details required in the Turkish Code of Commerce and the Capital Markets Regulations, so as to provide the shareholders, the public, and all other stakeholders with access to complete and accurate information on the firm's operations.

STAKEHOLDERS

Disclosure of Information to Stakeholders

The website was revised as required to provide disclosure to stakeholders on matters concerning them. Any and all information concerning the firm is presented to stakeholders in line with the Corporate Governance Principles. Stakeholders, investors, and analysts can access the firm's financial reports, activity reports, and other information, using the firm's website. Furthermore, certain material announcements and messages are conveyed to all employees via e-mail.

The Audit Committee is responsible for ensuring and

overseeing compliance with the regulations, while the Corporate Governance Committee is responsible for reviewing and concluding the complaints received from the shareholders and stakeholders, on matters of concern from a corporate governance perspective.

Stakeholders' Participation in Management

No model was developed regarding the stakeholders' participation in the firm's management. On the other hand, the requests and proposals voiced in meetings with employees and other stakeholders are taken into consideration by the management, leading to the development of relevant policies and practices.

Human Resources Policy

ODAŞ's Human Resources Policy is based on the objective of becoming an employer which increases the quality of life of its employees, and which elevates their performance capabilities.

The mission of Human Resources is to set up human resources systems which will create a culture bent on achieving excellence, and embraced by every individual, so as to enable a dynamic, motivated and high-quality work force improve the Group's performance in a sustainable manner through innovative, creative, and solution-focused ideas enabled by the development of a shared language based on open communications between all employees.

The Human Resources Policy is implemented through the three fundamental processes below, aiming to enable the employees to make optimal use of their potential

- Identifying and stating the objectives.
- Developing the concept of communications with employees, through open communications and a network of timely constructive feedback.
- Preparing the grounds for continuous employee

development by planning development activities to enable them to perform their current duties in the best possible way, and to prepare them for potential assignments in the future.

All managers and shift supervisors are responsible for managing effective and transparent relationships with employees, with the Human Resources Department assuming the role of central coordinator. All managers and supervisors are obliged to treat their employees fairly and justly, without exerting any subordinate-superior pressure. Thanks to due application of the principle of equality, one of the leading pillars of ODAŞ's management perspective, no negative employee feedback or complaints were received with respect to discrimination.

ODAŞ abides by the principle of announcing job descriptions and assignments, as well as performance assessment and rewards criteria to its employees. Job analyses and assessments regarding all positions within the organization are performed in detail, and are reviewed periodically in parallel to the growth of the firm. These assessments lead to the identification of all competences and qualifications required for the performance of the job. Thereafter, the hiring processes are managed with reference to such previously established criteria for individual positions. Furthermore, feedback meetings are held annually with the employees, with a view to identifying the need for improvement, and informing regulatory and preventive actions.

Code of Conducts

Code of Conduct and Social Responsibility

The firm's Code of Conduct is drawn up in writing, and is made available to the employees. The Code of Conduct is defined, updated, and published by the Board of Directors.

ODAŞ's Code of Conduct constitutes integral parts of ODAŞ's Policies and Values, and all employees, including the Board of Directors and the executives are required to abide by the code.

ODAŞ's Code of Conduct - Honesty

Truth and honesty in all our business processes and relations are the most important values to us. We always maintain truth and honesty in our dealings with the employees and all other parties.

Equality

Any discrimination on the grounds of age, language, religion, race, medical status, gender, or marital status constitutes a violation of the rules of the workplace. Employees can report their complaints on this issue directly to the Human Resources Department. The reporting of such complaints cannot be prohibited.

Employees are required to abide by the principles of professional confidentiality stipulated in the law.

As ODAŞ Group employees, we take good care of maintaining the privacy and confidentiality of information on our customers, employees, and other persons and entities with whom we deal.

We protect the confidential documents regarding the operations of the group companies, and use such information exclusively for the objectives of ODAŞ Group, sharing them with relevant parties within the framework of the authorities established.

Confidentiality

Our employees are obliged to comply with the principals of professional confidentiality as laid down by the law. At ODAŞ Group, we take care to protect the privacy and proprietary data of our customers, employees and other

related persons and organizations we work with. We protect the classified information about the activities of the Group companies and use such information solely in accordance with the objectives of the ODAŞ Group and share it with the concerned persons within the framework of the specified rules.

Prevention of Conflicts of Interest

ODAŞ employees are prohibited from deriving personal benefits for themselves, their families or relatives or friends by making use of the employee's status in the firm. Employees are also prohibited from engaging in close relationships with individuals or organizations which may benefit from confidential information to which the employee is party, or business decisions he/she may make. When performing their duties, employees take care to maintain the interests of the firm, and avoid any acts or behavior which would give either them or their friends or relatives benefits.

Where the private interests of the employee conflict or may conflict with those of ODAŞ, one can talk about the existence of a conflict of interest. Deriving improper personal benefit by abusing one's position is also considered a conflict of interest.

No employee can derive personal benefit for their family members or friends through the firm's operations, use the firm's properties, information, and positions for their personal interests, or compete with the firm. ODAŞ employees can extend/receive gifts to/from various persons, agencies and entities they are in contact with due to their position, only within the framework of the rules established by the firm.

Employees should protect the firm's assets and ensure their efficient use, with a view to protecting and making good use of company property. The firm's assets should be used for business purposes only.

Social Responsibility

The firm implemented social responsibility projects in 2016 with reference to the environmental and social requirements of the society in which we live and within the framework of the Social Responsibility Policy.

BOARD OF DIRECTORS

Composition and Formation of the Board of Directors

The firm shall be represented and administered by a Board of Directors composed of at least 5 (five) members to be elected by the Board of Directors in accordance with the Turkish Code of Commerce, and the Capital Markets Law and Regulations.

The members of the Board of Directors are elected as follows, with a tenure until the Ordinary General Assembly Meeting convenes to review the accounts for the year 2017:

Full Name	Title
Abdulkadir Bahattin Özal	Chairman of the Board of Directors
Burak Altay	Deputy Chairman of the Board of Directors
Mustafa Ali Özal	Member of the Board of Directors
Hafize Ayşegül Özal	Member of the Board of Directors
Yavuz Baylan	Member of the Board of Directors
Salih Erez	Member of the Board of Directors

Board Member Resumés

Abdulkadir Bahattin Özal (Chairman of the Board of Directors)

Having completed his primary and secondary education at TED Ankara College, Mr. Özal attended Üsküdar Cumhuriyet High School, followed by ITU Control and Computer Engineering Department in 1985, and Boğaziçi University Physics Engineering Department in 1988. Thereafter, he entered into business life and established and managed numerous firms in the construction, import, export and energy sectors. In cooperation with

Mr. Burak Altay, Mr. Özal has implemented more than ten projects in the energy sector, as well as completing investments in five power plants over five years. Currently he serves as the Chairman of the Board of Directors of the firm, as the founding partner of ODAŞ Group.

Burak Altay

(Deputy Chairman of the Board of Directors)

Having graduated from Koç University's Department of Business Administration, Mr. Altay taught courses as a research assistant at Koç University while studying for his master's degree at Marmara University's Faculty of Law. After beginning his career in entrepreneurship as Alstom Power's representative in Turkey, Mr. Altay then implemented more than ten projects in the energy sector with Mr. Bahattin Özal, completing investments in five power plants within just five years. Mr. Altay continues to serve as the Deputy Chairman of the Board as a founding partner of ODAŞ Group.

Mustafa Ali Özal

(Member of the Board of Directors)

Having graduated from Gazi University's Department of Economics, Mr. Özal took on a career in business in 1982. He served as an executive and board member at various firms operating in a number of sectors. Mr. Özal is a member of the Board of Directors.

Hafize Ayşegül Özal

(Member of the Board of Directors)

Having completed her education in 1972, Mrs. Özal began working in Aköz Foundation in 1994, and was appointed as Foundation Director in 1996. Currently, she is a board member of Aköz Foundation, offering scholarships to 200 students and providing support to people in need. Mrs. Özal is a member of the Board of Directors.

Yavuz Baylan

(Independent Member of the Board of Directors)

Having graduated from Istanbul University's Department of Economics, Mr. Baylan served as a chief public accountant at the Ministry of Finance for eight years, followed by a career in financial consultancy for the private sector, from 1981 onward. In 1987, he was a pioneer in the establishment of BDO Turkey, and became a sworn financial consultant in 1989. Since March 2013, Mr. Baylan has been serving as an independent board member at our firm.

Salih Erez

(Independent Member of the Board of Directors)

Graduated from Koç University's Department of Business Administration. Mr. Erez continues to serve as a board member at Haznedar Refrakter, Durer Refrakter Malzemeleri, and Haznedar Yatırım ve Pazarlama, along with his position as an independent board member in our firm which he has held since September 2015.

Deputy Chairman of the Board of Directors Burak ALTAY, also serves as the Chief Executive Officer of the firm.

In the meeting of the Nomination Committee dated 06.04.2016 no. 2017/01 (which members of Corporate Governance Committee act on their behalf) submitted to the Board of Directors the report drawn up with respect to independent members of the Board of Directors. Accordingly, Mr. Yavuz Baylan and Mr. Salih Erez, who were found to have met the independence criteria stipulated in the Corporate Governance Principles of the Capital Markets Board, were elected as the independent members of the Board.

Written statements submitted by each independent board member, with respect to their independent status, stipulate the following:

i. That they neither personally, nor through their spouses

or relatives by blood or marriage up to third degree, have been involved in the last five years in an executive employment relationship assuming substantial duties and responsibilities, or held, individually or jointly, more than 5% of the capital or voting rights or preferred shares, or engaged in any substantial commercial relationship with any affiliates of ODAŞ Elektrik Üretim ve Ticaret A.Ş. ("ODAŞ Energy") or any corporations in which the firm has management control or substantial influence, or shareholders which maintain the firm's management control or substantial influence in the firm, and legal persons which hold management control of such shareholders,

ii. That they have not been a shareholder (5% or more) or executive with significant duties and responsibilities, or board member in the firms which have provided or bought significant amounts of services or products within the framework of agreements, including but not limited to the auditing (including tax audits, statutory audits, internal audits), rating, and consulting of the firm, during the last five years, in the time frame of such provision or purchase of services or products,

iii. That they have the professional training, expertise and experience to duly perform the duties to be assumed on the grounds of being an Independent Member of the Board of Directors,

iv. That they are not a full-time employee of a government agency or entity,

v. That they are considered a resident of Turkey as per the Income Tax Law,

vi. That they have robust ethical standards, the professional reputation and the experience to enable free decision-making, taking into account the rights of stakeholders, and contributing positively to the operations of ODAŞ Energy, while maintaining impartiality in conflicts of interest which may arise between the shareholders,

vii. They will be able to set aside time required for the

firm's business, to perfectly perform the requirements of the job assumed, and to monitor the operations of ODAŞ Energy,

viii. They have not served as a member of the Board of Directors of the firm for more than six years in the last ten years,

ix. They are not an independent board member for more than three firms where the firm or the controlling shareholders of the firm hold the control of management and/or more than five corporations whose shares are listed in the stock exchange.

x. During the reporting period, no events to abolish the independent status of the independent board members took place. No restrictions regarding the assumption of duties or positions outside the firm are imposed on the board members. The members of the Board of Directors do not currently engage in any business which would lead to any conflicts of interest with the firm, and do not engage in operations to compete with the firm in the same fields of operation.

Operating Principles of the Board of Directors

The frequency of the board meetings of the firm, as well as the quorum for meeting and resolution are established in the Articles of Incorporation. Accordingly, the Board of Directors shall convene with a simple majority of the membership, as the firm's operations and procedures require. The Board resolutions are made with the majority of the members present at the meeting. The Board of Directors meetings are held at the corporate headquarters of the firm, or in an available facility in the city where the corporate headquarters is located. The Board of Directors can also convene in another city, on the basis of a board resolution for doing so.

The secretariat services for the Board of Directors meetings are provided by the legal department.

The agenda of the Board of Directors is set through consultations the Chairman has with other members of the board, and with the General Manager and/or Chief Executive Officer.

The managers' requests will be taken into consideration when setting the agenda.

In 2017, the Board of Directors held 28 meetings. No dissenting comment was registered in the resolution minutes against any resolutions made in such meetings. However, should such a dissent arise, all aspects to reflect the dissenting opinion shall be registered in the minutes

Where the Capital Markets Regulations require so, important resolutions of the Board of Directors are announced to the public through Material Disclosures. In 2017, a total of 27 Material Disclosures were announced.

None of the members of the Board of Directors, including the Chairman, weighted voting rights and/or veto powers. In the meetings, each member has one vote.

No insurance has yet been procured to cover the losses the firm may incur due to fault on the part of board members in the performance of their duties.

Number, Structure and Independence of Committees Formed under the Board of Directors

Two committees, the Audit Committee and the Corporate Governance Committee, were established through the Board of Directors' resolution dated 21.03.2013, in the process of the public offering of the firm's shares. Furthermore, the Early Detection of Risk Committee was established through the Board of Directors' resolution dated 25.12.2013. The Corporate Governance Committee have also assumed the authorities, duties, and responsibilities regarding the performance of the duties of the Nomination

Committee and the Remuneration Committee.

The duties and working principles of the committees established within the framework of the Corporate Governance Principles, entered into force through the Board of Directors' resolution dated 25.12.2013, and were announced on the Public Disclosure Platform. Furthermore, the Duties and Working Principles establishing the general procedures regarding the activities to be performed by all committees were updated as of 12.06.2015 and announced to stakeholders on the Public Disclosure Platform and the corporate web site.

Audit Committee

The Audit Committee was structured in accordance with the Corporate Governance Principles of the Capital Markets Board. The committee is composed of at least two members. The committee is composed of two non-executive independent members of the Board of Directors. Mr. Yavuz Baylan serves as the committee chair, while Mr. Salih Erez serves as the committee member. Special consideration was paid to ensure that the Committee Chair had previously served in a similar capacity, and has the expertise to analyze financial statements, as well as a strong grasp of accounting standards, and substantial qualifications.

The purpose of the committee reporting to the Board of Directors is to assist the Board of Directors with respect to the firm's accounting system, public disclosure of financial data, independent audits, and overseeing the operation and effectiveness of the internal control system in line with the Capital Markets Regulations and the principles stipulated therein, as well as to consider and report to the Board of Directors any issues it observes during its assessments. The arrangement that requires the convening of the committee at least

on a quarterly basis was implemented through the Duties and Working Principles of the Audit Committee.

Corporate Governance Committee

The Corporate Governance Committee is set up to support and assist the Board of Directors by working on monitoring the firm's compliance with the corporate governance principles in accordance with the Capital Markets Regulations, implementing the principles, identifying any failure of implementation, working to improve its efficiency, identifying the candidates to be elected to the Board of Directors, establishing the company's perspective, principles, and applications regarding remuneration, assessing the performance and career planning of the board members and executive staff, overseeing investor relations operations, and making applicable proposals to the Board of Directors.

The committee is set up in accordance with the Articles of Association. It is composed of at least two members. If the committee is composed of two members, both shall be appointed among the non-executive board members. In cases where the committee is composed of more than two members, the majority will be non-executive board members. The Chief Executive Officer/General Director of the firm cannot be a member of the committee. The Committee Chair shall be appointed from among the independent members of the Board of Directors. The director of the Investor Relations Department shall be appointed as a member of the Corporate Governance Committee. Furthermore, individuals who are experts in their field, but not members of the Board of Directors, can also be appointed as members of the Corporate Governance Committee. The Board of Directors appoints the members of the Corporate Governance Committee in the first Board of Directors meeting to

follow the General Assembly which elected the Board of Directors. The Corporate Governance Committee shall serve until the election of the next Board of Directors. The Corporate Governance Committee shall convene at least three times per year.

Where necessary, the committee shall convene at the corporate headquarters, upon an invitation issued by the Committee Chair through the secretariat of the Board of Directors. The committee shall convene with a simple majority and shall resolve with a majority. Once taken, decisions shall be registered in written form, to be signed by the committee members during the next meeting, and duly archived.

The Corporate Governance Committee shall be composed of a total of three members, two independent non-executive board members, and one official of the firm.

Risk Committee

The Early Detection of Risk Committee is composed of at least two non-executive members of the Board of Directors. The committee is composed of two independent members of the Board of Directors. Mr. Salih Erez serves as the Committee Chair, while Mr. Yavuz Baylan serves as a committee member.

The Early Detection of Risk Committee is set up in line with the Turkish Code of Commerce, the Articles of Incorporation, and the Corporate Governance Principles Communiqué of the Capital Markets Board, with a view to submitting recommendations to the Board of Directors, with respect to the early detection of risks which could threaten the existence, development, and continuation of the firm, as well as the application of the measures regarding identified risks, and the management of the risks.

The committee reports to the Board of Directors.

The arrangements regarding the convening of the committee are established in the duties and working principles of the Early Detection of Risk Committee.

Risk Management and Internal Control Mechanism

In line with its nature, ODAŞ issues its financial statements on a consolidated basis in accordance with the regulations. For the operating group covering electricity generation, electricity wholesale, and mining operations, UFRS based financial statements are drawn up on a quarterly basis. At ODAŞ level, on the other hand, transactions between electricity generation and electricity wholesale are written off, with consolidated financial statements being produced. The periodical financial results and performance of the firms included in the consolidation framework are analyzed, leading to consolidated financial reporting. ODAŞ's internal control operations are executed within the framework of the regulations, under the responsibility of the Audit Committee. In quarterly periods where financial statements are disclosed to the public, the consolidated financial statements are submitted to the Board of Directors of the firm, after being checked and approved by the committee for audit.

The new Turkish Code of Commerce which entered into force on July 1, 2012 rendered risk management activities a requirement for publicly traded corporations. The Early Detection of Risk Committee reporting to the Board of Directors was set up through the Board of Directors' resolution dated 25.12.2013, with a view to submitting comments and recommendations to the Board of Directors, with respect to the early detection of the risks that could threaten the existence, development, and continuation of the firm, as well as the application of measures regarding identified risks, and the management of the risks.

The work and observations of the directorates specified in the organizational chart of the firm within the framework of the risk management policy play a major role in this context. In 2017, the process of the ISO 27001 Information Security Management System has been completed.

Strategic Objectives of the Company

ODAŞ intends to establish a bidirectional strategy to reinforce its position in the sector. Thanks to this two-way strategy, the material values accumulated will lead to an expansion of the areas of operations, generating additional synergies through vertical and horizontal integration. Accordingly, plans are in place for the rapid integration of precious metal and minor mining production and direct sales within electricity generation and sales, currently our primary field of operations. Within this scope, the antimony and antimony trioxide production and sales started in 2016 and the production capacity has been doubled up in 2017 in keeping with the demand received.

Remuneration

In accordance with the Corporate Governance Principles, the "Remuneration Policy" applicable to the members of the Board of Directors and senior executives was developed in written form and approved in the Board of Directors meeting held on 25.12.2013, followed by announcement to shareholders through KAP and publication on the corporate website.

According to the Articles of Incorporation, the monthly salaries and per diem fees for members of the Board of Directors are set by the General Assembly.

In the Ordinary General Assembly Meeting for year 2016, held on 02.05.2017, the decision was taken to pay the members of the Board of Directors a net wage of TRY

7,000 per month.

The financial benefits provided to members of the Board of Directors and senior executives composed of group directors of the firm in the year 2017 are stated below:

	Benefit Total
Board of Directors	TRY 871.653
Senior Executives	TRY 3.237.326

Payments to the members of the Board of Directors cover monthly wages. The wages payable to the members of the Board of Directors are the cash payments set with reference to the firm's profitability, performance, and internal positions, and effected regularly and continuously at certain periods of each month.

The payments to senior executives cover monthly wages. The wages payable to senior executives are set with reference to the position and the nature of the work, competence, experience, performance and remuneration policies applied in the same sector for similar positions, the firm's internal positions, inflation, and the ability of the firm to achieve the financial targets set for the year.

When setting the remuneration policies, care is taken to exclude incentive systems which would harm the interests of the shareholders, employees and customers. The wages are reviewed and updated once a year. The firm does not extend any credits or loans to any board members or executives, nor extends personal loans through a third party. Furthermore, no guarantees or underwriting is extended for such persons.

GOVERNMENT SUBSIDIES AND GRANTS

Çan Kömür ve İnşaat AŞ

The firm holds an Investment Incentive Certificate dated 18.09.2017 and numbered C-117824, issued by the Ministry of Economy's General Directorate of Incentive Implementation and Foreign Investment.

The investment covered by the certificate concerns the power plant (Çan-2 Thermal Power Plant) project based on local coal, with an installed capacity of 340 MW. The Investment Incentive Certificate was issued for the completely new investment carried out in Çanakkale province's Çan district, and covers the period 13.08.2014 - 12.02.2019. The certificate extends the subsidy elements of employer support for insurance premium, interest subsidy, VAT exemption, and customs duty exemption, as well as tax discount.

YS Madencilik San. ve tic. Ltd. Ş

The firm holds an Investment Incentive Certificate dated 24.07.2017 and numbered 131389, issued by the Ministry of Economy's General Directorate of Incentive Implementation and Foreign Investment. Pit coal mining constitutes the subject matter of this document. The Investment Incentive Certificate was issued for the completely new investment carried out in Corum province's Dodurga district, and covers the period 16.06.2017 - 16.06.2020. The certificate extends the subsidy elements of employer support for insurance premium, interest subsidy, VAT exemption, and customs duty exemption, as well as tax discount.

Suda Maden AŞ

The firm holds an Investment Incentive Certificate dated 06.10.2017 and numbered 132950, issued by the Ministry of Economy's General Directorate of Incentive Implementation and Foreign Investment. Sand, clay and stone quarrying is the subject matter of the certificate. The Investment Incentive Certificate was issued for the modernization project carried out in Kutahya province's Gediz district, and covers the period 08.09.2017 - 08.09.2020. The certificate extends the subsidy elements of employer support for insurance premium, interest subsidy, VAT exemption, and tax discount.

DIVIDEND PAYMENT POLICY

The profits of the firm are measured and distributed in accordance with the Turkish Code of Commerce, the Capital Markets Regulations, and widely recognized accounting principles. The net profits established once the amounts the firm is required to pay or set aside, such as overhead expenses and various elements of depreciation, as well as the taxes the legal person of the firm is required to pay, and any and all financial liabilities, are deducted from the revenues identified as of the end of the operating period, as shown in the annual balance sheet, shall be allocated as follows in the respective order, once losses for previous years, if any, are deducted.

Primary Statutory Reserves:

5% statutory reserves shall be set aside as per the applicable provision of the Turkish Code of Commerce.

Primary Dividend:

The primary dividends shall be set aside in line with the Turkish Code of Commerce and the Capital Markets Regulations, from the remaining figure, with reference to the amount to be calculated with the addition of donations, if any, made during the year.

Once the above-mentioned figures are deducted, the General Assembly shall be entitled to decide on the payment of the dividends to the members of the Board of Directors, officials, servants, laborers, foundations established for various purposes, and similar persons and entities.

Secondary Dividend:

The General Assembly shall be entitled to pay the amount remaining after the deduction of the amounts specified in Sub-Paragraphs (a), (b), and (c) out of the net profits, in full or in part, as secondary dividend, or as extraordinary reserves.

Secondary Statutory Reserves:

One tenth of the amount established after the deduction of a dividend figure amounting to 5% of the paid-in capital, from the portion decided to be paid out to shareholders and other persons entitled to profits, shall be set aside as the secondary statutory reserves as per Article 519, Paragraph 2 of the Code of Commerce.

Unless the primary dividend figure established for those entitled to dividend is paid in cash and/or in the form of shares, no decision to set aside other statutory reserves, transfer profits to the next year, or pay dividends to the Board of Directors, persons entitled to shares as per the Articles of Incorporation, officers, servants, laborers, foundations established for various purposes, and similar persons and/or institutions can be taken before the statutory reserves required by law are set aside.

The dividends for the shares shall be paid out to all existing shares as of the term of operations, regardless of the issuance and acquisition dates of the shares, and without the application of the per diem principle.

The firm can pay out advance dividends within the framework of Article 20 of the Capital Markets Law.

If dividend payable arises in accordance with the applicable communiqués, a dividend payment resolution to be taken by the Board of Directors with respect to the payable annual dividends of the firm shall be submitted to the General Assembly under the regulations of the Capital Markets Board and Turkish Code of Commerce. The dividend payment shall be completed within the statutory time frames, should the General Assembly approve so.

LAWSUITS

As of 31 December, 2017 there are lawsuits filed against Kucuk Enerji Uretim ve Ticaret Ltd. Sti., a subsidiary of the Group, pertaining to the damage caused by the company due to the explosives used in tunnel excavation operations. Investigations regarding the lawsuits are in progress and many of these lawsuits are in the stage of getting an expert opinion and as such definite conclusions as to their results cannot yet be drawn.

There are various lawsuits filed with respect to the commercial operations, brought against ODAŞ Enerji Elektrik Perakende Satış A.Ş. to the tune of TRY 13,919,883.00 (mostly with respect to loss and illegal electricity use fees, transmission fees, distribution fees, and meter read fees collected from customers to which electricity was previously sold). Given the changes in regulations, as of December 31, 2017, these lawsuits are expected to be concluded in favor of the firm, yet the final verdicts have yet to be issued. Nevertheless, it was noted that in any case the amounts in question in the lawsuits regarding the loss-illegal electricity use fees filed by the customers shall be reflected onto the distribution firms.

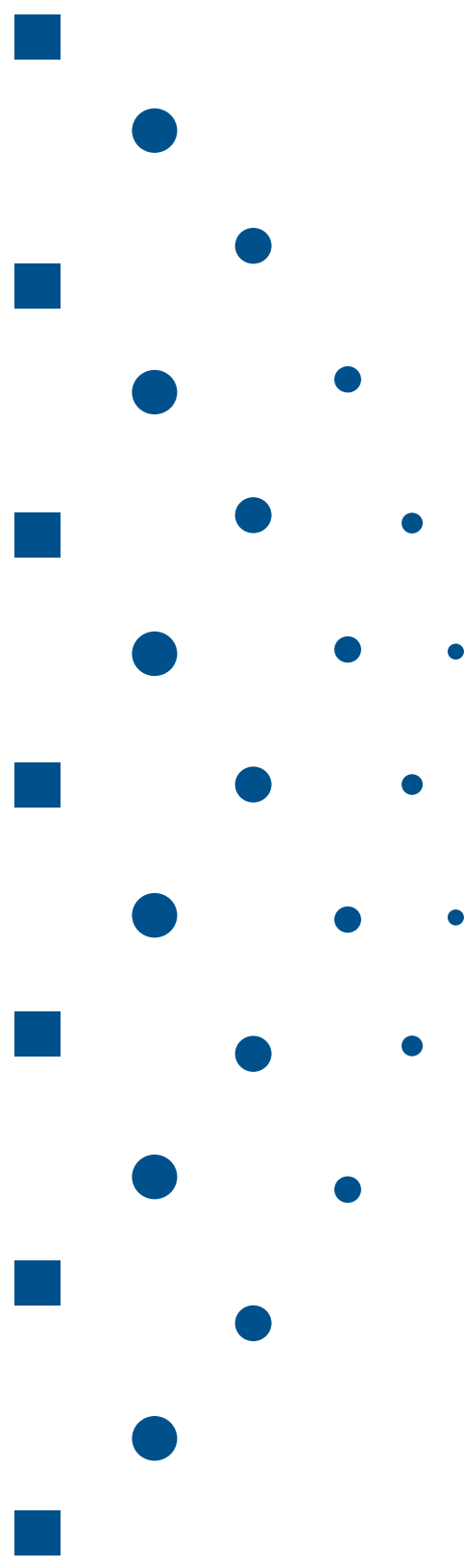
The Group management does not foresee a negative result regarding such lawsuits, and such lawsuits would not have a significant effect on the operating results, financial status, and liquidity position of the group. Given that the probability of such lawsuits being concluded to the detriment of the Group is lower than the probability of them not causing any liability as per the Group management's assessment as of December 31, 2017, no accounting procedures were applied for the liabilities in the lawsuits, as shown in the financial statements.



Chapter

6





*Consolidated
Financial
Tables*



ODAŞ Elektrik Üretim Sanayi Ticaret AŞ
Independent Auditor's Report
About 1 January – 31 December 2017 Period

To the Board of Directors of
ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş.

1) Opinion

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

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

2) Basis for Opinion

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

3) Key Audit Matters

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

AS Bağımsız Denetim ve YMM AŞ | NEXIA TURKEY

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Key audit matters	How our audit addressed the key audit matter
<p>a) Trade receivables - Impairment</p> <p>Group reconditioned for provisions for doubtful trade receivables which has valued at 10.041.266 TRY about Consolidated Financial Statements as stated on Note 7 as of December 31, 2017. Observed it there is mainly problem about collection on retail electricity sales. The availability and collectability of trade receivables considered as key matter because of their reasoning required in the recyclability evaluations.</p>	<p>During our audit, the accuracy of the aging analyzes prepared by the management has been tested.</p> <p>Reasonable reconciliation letters have been sent to customers and suppliers and other receivables and payables, reconciliation answers have been received and balances have been verified.</p> <p>Negotiable documents have been counted for the various collateral received from customers and the count values are compared with the guarantee lists. It has been investigated whether the collaterals cover the risk of the relevant client</p> <p>The risks of the lawsuits related to the trade receivables from the Company's lawyers have been examined and the lawsuits and executions have been investigated with due regard to the receivables which can not be collected and filed for litigation and execution.</p> <p>In addition, it has been tested whether the related customer balances are recoverable with respect to their collections after the balance sheet date.</p>

Key audit matters	How our audit addressed the key audit matter
<p>b) Deferred tax assets recognized within investment incentive certificates</p> <p>The Company has received investment incentive certificates amounting to TL 581.550.000 within the scope of the decision of "Council of Ministers on State Aids in Investments" which regulates investment incentives.</p> <p>As of 31 December 2017, approximately 332.610.822 TL of investment expenditures were realized within the scope of these incentive documents.</p> <p>Investment incentive documents (since Suda Mining and YS Mining started to be used already, Çan Kömür will be a thermal power plant complex investment, and the company is expected to be use by year 2018, which is the opening of the new investment) since the company determined the advantages of investment incentives for the foreseeable future deferred tax assets are accounted for in accordance with projected profitability projections.</p>	<p>In the audit of the deferred tax assets accounted for in the investment incentive documentation, the support of the tax experts included in the same audit network with our organization was obtained.</p> <p>Estimates of taxable profit based on management-approved annual business plans are questioned in terms of the recoverability of the related deferred tax asset.</p> <p>Within the scope of our audit, we have examined and considered the key assumptions the Group management uses in its business plans.</p> <p>The amount of investment expenditures during the period, which is the basis for the calculation of deferred tax assets, has been confirmed by accounting records. Tax deductions made are mutually controlled by accounting records and tax declarations.</p>

Key audit matters	How our audit addressed the key audit matter
<p>As of December 31, 2017, deferred tax asset amounting to 172,405,537 TRY has been accounted for the related investment incentives.</p> <p>Deferred tax assets accounted for under investment incentive certificates are considered a key audit matter, since the extent to which such assets are accounted for depends on the Group's management's significant estimates and assumptions.</p> <p>b-i) Deferred tax assets created from previous years' losses</p> <p>Deferred tax assets created from previous years losses Tax losses carried on tax returns in accordance with Turkish tax legislation can be deducted from the period corporate income in condition not more than 5 years. As of December 31, 2017, the Group has deferred tax assets amounting to 13.999.176 TRY which is calculated on the tax losses carried forward as indicated in Note 40 related with Consolidated Financial Statements. The total amount of the tax losses carried forward is 64,555,464 TRY and the amount of recoverable part or whole of the deferred tax asset calculated over the amount of 63,632,619 TRY of the related amount is estimated by the Group management under the existing conditions based on the assumptions. During the evaluation, future business plans, current period losses and the last available date of unused losses are considered. There is uncertainty in estimating the future taxable profit, which supports the extent to which assets are defined as assets. For this reason, the subject has been defined as the key audit matter.</p>	<p>In the course of our audit, we reviewed business plans approved by the management and management reviews on the recyclability of tax assets by examining the dates when tax losses carried forward could be used.</p> <p>During the assessment, future profit projections, current period profit or loss, unused losses and other taxable assets are considered for last use dates.</p> <p>To examine the management's assumptions, the audit team was included in tax experts and the related deferred tax assets were reviewed by them. In addition, the conformity of the disclosures on the financial statements to TAS has been evaluated.</p>

Key audit matters	How our audit addressed the key audit matter
<p>c) Capitalization of financing costs</p> <p>As explained in Note 24, the Company capitalize significant financing costs in respect of ongoing capital projects, including construction of the thermal power plant in Çanakkale.</p> <p>The Group has adjusted interest and foreign exchange loss expense of TL 88.043.577 calculated on the basis of capitalization</p>	<p>Operational activities of controls on processes and procedures governing the activation of financing costs have been tested.</p> <p>In addition, substantive testing of each element of the capitalized costs has been carried out, including examining supporting evidence of activated financing cost samples, assessing the quality of the activated costs and assessing</p>

Key audit matters	How our audit addressed the key audit matter
<p>c) Capitalization of financing costs</p> <p>of interest and exchange rate differences and capitalized leasehold improvements related to investment finance loans amounting to 142.000.000 Euro which is used by Çan Kömür, It has associated.</p> <p>In accordance with IAS 23, the issue is identified as a key control issue because the costs that do not meet the activation criteria are subject to the risk of being recorded in the balance sheet instead as expense.</p>	<p>whether they are in line with the initially approved budget. In this context, also, supporting calculations have been taken with respect to borrowing costs and the inputs of the calculations have been verified, including testing a number of sample cash payments.</p> <p>The accuracy of the calculations made in line with the method used for capitalizing the financing costs was tested and the used rates were verified by confirmation of third parties.</p> <p>The model's mechanical correctness has been tested and the model has been assessed to determine whether borrowing costs for the completed projects are still active. Finance expenses that are capitalized in accordance with Tax Procedure Law but do not comply with the capitalization criteria in accordance with the related TAS are transferred to period profit / loss.</p>

Key audit matters	How our audit addressed the key audit matter
<p>d) Revenue Recognition</p> <p>The Group is engaged in the domestic and foreign sales activities of coal and antimony mines, which are sold through natural gas conversion plants and HEPPs, natural gas and electric wholesale and retail sales. Revenue is the most important indicator of the company's performance appraisal. Revenue is a significant issue for our audit as it is the most important financial statement in terms of the income statement for the accounting period ending on December 31, 2017, which has significant priorities in terms of evaluation of the results of the strategies implemented during the year and performance follow-up.</p>	<p>During our audit, the following audit procedures related to the recording of the financial statements of the revenue have been applied:</p> <ul style="list-style-type: none"> ▪ Understanding sales processes and evaluating the design and operation of controls related to these processes, ▪ Assessment of the appropriateness of the accounting policy of the Company for the recognition of revenue, ▪ Realization of analytical procedures for the expected level of revenue recorded in the financial statements, ▪ Performing tests by sampling method on the accuracy of customer bills and matching these bills with delivery notes (mine sales) and customer collections, ▪ Review the sales contracts the company has made with customers and assess the timing of receipt of financial statements for different delivery methods, ▪ Testing the completeness of the revenues by matching the selections made by sampling from the delivery documents with the accounting records and related bills,

Key audit matters	How our audit addressed the key audit matter
<p>Explanations on the Company's accounting policies and revenue amounts are provided in Note 2.d Summary of Significant Accounting Policies and note 31.</p>	<p>-Receiving information on the basis of special circumstances arising from the functioning of the energy sector and providing the accuracy of the estimations from the commercial units with respect to the accruals that are not executed or billed in the following period,</p> <ul style="list-style-type: none"> • Making sale reconciliation with selected customers

Key audit matters	How our audit addressed the key audit matter
<p>e) Recognition of Assets Held For Sale and Discontinued Operations</p> <p>The share transfer agreement with the acquirer for the sale of all of the shares of Ena Elektrik Üretim Ltd.Şti which is included in the group portfolio and which has an 80% share in the consolidation has been signed on 29 June 2015. The transfer of shares has not yet taken place and will take place after the license transfer transactions with the EMRA. As of 31.12.2017, Ena Elektrik has been classified as assets held for sale on the consolidated financial tables.</p> <p>The classification of the tax is still going on, and it is an important issue in terms of our control and the reason for the process is still going on more than one year.</p>	<p>According to the relevant TFRS-5 standard, various events or conditions can extend the completion period of the sales transaction over a period of one year.</p> <p>Where there is sufficient evidence that the delay has occurred due to events or circumstances beyond the control of the operator and that the entity has a continuing sales plan for the sale of the related asset (or the group of assets to be removed); the useful life to complete the sale transaction does not prevent the related asset (or group of assets to be disposed of) from being classified as held for sale.</p> <p>It has been declared by the management that the sales process is still continuing during our audit and the approval of EMRA for license transfer has still been waiting.</p> <p>It has been audited whether there is no change in the terms of the contract and whether the sales procedures continue in accordance with the contractual provisions.</p>

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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



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

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control).
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

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

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

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B. Other Responsibilities Arising From Regulatory Requirements

1) In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 16 February 2018.

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

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

AS Bağımsız Denetim ve YMM AŞ
(Member of NEXIA INTERNATIONAL)<



Mehmet Cem TEZELMAN
Auditor

12.03.2018
İstanbul, Türkiye

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Content

Consolidated Statement of Financial Position	70-71
Consolidated Profit or Loss and Other Comprehensive Income Statement	72
Consolidated Statement of Changes in Equity	73
Statement of Cash Flow	74
1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY	76
2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	84
3. BUSINESS COMBINATIONS	96
4. JOINT VENTURES	96
5. SEGMENT REPORTING	97
6. RELATED PARTIES	99
7. TRADE RECEIVABLES AND PAYABLES	102
8. FINANCIAL INVESTMENTS	103
9. OTHER RECEIVABLES AND PAYABLES	104
10. INVENTORIES	105
11. BIOLOGICAL ASSETS	105
12. PRE-PAID EXPENSES AND DEFERRED INCOME	105
13. INVESTMENT PROPERTY	106
14. TANGIBLE FIXED ASSETS	106
15. HİZMETTEN ÇEKME, RESTORASYON VE ÇEVRE REHABİLİTASYON FONLARINDAN KAYNAKLANAN PAYLAR ÜZERİNDEKİ HAKLAR	108
16. SHARES OF MEMBERS ON BUSINESS COOPERATIVE AND SIMILAR FINANCIAL INSTRUMENTS	108
17. INTANGIBLE FIXED ASSETS	109
18. GOODWILL	111
19. EVALUATING AND RESEARCHING OF MINE RESOURCES	111
20. LEASING OPEATIONS	112
21. SERVICE CONCESSION ARRANGEMENTS	112
22. IMPAIRMENT OF ASSETS	112
23. GOVERNMENT INCENTIVES	113
24. BORROWING COSTS	113
25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	114
26. COMMITMENTS	118

27.	EMPLOYEES BENEFIT OBLIGATIONS	118
28.	EXPENSES ACCORDING TO THEIR QUALIFICATIONS	120
29.	OTHER ASSETS AND LIABILITIES	124
30.	EQUITY, RESERVES AND OTHER EQUITIES	125
31.	REVENUE AND COST OF GOODS SOLD	129
32.	CONSTRUCTION CONTRACTS	134
33.	GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES	134
34.	OTHER OPERATIONAL INCOME AND EXPENSE	135
35.	EXPENDITURES AND REVENUES FROM INVESTING ACTIVITIES	136
36.	EXPENSES CLASSIFIED BY PRINCIPLE TYPES	136
37.	FINANCIAL EXPENSE AND INCOME	137
38.	ANALYSIS OF OTHER COMPREHENSIVE INCOME	138
39.	FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	138
40.	TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)	138
41.	EARNING PER SHARE	144
42.	SHARE-BASED PAYMENT	144
43.	INSURANCE CONTRACTS	144
44.	THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATE	144
45.	FINANCIAL REPORTING IN HYPERINFLATION ECONOMIES	144
46.	DERIVATIVE INSTRUMENTS	144
47.	FINANCIAL INSTRUMENTS	145
48.	FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES	147
49.	FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION)	156
50.	SUBSEQUENT EVENTS	157
51.	OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS	157
52.	FIRST IMPLEMENTATION OF TURKEY ACCOUNTING STANDARTS	157
53.	EXPLANATION TO CASH FLOW STATEMENT	158
54.	EXPLANATIONS RELATED WITH EQUITY CHANGE TABLE	160
55.	INTEREST, TAX, PROFIT BEFORE DEPRECIATION (EBITDA)	160

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Consolidated Statement of Financial Position (TRY)

(Currency is TRY unless otherwise is indicated.)

	Notes	Current Period Audited Consolidated 31.12.2017	Prior Period Audited Consolidated 31.12.2016
ASSETS			
Current Assets			
Cash and cash equivalents	53	123.925.333	107.779.705
Financial Investments	8	22.805.174	- 0
Trade Receivables	6-7	88.979.261	50.191.425
Trade receivables from related parties	6	- 0	- 0
Trade receivables from third parties	7	88.979.261	50.191.425
Other receivables	6-9	12.367.267	9.601.324
<i>Due from related parties</i>	6	10.380.843	8.317.046
<i>Due from third parties</i>	9	1.986.424	1.284.278
Derivative Financial Instruments	46	- 0	- 0
Inventories	10	23.087.640	17.672.644
Biological Assets	11	- 0	- 0
Prepaid expenses	12	29.476.692	4.101.186
Assets Related to Current Term Tax	25-40	- 0	201.008
Other Current Assets	29	112.247.598	85.052.469
SUBTOTAL		412.888.965	274.599.761
Fixed Assets Classified for Sale	39	738.243	664.533
TOTAL CURRENT ASSETS		413.627.208	275.264.294
Non-current Assets			
Trade receivables	6-7	- 0	- 0
Trade receivables from related parties	6-7	- 0	- 0
Trade receivables from third parties	6-7	- 0	- 0
Other receivables	9	421.754	397.769
Other receivables from related parties	6	- 0	- 0
Other receivables from third parties	9	421.754	397.769
Derivative Financial Instruments	46		
Investments Valued by Equity Method	4	200.000	200.000
Biological Assets	11	- 0	- 0
Investment Property	13	- 0	- 0
Tangible fixed assets	14	1.037.941.530	575.948.339
Intangible fixed assets	17	35.995.581	19.481.620
Goodwill	18	- 0	- 0
Other intangible fixed assets	17-18	35.995.581	19.481.620
Prepaid expenses	12	800.595	1.346.644
Deferred tax assets	40	192.906.503	7.621.404
Other non-current assets	29	98.454.657	71.276.642
TOTAL NON-CURRENT ASSETS		1.366.720.620	676.272.418
TOTAL ASSETS		1.780.347.828	951.536.711

Regarding consolidated financial statements period ending on 31.12.2017, approved by board decision which was 12.03.2018 dated and 2018/01 numbered.
(The accompanying notes are an integral part of financial statements)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Consolidated Statement of Financial Position (TRY)

(Currency is TRY unless otherwise is indicated.)

	Notes	Current Period Audited Consolidated 31.12.2017	Prior Period Audited Consolidated 31.12.2016
LIABILITIES			
Short Term Liabilities			
Short term loans	47	143.400.291	84.404.442
Short term finance lease liabilities	47	3.679.690	1.535.433
Short-term parts of long term loans	47	121.153.489	69.232.771
Other financial liabilities	47	72.349.563	10.034.044
Trade payables	6-7	213.081.131	94.910.994
Due to related parties	6	- 0	- 0
Trade payables to third parties	7	213.081.131	94.910.994
Employee benefit obligations	27	1.896.849	419.951
Other payables	6-9	7.093.036	4.247.239
Other payables to related parties	6	718.618	43.631
Other payables to third parties	9	6.374.418	4.203.608
Deferred income	12	57.933.143	16.246.538
Period income tax liabilities	40	8.366	- 0
Short-term Provisions	25	128.000	- 0
Other short term provisions	29	128.000	- 0
Other short term liabilities	29	38.104.916	22.439.877
SUBTOTAL		658.828.474	303.471.289
Liabilities related to assets classified for sale	39		
TOTAL SHORT TERM LIABILITIES		658.828.474	303.471.289
Long term liabilities	47	773.636.432	470.698.380
Long term finance lease liabilities	47	7.881.717	2.649.973
Other finance liabilities	47	43.432.316	- 0
Payables for employee benefits	27	- 0	- 0
Other payables	6-9	205.500	500
Due to related parties	6-9	- 0	- 0
Other trade payables to third parties	9	205.500	500
Long term provisions	27	965.485	699.978
Long term provisions for employee benefits	27	794.841	533.486
Other long term provisions	25	170.644	166.492
Deferred tax liabilities	40	13.444.405	16.159.081
Other long term liabilities		- 0	- 0
TOTAL LONG TERM LIABILITIES		839.565.855	490.207.912
EQUITY			
Equity of Parent Company			
Paid-in share capital	30	135.750.000	47.600.180
Positive distinction from share capital adjustment	30	-	-
Reacquired shares (-)	30	-	-
Capital adjustments due to cross-ownership	30	-	-
Share premiums/discounts	30	44.242	88.194.062
Not to be reclassification of profit or loss accumulated other comprehensive income or expenses (-)	30	(26.340.830)	(26.340.830)
Revaluation and Measurement Gains/Losses		-	-
Effects of combination of entities or businesses under common control	30	(26.340.830)	(26.340.830)
Reclassification of profit or loss accumulated other comprehensive income or expenses	30	(52.258)	(42.850)
Other Gains/Losses	30	(52.258)	(42.850)
Restricted profit reserves	30	639.252	639.252
Other equities	30	21.868.966	21.868.966
Retained earnings/losses	30	23.859.962	33.408.057
Net profit/loss for the period	41	99.745.058	[9.429.340]
Non-controlling shares	30	26.439.103	1.960.013
TOTAL EQUITY		281.953.495	157.857.510
TOTAL LIABILITIES		1.780.347.828	951.536.711

Regarding consolidated financial statements period ending on 31.12.2017, approved by board decision which was 12.03.2018 dated and 2018/01 numbered.

(The accompanying notes are an integral part of financial statements)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited regarding of January-December 31, 2017 period
Consolidated Profit or Loss and Other Comprehensive Income Statement (TRY)

(Currency is TRY unless otherwise is indicated.)

		Current Period Audited Consolidated	Prior Period Audited Consolidated
STATEMENT OF PROFIT/LOSS	Notes	01.01 - 31.12.2017	01.01 - 31.12.2016
Revenue	31	614.529.929	517.421.052
Cost of sales (-)	28-31	(551.891.911)	(451.159.848)
Gross profit/loss from commercial activities		62.638.018	66.261.204
GROSS PROFIT/LOSS		62.638.018	66.261.204
General administrative expenses (-)	33	(10.746.179)	(11.054.980)
Marketing expenses (-)	33	(6.649.908)	(1.857.933)
Other operating income	34	15.338.124	4.909.621
Other operating expenses (-)	34	(18.870.084)	(7.759.884)
OPERATING PROFIT/LOSS		41.709.971	50.498.028
Gain from investing activities	35	20.270	36.175
Expenses from investing activities	35	(2.811)	- 0
Shares from gains/losses of investments valued by equity method	35	17.033	- 0
FINANCING EXPENSE BEFORE OPERATING PROFIT/LOSS		41.744.463	50.534.203
Financial income	37	71.507.275	36.014.309
Financial expenses (-)	37	(176.576.976)	(98.806.075)
PROFIT/LOSS BEFORE ONGOING OPERATIONS TAX		(63.325.238)	(12.257.563)
Ongoing Operations Tax Loss/Income		187.373.541	1.533.359
Period Tax Income/Loss	40	(623.379)	(25.398)
Deferred Tax Income/Loss	40	187.996.920	1.558.757
PROFIT/LOSS FROM ONGOING OPERATIONS		124.048.303	(10.724.204)
PROFIT/LOSS FROM DISCONTINUED OPERATIONS	39	73.710	1.864
PROFIT/LOSS FOR THE PERIOD		124.122.013	(10.722.339)
Profit/loss distribution for the period			- 0
Non-controlling Shares	30	24.376.954	(1.292.997)
Parent Company Shares	30	99.745.059	(9.429.342)
Earnings Per Share			- 0
Earnings per share from continuing operations	41	0,734770	(0,069461)
Earnings per share from discounted operations	41		- 0
OTHER COMPREHENSIVE INCOME			- 0
Not to be reclassified to profit or loss	38	(9.408)	(38.065)
Actuarial losses and earnings calculated under employee benefit	38	(12.061)	(47.581)
Tax Effect	40	2.653	9.516
OTHER COMPREHENSIVE INCOME		(9.408)	(38.065)
TOTAL COMPREHENSIVE INCOME		124.112.605	(10.760.404)
DISTRIBUTION OF TOTAL COMPREHENSIVE INCOME			- 0
Non-controlling shares		24.375.106	(1.297.587)
Parent company shares		99.737.499	(9.462.817)

Regarding consolidated financial statements period ending on 31.12.2017, approved by board decision which was 12.03.2018 dated and 2018/01 numbered.
(The accompanying notes are an integral part of financial statements)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Consolidated Statement of Changes in Equity (TRY)

(Currency is TRY unless otherwise is indicated.)

	To Be Reclassification of Profit or Loss Accumulated Other Comprehensive Income or Expenses					Retained Earnings						
	Paid-in Share Capital	Other Equity Shares	The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control	Share Premiums / Discounts	Minority Interests	Other Gain/Loss	Restricted Reserves	Retained Earnings/ Losses	Net Income/ Loss for the Period	Equity of the Parent controlling Company	Non- controlling Interest	Equities
Balance at January 1, 2016	47.600.180	21.868.966	(26.340.830)	88.194.062		(4.785)	639.252	34.101.259	(561.707)	165.496.397	3.145.264	168.641.661
Adjustments Related to Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-
Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income/Expense	-	-	-	-	-	(38.065)	-	-	-	(38.065)	-	-
Increase/Decrease Due to Change in Shareholding in the Subsidiaries Not Resulting from Control Loss	-	-	-	-	-	-	-	(131.495)	-	(131.495)	-	-
Transfers	-	-	-	-	-	-	-	(561.707)	(561.707)	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-
The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control	-	-	0	-	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	(9.429.340)	(9.429.340)	(1.185.251)	(10.614.591)
Balance at December 31, 2016	47.600.180	21.868.966	(26.340.830)	88.194.062		(42.850)	639.252	33.408.057	(9.429.340)	155.897.497	1.960.013	157.857.510
Balance at January 1, 2017	47.600.180	21.868.966	(26.340.830)	88.194.062		(42.850)	639.252	33.408.057	(9,429,340)	155.897.497	1.960.013	157.857.510
Adjustments Related to Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-
Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income/Expense	-	-	-	-	-	(9.408)	-	-	-	(9.408)	-	(9.408)
Increase/Decrease Due to Change in Shareholding in the Subsidiaries Not Resulting from Control Loss	-	-	-	-	-	-	-	(118.755)	-	(118.755)	-	(118.755)
Minority Share	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(9.429.341)	9.429.341	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Capital Increase	88.149.820	-	-	(88.149.820)	-	-	-	-	-	-	-	-
The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	99.745.059	99.745.059	24.479.090	124.224.149
Balance at December 31, 2017	135.750.000	21.868.966	(26.340.830)	44.242		(52.258)	639.252	23.859.961	99.745.060	255.514.394	26.439.103	281.953.497

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Consolidated Statement of Cash Flow (TRY)

(Currency is TRY unless otherwise is indicated.)

	Notes	01.01 - 31.12.2017	01.01 - 31.12.2016
A. CASH FLOWS FROM OPEARING ACTIVITIES			
Profit/Loss For The Period		(22.884.377)	(55.147.540)
		(99.745.058)	(9.429.340)
Profit/Loss from Continuing Operations	30	99.671.348	9.431.204
Profit/Loss from Discontinued Operations	39	73.710	1.864
Adjustments To Reconcile Net Profit/Loss For The Period	14-17-31-33-36	(166.236.131)	(8.526.169)
- Adjustments related to amortization and depreciation expenses	7	9.403.997	8.197.347
- Adjustments related to impairment/revocation	7	9.165.601	309.593
- In receivables adjustments related to impairment/revocation		9.165.601	309.593
Adjustments related to provisions	27	(24.738.667)	(31.846.914)
Adjustments Related to Benefits Provided to Employees (Cancellation)	29	261.355	172.443
Adjustments about General Provisions (Cancellation)	19	(17.833.354)	(32.257.743)
Adjustments about Other Provisions (Cancellation)	25	-	50.337
Provisions Related to Litigation and / or Provisions (Cancellation) Provisions Relating to Provisions (Cancellation)		128.000	-
Adjustments on Provisions (Cancellation) on the Sectoral Requirements Framework	34	4.152	-
Deferred Financial Expense Arising From Purchases on Credit	34	1.078.559	3.476.535
Deferred Financial Income Arising From Sales on Credit	34	(8.377.379)	(3.288.486)
- Adjustments related to interest income and expenses		3.559.003	17.643.441
Adjustments related to interest income	29	6.708.434	35.592.925
Adjustments related to interest expense	29	(3.149.431)	(17.949.484)
- Adjustment about Correct Value Loss / Benefit	8	66.815	-
- Adjustments related to tax expense/income	40	(187.999.775)	(1.568.274)
- Adjustments related to loss/gain from disposal of the fixed assets	35	20.270	(36.175)
Adjustment about related to losses (gains) arising from the disposal of fixed assets held for sale or to be distributed to partners	39	(73.710)	(1.864)
Adjustments Related to Losses (Earnings) Resulting from Change in Subsidiaries, Business Partnerships and Financial Investments Originating from Their Disposal or Their Shares	30	(118.755)	-
- Other adjustments related to reconciliations of profit/loss		24.479.090	(1.223.323)
Minority Interest	30	24.479.090	(1.223.323)
Changes In Business Capital		(43.599.070)	(37.192.031)
-Changes in Finacial Investments Decrease (Increase)	8	(21.871.989)	-
-Adjustments related to inventories increase/decrease	10	(5.414.996)	(6.814.417)
-Adjustments related to trade receivables increase/decrease	7	(49.026.527)	11.348.375
Increase in Trade Receivables from Related Parties; (Decrease)		-	-
Increase in Unrelated Trade Receivables; (Decrease)		(49.026.527)	11.348.375
-Decrease from Financing Sector Activities (Increase)		-	-
-Adjustment related to increase / decrease in other receivables about activities		(53.818.102)	(30.649.382)
Change in Other Receivables	9	(2.795.397)	1.837.379
Decrease (increase) in other receivables from related Parties		(2.063.797)	-
-Adjustments related to other receivables from operations increase/decrease		(731.600)	1.837.379
- Changes in other assets	29	(51.022.705)	(32.486.761)
Adjustments related to trade payables increase/decrease		126.532.028	14.844.490
Changes in trade payables	7	126.532.028	14.844.490
Decrease in Trade Receivables from Related Parties (Increase)		-	-
Decrease in unrelated Trade Receivables (Increase)		126.532.028	14.844.490
-Adjustment on Increase / Decrease in Other Debts Related to Activities		(20.547.629)	(3.746.973)
Changes in prepaid expenses	12	(24.829.457)	(1.224.755)
Changes in employee benefit provisions	27	1.215.543	73.125
Changes in other payables	9	3.066.285	(2.595.343)
Increase in Other Debts about to Activities to Related Parties; (Decrease)		674.987	-
Increase in Other Debts about to Unrelated Activities; (Decrease)		2.391.298	(2.595.343)
-Adjustments related to other increase/decrease in business capital		68.746.285	(22.174.124)
Changes in deferred income	12	41.686.605	3.678.437
Increase (Decrease) in Other Liabilities for Activities	27-29	27.059.680	(25.852.561)
Cash Flows from activities		(22.892.003)	(55.147.540)
Dividend received	4	17.033	-
Other gain/loss	30	(9.407)	-

Regarding consolidated financial statements period ending on 31.12.2017, approved by board decision which was 12.03.2018 dated and 2018/01 numbered. (The accompanying notes are an integral part of financial statements)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Consolidated Statement of Cash Flow (TRY)

(Currency is TRY unless otherwise is indicated.)

	Notes	01.01 - 31.12.2017	01.01 - 31.12.2016
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
Cash inflows from sale of tangible and intangible assets		(474.899.320)	(183.230.151)
		106.183	39.604
Cash inflows from sale of tangible assets	14	106.183	39.604
Cash inflows from sale of tangible fixed assets	17	-	-
Cash inflows from Purchase of Tangible and Intangible Fixed Assets		(474.988.470)	(183.269.755)
Cash Outflows from Purchase of Fixed Assets		(457.077.712)	(181.847.606)
Cash inflows from Purchase of Intangible Assets		(17.910.758)	(1.422.149)
Other Cash Inflows/Outflows		(17.033)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Entrances from Borrowing	37	958.558.289	837.073.948
Cash inflows from borrowings	37	770.242.696	677.173.948
Cash Entries from Exported Borrowing Instruments	37	50.000.000	-
Cash inflows from factoring transactions	37	138.315.593	159.900.000
Cash Outflow Related Payments of Borrowings		(360.675.003)	(547.509.313)
Cash outflows from borrowings	37	(298.966.822)	(427.609.313)
Cash outflows from factoring activities	37	(61.708.181)	(119.900.000)
Cash outflows related in debt payments of financial leasing contracts	37	(5.673.131)	(603.456)
Paid interest		(78.280.830)	(4.376.400)
BEFORE THE EFFECT OF THE FOREIGN CURRENCY CONVERSION, DIFFERENCES IN CASH AND CASH EQUIVALENTS NET INCREASES/DECREASES		16.153.254	46.207.088
D. THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE		16.145.628	46.207.088
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		107.779.705	61.572.618
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		123.925.333	107.779.706

Regarding consolidated financial statements period ending on 31.12.2017, approved by board decision which was 12.03.2018 dated and 2018/01 numbered. (The accompanying notes are an integral part of financial statements)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY

ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. ("ODAŞ" or "The Company") operates as producing electricity by natural gas combined cycling. Company has been established in Istanbul in September 28, 2010.

The Company has business via establishing production plant, setting plants into operation, lease, producing electricity energy, selling produced electricity and/or created capacity to clients.

The Company has got the producing license from Energy Market Regulatory Authority (EMRA) at July 14, 2011. According to this license company will produce electricity from the power plant that will be established in Şanlıurfa for 49 years. The production plants' planned installed capacity is 140 Mw. At October 28, 2011 first phase of the plant which has 54 Mw capacities has been settled into operation. On April 30, 2012 the second phase of the plant which is 56 Mw has settled into operation. On August 2012, company has increased 128 Mw its installed capacity in two stages by adding 18 Mw to turbine capacity. Also company has started 12 Mw third phase additional steam turbine investment in year 2012. Steam turbine investment was completed and settled into operation on the year 2013 and total settled power plant reached to 140 Mw.

As of December 31, 2017 and December 31, 2016 group's capital and share percentages are given below;

Shareholder	31.12.2017		31.12.2016	
	Amount	Rate	Amount	Rate
Korkut Özal	-	-	7.500.000	15,8%
A. Bahattin Özal	24.027.089	17,67%	7.300.000	15,3%
Burak Altay	20.818.724	15,3%	7.300.000	15,3%
BB Enerji Yatırım San.ve Tic.AŞ	21.389.100	15,8%	7.500.000	15,8%
Müjgan Özal	5.347.275	3,95%	-	-
Fatimetüz Zehra Özal	3.208.365	2,37%	-	-
Hafize Ayşegül Özal	3.208.365	2,37%	-	-
Mustafa Ali Özal	3.208.365	2,37%	-	-
Mehmet Fatih Özal	1.069.455	0,79%	-	-
Korkut Enes Özal	1.069.455	0,79%	-	-
Hafize Büşra Özal	1.069.455	0,79%	-	-
Halka Açık Kısım	51.334.352	37,8%	18.000.180	37,8%
TOTAL	135.750.000,00	100%	47.600.180	100%

The company has realized capital increase through bonus issues and that increased capital amount 88.149.820 TL provided by share premium. This amount distributed between shareholders who has A type (preferred) share and B type (deferred) share in proportion to their share rate.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

As of December 31, 2017 in company's structure , 471 average personnel employed (December 31, 2016: 213).

ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. is registered to Trade Registry in Turkey and its registered centre address is below:

Fatih Sultan Mehmet Mh.Poligon Cd.Buyaka 2 Sitesi No: 8B 2.Kule Kat : 17 Tepeüstü, Ümraniye/ İstanbul.

Subsidiaries

ODAŞ Enerji Elektrik Perakende Satış A.Ş. (Prior Title: Voytron Toptan Satış Dış Tic. A.Ş.

The company bought at the rate of %100 share of ODAŞ Enerji Elektrik Perakende Satış A.Ş. on September 28, 2012, and ODAŞ Enerji is included in consolidation. The company has changed its title on October 27, 2015.

ODAŞ Enerji Elektrik Perakende Satış A.Ş. ("ODAŞ Enerji" or "Company") is established at the date of September 17, 2009 in address given below and registered. ODAŞ Enerji operates in selling produced electricity and/or created capacity to directly consumers in accordance with electricity market regulations.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

ODAŞ Enerji, had the 20 year duration license of wholesale taken from Energy Market Regulatory Authority (EMRA) as at March 11, 2010.

As of December 31, 2017, the capital of the company is TRY 25.000.000 and the shareholding structure is as follows:

	31.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	100%	100%

Hidro Enerji Elektrik Üretim Sanayi AŞ :

The company bought at the rate of %100 share of Hidro Enerji Elektrik Üretim Sanayi A.Ş. on November 27, 2012, and Hidro Enerji is included in consolidation.

Hidro Enerji Elektrik Üretim Sanayi A.Ş. (Hidro Enerji) is established on the date of April 5, 2005. Hidro Enerji engages in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Hidro Enerji, had 49 year duration production license taken from Energy Market Regulatory Authority (EMRA) as at September 20, 2012. The license is given for Volkan Hydro Electric Power Plant which will be build in Trabzon. Total power of the plant is 1.913 MWh / 1.857 MWe. The licence was revoked by taking advantage of provision of regulation called "Omnibus Bill Regulations numbered 7020" temporary article 21.

As of June 30, 2017, the share capital of Hidro Enerji Elektrik Üretim Sanayi A.S. is TRY 615.000 and the shareholding structure is as follows:

	31.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	100%	100%

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

Suda Stratejik Metal Dış Ticaret A.Ş. (Prior Title: Ağrı Elektrik Üretim Sanayi A.Ş.) :

The company bought at the rate of %70 share of Suda Stratejik Metal Dış Ticaret A.Ş. on November 27, 2012, and Suda Stratejik Metal is included in consolidation. The company changed its title on April 24, 2017.

Suda Stratejik Metal Dış Ticaret A.Ş. established on 13.04.2011.Field of business of Suda Stratejik Metal Dış A.Ş.; marketing and trading to export and import all kinds of minerals and industrial raw materials, especially Antimuan which it has produced by itself or provided at homeland or abroad.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

The Company's shareholders transfer their shares at its nominal value to Suda Maden A.Ş. that main partner has 100% of its shares via purchase and sale of share agreement signed on 12.04.2017. And The Company is holded in consolidation.

As of December 31, 2017, scope of the capital of Suda Stratejik Metal Dış Ticaret A.Ş. is TRY 12.600.000 and the shareholding structure is as follows:

	31.12.2017	31.12.2016
Suda Maden AŞ	100 %	-
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	-	70 %
Abdulkadir Bahattin Özal	-	15 %
Burak Altay	-	15 %

Küçük Enerji Üretim ve Ticaret Ltd. Ş :

The company bought at the rate of %90 shares of Küçük Enerji Üretim ve Ticaret Ltd. Şti.on December 27, 2012, and Küçük Enerji is included in consolidation.

Küçük Enerji Üretim ve Ticaret Ltd. Şti. (Küçük Enerji) is established on the date of May 1, 2007. Küçük Enerji operates in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Küçük Enerji had the 49 year production license taken from Energy Market Regulatory Authority (EMRA) as at April 12, 2012. The license is given for Köprübaşı Regulator and Hydroelectric Power Plant which will be built in Trabzon. Total power of the plant is (2 x 4,097) MWm / (2 x 3,975) MWe.

As of December 31, 2017, the share capital of Küçük Enerji Üretim ve Ticaret Ltd. Şti. is TYR 2.650.000 and the shareholding structure is as follows:

	31.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	90 %	90 %
Abdulkadir Bahattin Özal	5 %	5 %
Burak Altay	5 %	5 %

Köprübaşı Regulator and Hydroelectric Power Plant has started to produce and sale electricity in 2015.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

Ena Elektrik Üretim Ltd. Ş :

The company bought at the rate of %80 share of Ena Elektrik Üretim Ltd. Şti. as of December 27, 2012.

Ena Elektrik Üretim Ltd. Şti. (Ena Elektrik) is established as the date of January 17, 2007. Ena Elektrik operates in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

As of December 31, 2017, the shareholding structure of Ena Elektrik Üretim Ltd. Şti. is as follows:

	31.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	80%	80%
Hidayet Büküm	20%	20%

The share transfer agreement has been signed regarding the sale of all shares which the company owned by 80% of Ena Elektrik on June 29, 2015. The share transfer has not been actualised yet. It is going to be actualized after the licensing process in the presence of EMRA.

Ena Elektrik has been classified as Non-current Assets Held for Sale and Discontinued Operations at consolidated financial table as of December 31, 2017. (Note:39)

Yel Enerji Elektrik Üretim Sanayi AŞ :

The company bought at the rate of %75 share of Yel Enerji Elektrik Üretim Sanayi A.Ş. as of January 10, 2013, and Yel Elektrik is included in consolidation.

Yel Enerji Elektrik Üretim Sanayi A.Ş (Yel Elektrik) is established as the date of October 22, 2007. Yel Elektrik Üretim Sanayi A.Ş. engages in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

İR:17517 numbered mining license is purchased by Yel Enerji Elektrik Üretim Sanayi Ticaret A.Ş. in Çanakkale, Bayramiç Town and its transfer process is completed.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

The Company's shareholders transfer their shares at its nominal value to Çan Kömür ve İnşaat A.Ş. that main partner has 92% of its shares via purchase and sale of share agreement signed on 20.10.2016. And The Company holded in consolidation.

As of December 31, 2017, scope of Yel Enerji Elektrik Üretim Sanayi Ticaret A.Ş. has a capital of TRY 100.000 and its shareholding structure is as follows:

	31.12.2017	31.12.2016
Çan Kömür ve İnşaat AŞ	100%	100%

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

ODAŞ Doğalgaz Toptan Satış Sanayi ve Ticaret AŞ :

According to Law No: 4646, Energy Market Regulatory Authority (EMRA) issued the notification, the decision and commitments specified in the regulations, and with the adoption of the issues, ODAŞ Dogalgaz Toptan Satis Sanayi ve Ticaret A.S. operates in Natural Gas Liquefied Natural Gas (LNG), Compressed Natural Gas (CNG) purchasing from the production, import, wholesale companies and other sources of law will be allowed and to wholesale to customers which are exporter distribution, LNG, CNG, wholesale companies, eligible consumers and permitted by law to customers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

ODAŞ Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş., had the 30 year duration license of natural gas wholesale from Energy Market Regulatory Authority (EMRA) as at March 20, 2013.

As of December 31, 2017, the capital of ODAŞ Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. is TRY 4.312.000 and the shareholding structure is as follows:

	31.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	90,02%	90,02%
Tahsin Yazan	9,98%	9,98%

Çan Kömür ve İnşaat AŞ :

The company purchased at the rate of %92 share of Çan Kömür ve İnşaat Anonim Şirketi as of September 9, 2013, and Çan Kömür is included in consolidation.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Çan Kömür engaged in, domestic coal based power generation plant establishment, commissioning, hiring, producing electric power generation and sale of generated electricity power and/or the capacity to customers.

Çan Kömür ve İnşaat A.Ş.'s licensing certificate for the Çan-2 Thermal Power Plant Production Facility, which is continued to be constructed in Çanakkale province-Çan district and which is under construction and which is in the capacity of 340 MWm / 330 MWe installed, is certified by the Energy Market Regulatory Authority dated January 28, 2016 and with the decision numbered 6083- 2 and was delivered to Çan Kömür ve İnşaat A.Ş. on January 28, 2016.

As of 31 December 2017, Çan Kömür ve İnşaat A.Ş. has a capital of TRY 102.000.000 and its shareholding structure is as follows:

	31.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	92%	92%
Mustafa Koncagül	8%	8%

Regarding Çan-2 Thermic Power Plant Production Facility,plementary development plan belongs to "Çan-2 Thermic Power Plant Are" and "Solid Waste Storage Area" has been approved by Çanakkale Special Provincial Administration, Provincial Assembly.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

YS Madencilik San. ve Tic. Ltd. Ş

Yel Enerji Elektrik Üretim Sanayi A.Ş. is co-founder at the rate of %70 share of YS Madencilik Sanayi ve Ticaret Ltd. Şti. and as a co-founder and YS Madencilik Sanayi ve Ticaret Ltd. Şti. is included in consolidation as of December 12, 2014.

YS Madencilik operates purchasing, selling, manufacturing, installation, importing and exporting every kind of natural stone and manufactured and semi-manufactured of mineral ores.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

The Company's shareholders transfer their shares at its nominal value to ODAŞ Elektrik Üretim Sanayi A.Ş. that main partner has 52% of its shares via purchase and sale of share agreement signed on 15.06.2017. And The Company hold in scope of consolidation.

As of December 31, 2017, the capital of Yel Enerji Elektrik Üretim Sanayi A.Ş. is TRY 10.000 and its shareholding structure is as follows:

	31.12.2017	31.12.2016
Yel Enerji Elektrik Üretim Sanayi AŞ	-	70%
Süleyman Sarı	48%	30%
ODAŞ Elektrik Üretim Sanayi AŞ	52%	-

- Signed royalty agreement between KİAŞ and YS Madencilik San. ve Tic. Ltd. Şti. on 14.04.2015. Regarding based Balıkesir Province's Balya district coal mine licence which has İR1521-07.09.2006 licence and date number.

- Signed royalty agreement between KİAŞ and YS Madencilik San. ve Tic. Ltd. Şti. on 15.03.2017. Regarding based Çorum Province's Dodurga district coal mine licence which has İR2600-25.01.1959 licence and date number.

With the registration made on 25.08.2017 Alpagut Village Cumhuriyet Mevkii Maden Sk. No: 9A / A Dodurga / Çorum Address "YS Madencilik San. and Tic. Ltd. Sti. Dodurga Branch "was established.

Anadolu Export Maden Sanayi ve Ticaret AŞ

The company is a partner at the rate of %96 share of Anadolu Export Maden Sanayi ve Ticaret A.Ş. which is established on the date of December 30, 2014 and Anadolu Export is included in consolidation as of January 22, 2015.

Anadolu Export operates purchasing, selling, manufacturing, installation, importing and exporting every kind of natural stone and manufactured and semi-manufactured of mineral ores.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

As of December 31, 2017, the capital of Anadolu Export Maden Sanayi ve Ticaret A.S. is TRY 50.000 and its shareholding structure is as follows:

	31.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	96%	96%
Burak Altay	4%	4%

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

License transfer purchase agreement was signed between Stratex International PLC (Stratex) and Anadolu Export to complete the search in the gold field called Karaağaç and decide on business investment based on research results. Regarding this transfer, application had been made to General Directorate of Mining Affairs. The transfer transaction was completed as of August 19, 2016.

Suda Maden AŞ

The company purchased all shares of Suda Maden A.Ş. as of October 28, 2015, and Suda Maden is included in consolidation.

Suda Maden operates extraction, manufacturing and selling, every kind of natural stone mineral ores.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

As of December 31, 2017, the capital of Suda Maden A.Ş. is TRY 44.900.000 and its shareholding structure is as follows:

	31.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	100%	100%

The company has 4 licences including 2 operating license and 2 exploration in Murat mountain located Kütahya-Uşak area. The company, which was bought on October 28, 2015. By the year of 2016, the company has started antimony mining and antimony trioxide production and sales.

Tasfiye Halinde 3Y Proje Geliştirme Yatırım San. ve Tic. AŞ

ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. is co-founder at the rate of %90 share of 3Y Proje Geliştirme Yatırım San. ve Tic. A.Ş. and 3Y Proje Geliştirme Yatırım San. ve Tic. A.Ş. is included in consolidation as of June 24, 2016.

3Y Proje Geliştirme Yatırım San. ve Tic. A.Ş. In Liquidation operates in establishing, running, renting, generating electricity, producing and selling electricity and / or capacity to customers. It is also developing domestic, renewable and green projects, biomass energy projects.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

The company went into liquidation of March 02, 2017 and the liquidation process is completed and the company was winded up.

As of December 27, 2017 the capital of 3Y Proje Geliştirme Yatırım San. ve Tic. A.Ş. In liquidation is TRY 50.000 and the shareholding structure is as follows:

	27.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	90,00%	-
Rubicon Madencilik Sanayi ve Ticaret AŞ	10,00%	-

CR Proje Geliştirme Yatırım San. ve Tic. AŞ

ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. is co-founder at the rate of %100 share of CR Proje Geliştirme Yatırım San. ve Tic. A.Ş. and CR Proje Geliştirme Yatırım San. ve Tic. A.Ş. is included in consolidation as of January 26, 2017.

CR Proje Geliştirme Yatırım San. ve Tic. A.Ş. operates in establishing, running, renting, generating electricity, producing and selling electricity and / or capacity to customers. It is also developing domestic, renewable and green projects, biomass energy projects.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyuka 2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

As of December 31, 2017, the capital of CR Proje Geliştirme Yatırım San. ve Tic. A.Ş. is TRY 50.000 and the shareholding structure is as follows:

	31.12.2017	31.12.2016
ODAŞ Elektrik Üretim Sanayi Ticaret AŞ	100,00%	-

Parent Company and consolidated subsidiaries EMRA license information as of December 31, 2017 is as follows :

License Owner	License Type	License No	License Duration	Effective Date
ODAŞ ENERJİ PERAKANDE	Whole sale	ETS/2461-2/1599	11.03.2010	20 Years
ODAŞ ELEKTRİK	Production	EÜ/3323-2/2005	14.07.2011	49 Years
HİDRO ENERJİ	Production	EÜ/4027-2/2427	20.09.2012	49 Years
KÜÇÜK ENERJİ	Production	EÜ/3769-4/2314	12.04.2012	49 Years
ODAŞ DOĞALGAZ	Natural Gas Whole sale	DTS/4318-4/291	20.03.2013	30 Years
ÇAN KÖMÜR	Production	EÜ/6083-2/03428	28.01.2016	17 Years
ENA ELEKTRİK	Associate/Production	ÖN/5298-3/03165	12.11.2014	30 Months

Parent Company and consolidated subsidiaries licenses information as of December 31, 2017 is as follows

License Owner	License Group	License Type	License No	Effective Date	Due Date
SUDA MADEN	IV. Group	Operating	34412	04.04.2014	04.04.2034
SUDA MADEN	IV. Group	Operating	43169	13.04.2015	13.04.2025
SUDA MADEN	IV. Group	Exploration	201200931	22.06.2012	22.06.2019
SUDA MADEN	IV. Group	Exploration	201200932	22.06.2012	22.06.2019
YS MADENCİLİK	IV. Group	Exploration	201600088	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600084	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600085	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600087	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600086	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201600089	18.02.2016	18.02.2023
YS MADENCİLİK	IV. Group	Exploration	201700714	11.10.2017	11.10.2024
YS MADENCİLİK	IV. Group	Exploration	201700715	11.10.2017	11.10.2024
YEL ENERJİ	IV. Group	Operating	17517	05.01.2015	05.01.2025
ANADOLU EXPORT	IV. Group	Operating	1061765	21.02.2011	21.02.2021
ANADOLU EXPORT	IV. Group	Operating	2357078	24.12.2010	24.12.2020

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a. Basis of Presentation

Accounting Policies Applied

The interim period consolidated financial statements of Group have been prepared in accordance with the communique numbered II-14.I "Communique on The Principles Of Financial Reporting In Capital Markets" announced by the Capital Markets Board Of Turkey (CMB) on June 13, 2013 and 28676 numbered, also referring communique's article 5 based on Turkish Accounting Standard 34 ("TAS") 'Interim Financial Reporting' that is entered into force by Public Oversight Accounting and Auditing Standards Authority of Turkey ('POA').

Companies free to prepare their interim period financial statements as full set or condensed in accordance with the TAS 34. In this condition, group choose to prepared condensed consolidated financial statement at interim periods. There is no explanatory notes which must be contain at Group's interim period condensed consolidated financial statements, and because of this reason must be read with Group's financial statements as of December 31, 2016.

Keep accounts and legal financial statements for Group and its subsidiaries registered in Turkey, with accordance with principles and terms published by CMB, Turkish Commercial Code ("TCC"), tax legislation and uniform chart of accounts published by the Ministry of Finance. Condensed consolidated financial statement prepared according to historic cost, reverberated amendment and classification to legal record in accordance with TAS for make right presentation.

Functional and presentation currency

Functional currency of the report is TRY and decimal parts of the amounts were rounded up. As of December 31, 2017 released by the Central Bank of the Republic of Turkey U.S. dollar exchange rate of 1 U.S. dollar = TRY 3,7719 (December 31, 2016: TRY 3,5192), 1 EURO = 4,5155 TRY (December 31, 2016: TRY 3,7099), 1 GBP = TRY 5,0803 (December 31, 2016: 4,3189), 1 PLN = TRY 1,0838 (December 31, 2016: TRY 0,8425).

Adjusting financial tables in hyperinflation periods

The companies, who are preparing their financial tables according to CMB Accounting Standards, are not using inflation accounting according to a decision given in March 17, 2005 that will be in effect since January 01, 2005. The preparing and presenting financial tables are not done in accordance with TAS/TAS 29 "Financial Reporting in Economies with High Inflation" according to the decision given by CMB.

Base of Consolidation

Consolidation is prepared in structure of ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. which is parent company.

Consolidated financial reports are prepared in accordance with TAS 27 - Consolidated and Separated Financial statements of Turkish accounting standard.

Consolidated financial reports contain all subsidiaries of the parent company.

- It eliminates participation amount at each subsidiary and percentage amount of main partnership which are equivalent to amount in equities of each subsidiary.
- It determines amount of minority percentage in consolidated profit and loss of period and amount of minority percentage determines separately from amount of main subsidiary from amount of net actives of consolidated main subsidiary. The amount of minority percentage from net actives contains; calculated minority percentages in merge date in accordance with TFRS 3; minority percentage from all transactions made after merge date.
- All expenses, income, transactions and balances incurred of group are eliminated.
- Subsidiary income, expenses and dividends including all balances and transactions are eliminated. Profits and loss which are added to cost of current and non-current assets due to transactions in subsidiaries are eliminated. Loss in group can show an impairment which should be in account in assets section of consolidated financial reports. The differences which rise during elimination of loss and profits which resulted by transactions in group apply in accordance with TAS 12 "Income Taxes" standard.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- Necessary adjustments are made during preparation of consolidated financial statements when one of subsidiaries needs to use different accounting principles for similar transactions or events.
- The consolidated financial reports of the partnership and subsidiaries are prepared at the same time with financial statements. Accounting policies are accepted for consolidated financial reports, same transactions and transactions in same condition.
- All income and expenses of a subsidiary take in account consolidated financial reports after acquisition date according to TFRS 3 and this situation continues till the date of partnership lose its control power on subsidiary. When subsidiary sold; the difference between the income resulted by this transaction and the book value of subsidiary will be shown as loss or profit in consolidated comprehensive income statement. About this transaction if there is a currency translation loss or profits which are related directly to equity take into account in accordance with "TAS 21 Currency Change Effects".
- Minority interest can be shown at equities section in consolidated statement of financial position separately from equities amount of partnership. The Group's loss or profit amount for minority interest should be shown also separately on financial statements.

Comparative Information and Restatement of Prior Period Financial Statements

Group has presented the consolidated statement of financial position as of December 31, 2017 comparatively with the date of 31 December 2016. Consolidated profit or loss and other comprehensive income statement and the consolidated cash flow statement for 1 January-31 December 2017 period presented comparatively with consolidated profit or loss and other comprehensive income, consolidated statement of cash flow for 1 January-31 December 2016 period. Consolidated changes in equity statement for the 1 January - 31 December 2017 period presented comparatively with 1 January - 31 December 2016 period.

a. Changes in Accounting Policies

If adjustments on accounting policies are applied retroactive, the group should adjust the previous opening balance in the report. The group should provide comparative data which is presented in accordance with the new accounting policies in terms of current years.

Changes in accounting policy need to application for previous periods and also for current period or if group cannot determine the change effect of the financial statements as in cumulative, it wouldn't make any application for previous periods.

b. Changes and Errors in Accounting Estimates

If the effect of a change in accounting estimate creates a difference in an asset, a foreign source or equity, then the asset must be corrected during the same period as when the book value of the foreign source or equity is adjusted.

The effect of a change in accounting estimate being reflected on financial statements for future reference means that the transactions, events and conditions will be applied to the means happening after the date of the changes.

Except for the errors that cannot be recalculated due to the periodic changes or the cumulative effects, prior period errors are corrected retrospectively.

While preparing the consolidated financial statements, the Group's management must make assumptions and estimations – as of the reporting period from the date of the balance sheet and the contingent liabilities and commitments- on income and expenses, that will effect the asset and liability amounts. Actual results may defer form estimates and assumptions. These estimates and assumptions are reviewed regularly; any necessary corrections are made, and then reflected in the operating results for that period. Significant estimates are related to the tangible and intangible existences' economic lives and provisions.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

c. Continuity of Business

The group prepared the consolidated financial statements in the interim period based on the continuity of the business.

d. Netting/Deduction

Financial assets and liabilities are presented net if the required legal right is already present, the presence of intention is to pay the related assets and liabilities in accordance with the net fair value, or if the acquisition of assets and the fulfillment of obligations are intentional simultaneously.

e. Comparative Information and Adjustment of Prior Period Financial Statements

The financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to comply with the presentation of the financial statements in the current period, comparative information is reclassified when necessary and significant differences are disclosed.

Amendments and interpretations in the standards

TAS – IFRS Amendments

New and amended standards and interpretations

The accounting policies adopted in preparation of the yearend financial statements as at December 31, 2017 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRYK interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2017 are as follows:

TAS Amendments

IAS 7 'Statement of Cash Flows (Amendments)

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

Amendments IAS 12 Income Taxes

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

Annual Improvements 2014-2016 Cycle

IFRS 12, 'Disclosure of interests in other entities'; regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information. The amendment did not have a significant impact over consolidate consolidated financial position or performance of the Group.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Standards issued but not yet effective and not early adopted

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

The new standards, amendments and interpretations

IFRS 9 Financial Instruments – Classification and Explanation

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

IFRS 15 Revenue from Contracts with Customers

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

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The amendment will not have an impact on the financial position or performance of the Group.

Annual Improvements to IFRSs - 2014-2016 Cycle

The IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle, amending the following standards:

TAS Amendments

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

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

IAS 40 Investment Property: Transfers of Investment Property (Amendments) The IASB issued amendments to IAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IFRS Amendments

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

IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments): The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

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

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

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

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

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

d. Summary of Important Accounting Policies

Cash and Cash Equivalents

Cash can be implied as cash in the group and cash equivalent can be implied as short term investments which have unimportant risk to lose value, higher liquidity and can be converted easily to cash.

Cash equivalents are assets which are used for investment purpose, kept for short term cash liabilities and they cannot be used for other purposes.(Note:53)

Trade Receivables

Trade Receivables are the receivables sourced from group which are come from a debtor cause of a direct supply of goods or services. They are valued by using effective interest method thought discounted cost.

Without a specified term, short-term trade receivables are valued on their amount of invoice when accrued interest has insignificant effects. (Note:7)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

In case of receivables become impossible to collect, group will make a provision as a risk provision. This provision amount is the difference between the book value of receivables and possible collection amount of receivables. Possible collection amount is the rediscounted value which is calculated with effective interest method on amount of original trade receivables, collectible guarantees and other cash transactions. (Note: 7)

If the amount of low value decreases after written as a loss, the amount of decrease will record in other income in the current period.

Related Parties

The group will consider as a related party if one the conditions below are met.

a) If the party directly or indirectly with one or more agent:

- i) Controls the enterprise, controlled by enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries and subsidiaries at the same line of business);
- ii) Has share which allows it to have big impact on the group; or
- iii) Has associated control on the group;

b) If the party is an affiliate of the group;

c) If the party is an business partnership where the group is a party;

d) If the party is a member of the key personnel in the group or Company's main partnership;

e) If the party is a close family member of any person mentioned in the a or d parts;

f) If the party is an enterprise which is controlled, partnered or under important effect or any person mentioned in d) or e) parts has right to vote in important decisions of the party;

g) If the party has profit plans about a possible leaving job of related parties' employees.

Financial Instrument

Financial assets

Financial assets are recorded with their appropriate value and expenses directly related to purchase except financial assets reflected to profit or loss of the appropriate value difference and recorded on their appropriate value. In the case of purchase or selling of financial assets which are bound to a contract that has a condition on deliverance date of financial instruments set by the market are recorded at the date of transaction or deducted from records

Financial assets are classified as "financial assets reflected to profit or loss of the realizable value difference", "financial assets kept in hand till its maturity", "marketable financial assets" and credits and receivables.

Effective Interest Method

It is the method in which interest income of financial asset distribute to related period and amortized cost of financial asset gain value. Effective interest rate; Estimated future cash value which will be charged in a shorter

time period during the expected lifetime of financial instrument or in case in which life time of financial instrument is appropriate, is the reduced rate of net present value of related financial assets.

Financial assets which will keep in hand till maturity, marketable debt instruments, credits and receivables, which are classified as financial assets, and related interest income of these assets are calculated by using effective interest method.

a) Net realizable value difference of financial assets which recorded as profit/(loss)

Financial assets measured at fair value through profit and loss are the assets which are the owned one to sell or buy. If a financial asset is bought to sell in short term, it will classify in this category and in current assets. Financial assets which constitute derivative products that have not an effective protection tool against financial risk are also considered as financial assets reflected to profit or loss of the appropriate value difference. Assets in this category are classified as current assets.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

b) Financial assets held to maturity

Debt instruments with constant terms which has constant and determinable payment plan, for which group has an intention to keep in hand till its maturity can be classified as financial assets kept in hand till its maturity. Financial assets kept in hand till its maturity can be shown in financial statement by the amortized cost according to effective interest method deducted from amount of decrease in value.

c) Assets available for sale

The group has equity instruments which are not open to capital market but ready to be sold. Since their appropriate value could not be defined in an accredited way, they are shown with their cost values.

d) Loans and receivables

Loans and receivables which are not in the capital market and have steady and computable payments are classified in this category. Credits and receivables are shown by deducting loss in value decrease from the cost which was calculated by using effective interest method. (Note:7)

Financial Liabilities

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Agreement which represents right of group on assets after deducting all liabilities can be count as financial instrument on equity. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value difference recorded as profit and loss or other financial liabilities.

a) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value difference recorded as profit and loss are stated at their fair value, and they revalue at financial statement date and every reporting period. Change in fair value record in comprehensive income statement. The net gain or loss recognized in comprehensive income statement incorporates any interest paid on the financial liability.

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially recorded at fair value after deduction of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Inventories

Inventories are valued on the basis of the weighted average cost method by considering the cost or the net realizable value, whichever is the lowest. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The cost of inventories cover all purchasing costs, conversion costs and other expenses made to bring the inventories into their current state and condition. When net realizable value of inventories is less than their cost, inventories will be valued according to their realizable value and the difference will be record as an item in comprehensive income statement.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

In cases where impairment of inventories are no longer valid or net realizable value is increased, impairment of inventories which was recorded as loss in previous comprehensive income statement will be a provision no longer required. The amount of provision no longer required is limited with the amount of provision which was allocated in previous periods. (Note: 10)

Tangible Assets

Tangible assets are reflected to financial statements according to their acquisition date: if they are acquired before January 1, 2005 they will state on acquisition cost which are rearranged with buying power of TRY in December 31, 2004 and if they are acquired after January 1, 2005, they will state with its acquisition cost after deduction of accumulated depreciation and accumulated impairment loss. Depreciation is calculated according to normal amortization method on amounts which are rearranged according to inflation.

There is no applicable amortization method for land in the report because of their nature and useful life is unlimited. Tangible fixed assets are amortized with rates below according to their economic useful live.

	Years
Natural Gas Power Plant	40
Land Improvements	8-50
Buildings	50
Plant, Machinery and Equipment	4-15
Motor Vehicles	5
Furniture and Fixtures	3-15
Special Costs	lease term (in days) or the less than useful life

If book value of an asset is bigger than the recovered value of this asset, book value of this asset can be discount to its recovered value. Recovered value of an asset is bigger than net sales price or value at use. Net sales price can calculate after deduction of all cost to sell from its fair value. Value at use will determine after addition of discounted amounts at the date of statement of financial position to estimated cash flows in future in condition of continuing to use the related asset.

The loss or profit from sales of tangible asset determine with comparison of arranged amounts and collected amounts and it is reflected to income and expense accounts in related period.

Maintenance or repair cost of tangible asset can be recorded as expense under normal conditions. However, in exceptional cases if maintenance and repair are resulted with improvement in tangible assets, the cost in question can be recorded as asset and it will be counted in amortization of related asset with remaining useful life.(Note: 14)

Intangible Assets

Intangible assets are consists of acquisition rights, information systems, computer software and special costs. These elements record on acquisition cost and after the date of acquisition they will amortize by using normal amortization method according to their expected useful life. Expected useful life of intangible assets is like below;

	Years
Rights	3-49
Computer programs	3
Preparation and Development Activities	License or Royalty Contract Duration

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

In case of decrease in value, the book value of intangible assets can be discounted to its recovered value. Recovered value is the value that whichever is higher between useful value and net selling price. (Note:17)

Leasing Transactions

Financial Leasing Transactions

The group reflect fixed assets acquired through financial leasing with their current value from the rental start date in statement of financial position or if it's lower than present value they will reflect from their current value of minimum lease payments on statement of financial position date (they added to related fixed assets section in financial statements). Acquisition expenses of fixed assets which are subjected to financial leasing transaction added to its cost. Liability from financial leasing transaction can be split as payable interest and principal debt. Interest expenses calculate from its constant interest rate and it will be added to its related period's account.

As of reporting date, unpaid but accrued financial leasing interest costs recorded as expense and calculated interest provisions have been set off and stated Deferred Financial Leasing Borrowing Costs. (Note:20 Leasing Operations, Note:47 Financial Instruments)

Operational Leasing Transactions

Lease contracts where all the risks and benefits of renting property in the hands of the leaser are known as operational leasing. For an operational lease payments, during the rental period will be recorded as expenses according to the direct method.

Investment Properties

Rather than sell goods and services for use in the production and administrative purposes at normal course of business, lands and buildings which are held in hand to obtain lease or capital gains or to obtain both, can be classified as Investment Properties and they can be recorded as values which comes after deduction of accumulated depreciation from cost according to its cost method except lands. The cost of construction, which construct by the company, of property for investment purposes determine on cost at the date of completion of rehabilitation and construction works. Asset at this date becomes a property for investment purposes and cause of that it transfer to properties account section.

Borrowing Costs

Group reflects borrowing costs as financing cost during credit period in its comprehensive income statement. Financing cost which is sourced from credits is recorded to comprehensive income statement when they occur.

Energy producing plants can be evaluated as a specialty asset depending on conditions. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset can be capitalized as a part of specialty asset's cost by firms. Firms can book the other borrowing costs as an expense in their occurred period

Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset is added to cost of the asset. This kind of borrowing costs is capitalized as a part of specialty asset's cost for a dependable measure and for a possible situation that it can make an economic contribution to company. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset are borrowing costs that will not appear in case that there will be no expense done related to specialty asset.

If a company is get into debt in order to acquire a specialty asset, the borrowing cost amount that will be capitalized will be determined by deducting income that is gained via temporary exploiting aforesaid funds from borrowing cost of the aforesaid borrowing in the related period.

In the case of a company uses a part of the funds that it is get in to debt for general purposes in order to finance a qualifying asset; the borrowing cost amount that can be capitalized; is determined via using capitalizing rate that will be applied to expenses that related asset. This capitalizing rate is the weighted average of the all existing borrowing of the related period to borrowing costs, except the borrowings that is done for acquiring the qualifying asset. The borrowing cost amount that is capitalized for a period, cannot exceed consisted the borrowing cost in related period.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

When the all necessary proceedings virtually is completed for asset's intended usage and getting ready for sale, the capitalizing of borrowing costs will end. In the situation of a qualifying asset is completed in parts and every part can be used while other parts Continue to constructing; When the all necessary proceedings virtually is completed for certain part's intended usage and getting ready for sale, the capitalizing of borrowing costs of the related part will end.

Provisions, Contingent Liabilities and Assets

Provisions

Provisions which are present in group as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfil this liability, there is a reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, group allocates provision. Group does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfil liability.

Contingent Liabilities and Assets

Assets and liabilities which are related to the cases whether it will or will not realize one or more than one cases, which are not entirely in group's control to realize in future, and which are sourced from past, can be accepted as contingent liabilities and assets.

Group does not reflect assets and liabilities related to condition to its records. Contingent liabilities are explained in explanatory notes of financial statements during the possibility of exit for an economic profit is not far and contingent assets are explained in explanatory notes of financial statements if the possibility of enter for economic profit is high.

Employee Benefits:

a) Defined Benefit Plan

Provisions for severance benefit reflect upon to actuarial work according to TAS 19 "employee benefit".

Liability of severance benefit means value of estimated total provisions for possible liabilities which will occur in future cause of ending the agreement between group and its personnel for defined reasons according to Turkish Labour Law or retirement of personnel according to related law as of statement of financial position date.

Group calculates severance benefit by predicting discounted net value of deserved benefits or based on the information from group's experience about fire a personnel or quit of the personnel and reflects to its financial statements.

b) Defined Contribution Proportions

Group has to pay social insurance premium to Social Insurance Intuition. There will be no other liability if the group Continues to pay the premiums. These premiums reflect to personnel expenses in its accrual periods.

Revenue

Revenue is recognized on accrual basis at the fair value of the amount received or to be received. Net sales are calculated after the sales returns and sales discounts.

Sales Income

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

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of transactions can be measured reliably.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Income is fair value that is the amount which is taken or will be taken when electricity delivery is realised. According to accrual basis, income is recorded in the period that the amounts to be invoiced. Net sales are shown in the amount on invoiced electricity delivery after deduction from sales commission and taxes. Obtained from transmission fee revenue is shown by net off related costs in the financial statements.

TEİAŞ Electricity Sales Revenue; contains all sales transactions are made by market participant on the free market reconciled by PMUM (Market Financial Settlement Center) and sales arising from settlement center due to presence of the free market.

Free Consumer Electricity Sales; according to consumer limit is published by EMRA, sales made to all consumers within the definition of free consumer. (For example; While this limit is 4,500 kwh per year in 2014, it was taken 4,000 kwh per year in 2015)

Bilateral Agreements Electricity Sales; Physical or service sales to both wholesale companies or private manufacturing companies. Primary Frequency Control (PFC) contains service sales related with power plants liability in relevant legislations to transfer this liability to someone else.

Energy Imbalance; According to legislation, all imbalance receivables and payables are reconciled within responsible party when group companies are merged to create balance group. The responsible party for the balance distributes this amount of compensation to group members. Group imbalance items contains the amount of positive imbalance receivables, negative imbalance payables and zero balance payable/receivable.

Interest Revenue

Interest revenues are recorded as income on accrual basis.

Rent Revenues

Rent revenues are recorded as income on periodical accrual basis.

Effects of Change in Exchange Rate

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates occurred Turkish Republic Central Bank at the dates of the transactions. Monetary assets and liabilities based on foreign currency were valued with exchange rates at the end of the period. Exchange gains or losses arising from settlement and translation of monetary foreign currency items have been included in the financial income, net in the accompanying comprehensive income statements.

Calculated Taxed on Corporation Revenue

Deferred taxes are calculated by taking into account statement of financial position liability. They are reflected considering the tax effects of temporary differences between legal tax base and reflected values of assets and liabilities in financial statements. Deferred tax liability is calculating for all taxable temporary differences however discounted temporary differences which occurs from deferred tax assets is calculated in condition to be highly possible to have benefit from these differences by obtaining taxable profit in future.

Receivable and liability for deferred tax occurs where there are differences (which are reducible in future and taxable temporary differences) between book value and tax value of asset and liability sections. Deferred tax asset and liability is recording without considering time where group can use timing differences.

Corporate tax rate in Turkey is 20%. This rate can be applied to tax base which if found out after adding expenses, which are not accepted to reduce from tax according to tax law, to its commercial income and deducting exceptions in law(exception like affiliate income), discounts (like investment discount). In case of not distributing dividends, it will not be necessary to pay another tax.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before the date of 22.07.2006). Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Financial loss which is showed in declaration form according to Turkish Tax Regulation in condition not to pass for 5 years can be deducted on corporate income for period. However, fiscal loss cannot be deducted from previous year's profits.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Earnings per Share

Earnings per share presented at the bottom of the consolidated Comprehensive Income Statement are calculated by dividing the net profit for the period to the number of shares. In case of increasing capital from sources in group in period, when calculating weighted average of number of shares, the value found after that is accepted also to use as valid at the beginning of period. TMS 33 also refers to this matter as follows;

Ordinary shares can be issued without any changing at sources or current ordinary shares can be reduced. For Example:

- (a) Activation or give ordinary shares (sometimes, ordinary share can be give as dividend too)
- (b) Include bonus issued in another issued transaction; for example, include new rights about bonus issued in issued transaction for current shareholders)
- (c) Share split and
- (d) Reverse share split (consolidation of shares)

Ordinary shares issued to current shareholders without any additional payment in the event of activation or bonus issue or share split. Because of this current ordinary shares increase without any increase in resource. Before mentioned transaction number of current ordinary shares adjust according to proportional change in case of mentioned transaction realised at the beginning of the earliest period presented.

Subsequent Events

Subsequent events cover all events between authorization dates for publishing statement of financial position and statement of financial position date even if they are related to an announcement related to profits or if they occur after publishing financial information to public.

In case of occurring events which are necessary to make adjustments after statement of financial position date, group adjusts the amounts in financial statements in an appropriate way to this situation. Subjects which are not necessary to make adjustment occurred after statement of financial position date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

Statement of Cash Flow

In cash flow statement group reports cash flows in period based on classification as operating, investing and financing activities. Cash flows sourced from operating activities shows cash flows sourced from Group's activities. Cash flow related to investing activities shows cash flows that group use at present time or they gain from investing activities such as intangible asset investing and financial investing. Cash flow related to financing activities shows the resources used by group and back payment of these resources for financing activities. Cash and cash equivalents are consist of cash and bank deposit, investment with certain amount at 3 months term or less than 3 months, short term with high liquidity.

e. Important Accounting Estimates, Assumptions and Evaluation

Preparing of financial statements make need of using estimates and assumptions which will effect income and expense amount which are reported at account period, explanation of contingent assets and liability and amount of assets and liabilities which are reported as of statement of financial position date. These estimates and assumptions give the most reliable information about group managements' present events and transactions. Although realized results can show differences from assumptions. The estimates and assumptions may cause significant adjustments on book value of assets and liabilities in financial reporting is stated below.

Borrowing cost of credits which are used for financing of natural gas station and hydro electric power is added to cost of natural gas station and by group in scope of TAS-23 "Borrowing Cost".

The Group has issued bonds on February 27,2017 Valued at cost, measured at amortized cost, is measured at fair value on initial recognition.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Deferred Tax Assets

Group accounted deferred tax and liabilities in order to temporary timing differences arising from diversity between financial tables that determine tax and prepared financial tables in accordance with CMC reporting standards. Assets of deferred tax estimated the amount of recoverable partially or completely. During the assesment, future profit projections and other tax assets expiration dates and potential tax planning strategies were considered.

Determination of Fair Value

Several accounting policies and disclosures of the group require determination of fair value of both financial and non-financial assets. Assumptions are used to determine fair value and relevant additional information is presented in the notes specific to asset or liability.

According to levels,the valuation methods are listed as follows;

Level 1: Recorded prices (unadjusted) in active market for identical assets and liability

Level 2: Directly (through prices) observable data and indirectly (derived from prices) observable data for assets or liabilities and except recorded prices in Level 1

Level 3: Data is not based on observable market data relevant with assets and liabilities (unobservable data)

3. BUSINESS COMBINATIONS

None. (None, December 31, 2016).

4. JOINT VENTURES

The company has purchased 200.000 entity shares of EMOC (Energy Market Operating Corporation) with the cost of TRY 200.000 in order to be founding partners as shareholders. The total capital of the company to become a partner organization TRY 61.572.570 shares, equivalent to TRY 61.572.570. The total shares acquired is equivalent to 0,0032% of the total capital. Partnership is only meant to have say in the energy market, is shown with historical cost amounting to TRY 200.000 in the financial statement. (31.12.2016: TRY 200.000)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

5. SEGMENT REPORTING

Segment reporting as of 31 December 2017 and 31 December 2016:

PROFIT OR LOSS	01.01.2017 - 31.12.2017					Elimination Effect	Consolidated Total
	Mine	Energy Product	Energy Trade	Other	Total		
Revenue	66.059.718	206.231.485	442.712.615	-	715.003.818	(100.473.889)	614.529.929
Cost of Sales (-)	(40.497.181)	(176.629.417)	(435.910.244)	-	(653.036.842)	101.144.932	(551.891.910)
ROSS PROFIT/LOSS	25.562.537	29.602.068	6.802.371	-	61.966.976	671.043	62.638.018
General Administrative Expenses (-)	(1.244.397)	(6.608.390)	(3.063.103)	(11.031)	(10.926.921)	180.741	(10.746.180)
Marketing Expenses (-)	(4.594.626)	-	(2.167.143)	-	(6.761.769)	111.861	(6.649.908)
Research and Development Expenses (-)	-	-	-	-	-	-	-
Other Real Operating Income	6.486.012	8.645.289	1.411.328	6.782	16.549.411	(1.211.26)	15.338.125
Other Real Operating Expenses (-)	(4.454.030)	(12.389.418)	(7.428.646)	(207.497)	(24.479.591)	5.609.506	(18.870.085)
Revenues from Investment Activities	-	20.270	-	-	20.270	-	20.270
Expenses from Investment Activities (-)	-	(2.810)	-	-	(2.810)	-	(2.810)
OPERATING PROFIT / LOSS	21.755.496	19.267.009	(4.445.193)	(211.746)	36.365.566	5.361.865	41.727.430
Shares from Profit / Loss of Investments Valued by Equity Method	-	17.033	-	-	17.033	-	17.033
PROFIT / LOSS BEFORE FINANCE EXPENSES	21.755.496	19.284.042	(4.445.193)	(211.746)	36.382.599	5.361.865	41.744.463
Financing Income	8.064.508	96.201.936	13.703.564	37.176	118.007.184	(46.499.909)	71.507.275
Financing Expenses (-)	(20.071.019)	(164.101.074)	(33.275.158)	(20.131)	(217.467.381)	40.890.403	(176.576.978)
PROFIT / LOSS BEFORE TAX FROM CONTINUING OPERATIONS	9.748.985	(48.615.095)	(24.016.787)	(194.701)	(63.077.598)	(247.641)	(63.325.242)
Continuing Activity Tax Pay / Revenue	36.586.886	141.960.590	8.830.252	(4.188)	187.373.540	-	187.373.541
Term Tax Expense / Revenue	(623.379)	-	-	-	(623.379)	-	(623.379)
Deferred Tax Credit / Revenue	37.210.265	141.960.590	8.830.252	(4.188)	187.996.919	-	187.996.919
PROFIT / LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	46.335.871	93.345.495	(15.186.535)	(198.889)	124.295.942	(247.641)	124.048.303
PROFIT / LOSS FROM DISCONTINUED OPERATIONS	-	-	-	-	-	-	-
CURRENT YEAR PROFIT / LOSS	46.335.871	93.345.495	(15.186.535)	(198.889)	124.295.942	(247.641)	124.048.303

	31.12.2017					Elimination Effect	Consolidated Total
	Mine	Energy Product	Energy Trade	Other	Total		
Current Assets	156.743.935	368.195.527	238.984.650	58.430	763.982.542	(351.093.577)	412.888.966
Fixed Assets	128.511.876	1.382.323.592	9.819.005	-	1.520.654.473	(153.195.610)	1.367.458.863
Total assets	285.255.811	1.750.519.119	248.803.655	58.430	2.284.637.015	(504.289.187)	1.780.347.28
Short Term Liabilities	168.664.127	590.184.465	231.675.185	328.973	990.852.750	(332.024.275)	658.828.475
Long Term Liabilities	36.008.942	793.038.879	10.509.866	8.170	839.565.857	-	839.565.856
Total Liabilities	204.673.069	1.383.223.344	242.185.051	337.143	1.830.418.607	(332.024.275)	1.498.394.333
Equity	80.582.740	367.295.776	6.618.604	(278.713)	454.218.407	(172.264.913)	281.953.495

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

5. SEGMENT REPORTING (Continued)

01.01.2016 - 31.12.2016

Profit or Loss	Mine	Energy Product	Energy Trade	Other	Total	Elimination Effect	Consolidated Total
Revenue	2.131.137	211.357.544	408.349.002	-	621.837.683	(104.416.631)	517.421.052
Cost of Sales (-)	(1.026.989)	(152.116.305)	(402.528.690)	-	(555.671.984)	104.512.134	(451.159.850)
Gross Profit/Loss	1.104.148	59.241.239	5.820.312	-	66.165.699	95.503	66.261.204
General Administrative Expenses (-)	(405.279)	(7.573.698)	(2.989.961)	(91.156)	(11.057.094)	2.114	(11.054.980)
Marketing Expenses (-)	(8.779)	-	(1.850.040)	-	(1.858.819)	886	(1.857.933)
Research and Development Expenses (-)	-	-	-	-	-	-	-
Other Real Operating Income	9.753.838	3.906.918	1.219.705	149	14.880.610	(9.970.987)	4.909.622
Other Real Operating Expenses (-)	(1.770.475)	(6.821.555)	(1.414.140)	(152.242)	(10.158.412)	2.398.527	(7.759.885)
Revenues from Investment Activities	-	36.175	-	-	36.175	-	36.175
Expenses from Investment Activities (-)	-	-	-	-	-	-	-
OPERATING PROFIT / LOSS	8.673.453	48.789.079	788.876	(243.249)	58.008.159	(7.473.957)	50.534.203
PROFIT / LOSS BEFORE FINANCE EXPENSES	8.673.453	48.789.079	788.876	(243.249)	58.008.159	(7.473.957)	50.534.203
Financing Income	1.863.094	40.153.346	12.475.971	72.469	54.564.880	(18.550.570)	36.014.309
Financing Expenses (-)	(637.788)	(92.232.961)	(21.760.380)	(248.719)	(114.879.848)	16.073.772	(98.806.075)
PROFIT / LOSS BEFORE TAX FROM CONTINUING OPERATIONS	9.898.759	(3.290.536)	(8.495.533)	(419.499)	(2.306.809)	(9.950.755)	(12.257.563)
Continuing Activity Tax Pay / Revenue	1.434.731	906.136	(850.800)	43.293	1.533.360	-	1.533.359
Term Tax Expense / Revenue	-	-	(25.398)	-	(25.398)	-	(25.398)
Deferred Tax Credit / Revenue	1.434.731	906.136	(825.402)	43.293	1.558.758	-	1.558.757
PROFIT / LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	11.333.490	(2.384.400)	(9.346.333)	(376.206)	(773.449)	(9.950.755)	(10.724.204)
PROFIT / LOSS FROM DISCONTINUED OPERATIONS	-	-	-	-	-	1.864	1.864
CURRENT YEAR PROFIT / LOSS	11.333.490	(2.384.400)	(9.346.333)	(376.206)	(773.449)	(9.948.891)	(10.722.339)

31.12.2016

	Mine	Energy Product	Energy Trade	Other	Total	Elimination Effect	Consolidated Total
Current Assets	24.512.031	236.417.146	175.536.637	96.126	436.561.940	(161.297.647)	275.264.294
Fixed Assets	18.572.465	809.639.171	879.646	171.566	829.262.848	(152.990.430)	676.272.418
Total assets	43.084.496	1.046.056.317	176.416.283	267.692	1.265.824.788	(314.288.077)	951.536.711
Short Term Liabilities	8.334.539	282.218.597	173.484.536	716.161	464.753.833	(161.282.544)	303.471.289
Long Term Liabilities	125.957	489.880.462	192.850	8.643	490.207.912	-	490.207.912
Total Liabilities	8.460.496	772.099.059	173.677.386	724.804	954.961.745	(161.282.544)	793.679.199
Equity	34.624.000	273.957.261	2.738.895	(457.113)	310.863.043	(153.005.533)	157.857.512

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

6. RELATED PARTIES

i) Balances of the Company with its' related parties as of December 31, 2017 and December 31, 2016:

a) Other receivables from related parties:

	31.12.2017	31.12.2016
Hidro Kontrol Elektrik Üretim AŞ	1.364.060	11.483
Öztay Enerji Elektrik Üretim Sanayi AŞ	622.391	20.748
Bahattin Özal	756.026	115.761
Burak Altay	818.809	656.243
Korkut Özal Mirası	-	3.904.431
Mustafa Ali Özal	624.651	-
Hafize Ayşegül Özal	624.651	-
Müjgan Özal	780.814	-
Korkut Enes Özal	208.217	-
Mehmet Fatih Özal	208.217	-
Hafize Büşra Özal	208.217	-
Fatimetüz Zehra Özal	624.651	-
Arsin Enerji Elektrik Üretim Sanayi Ticaret AŞ	39.252	-
Süleyman Sarı	240.750	120.750
Mustafa Koncagül	3.490.000	3.490.000
TOTAL	10.610.706	8.319.416
Deduction: Unaccrued financial expenses	(229.863)	(2.371)
TOTAL	10.380.843	8.317.046

b) Other payables to related parties:

	31.12.2017	31.12.2016
Hidro Kontrol Elektrik Üretim AŞ	34	-
Öztay Enerji Elektrik Üretim San. AŞ	87.433	3.649
Rey Bilişim Hizmetleri Ve Ticaret Ltd Ş	14.160	-
Ena Elektrik Üretim Sanayi AŞ	526.165	-
Abdulkadir Bahattin Özal	27.500	-
Burak Altay	30.000	-
Hafize Ayşegül Özal	20.000	20.000
Esin Ersan	20.000	20.000
Hidayet Büküm	3.673	-
TOTAL	728.964	43.649
Deduction: Unaccrued financial incomes	(10.346)	(18)
TOTAL	718.618	43.631

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

6.RELATED PARTIES (Continued)

ii) Significant sales to related parties and major purchases from related parties:

a) Product sales to related parties

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Hidro Kontrol Elektrik Üretim AŞ	1.356.262	63.175
Öztay Enerji Elektrik Üretim Sanayi AŞ	450.888	8.063
Arsin Enerji Elektrik Üretim San. Tic. AŞ	535.860	30.077
Burak Altay	6.127	6.159
Korkut Özal	506	6.574
TOTAL	2.349.643	114.048

a) Sales of services to related parties

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Öztay Enerji Elektrik Üretim Sanayi AŞ	307.801	340.449
Akra Madencilik San. Ve Tic. AŞ	1.792	1.492
HK Yatırım Elektrik Üretim San.Tic.Ltd.Şti	1.792	1.492
Eylül Elektromekanik Enerji San ve Ltd Şti	-	44.975
Tron Enerji Yatırım San. Ve Tic.AŞ	-	1.371
TOTAL	311.386	389.780

c) Service purchases from related parties

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Hidro Kontrol Elektrik Üretim AŞ	101.796	-
Öztay Enerji Elektrik Üretim Sanayi AŞ	383.922	198.337
Arsin Enerji Elektrik Üretim San. Tic. AŞ	102.392	-
Rey Bilişim Hizmetleri Ve Ticaret Ltd Ş	168.758	-
TOTAL	756.868	198.337

d) Financing expenses from related parties

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Hidro Kontrol Elektrik Üretim AŞ	22.895	-
Arsin Enerji Elektrik Üretim San. Tic. AŞ	-	1.808
Bb Enerji Yatırım San. Ve Tic.AŞ	44.476	-
Öztay Enerji Elektrik Üretim Sanayi AŞ	5.180	-
TOTAL	72.551	1.808

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

6.RELATED PARTIES (Continued)

e) Financing income from related parties

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Korkut Özal	-	268.265
Bahattin Özal	115.307	9.171
Burak Altay	53.631	50.938
Hidro Kontrol Elektrik Üretim AŞ	1.824.379	4.223.196
Mustafa Ali Özal	107.733	-
Hafize Ayşegül Özal	107.733	-
Müjgan Özal	134.667	-
Korkut Enes Özal	35.911	-
Mehmet Fatih Özal	35.911	-
Hafize Büşra Özal	35.911	-
Fatimetüz Zehra Özal	107.733	-
Arsin Enerji Elektrik Üretim San. Tic. AŞ	8.057	139.583
Mustafa Koncagül	280.751	541.144
Öztay Enerji Elektrik Üretim Sanayi AŞ	70.245	710.517
Eylül Elektromekanik Enerji San ve Ltd Şti	3.755	-
HK Yatırım Elektrik Üretim San.Tic.Ltd.Şti	607	-
Nousen Enerji AŞ	2	-
Bb Enerji Yatırım San.Tic.AŞ	2	-
TOTAL	2.922.336	5.942.815

f) Fixed assets purchases from related parties

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Akra Petrol San.Tic.AŞ	1.813.449	-
TOTAL	1.813.449	-

g) Product Purchases from Related Parties

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Hidro Kontrol Elektrik Üretim AŞ	-	117.714
Öztay Enerji Elektrik Üretim Sanayi AŞ	-	165.074
Arsin Enerji Elektrik Üretim San. Tic. AŞ	-	28.904
TOTAL	-	311.692

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

6.RELATED PARTIES (Continued)

The interest rates is applied due from related parties and to related parties for the period is as below:

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Interest rates for the first period	16%	15%
Interest rates for the second period	16%	15%
Interest rates for the third period	16%	15%
Interest rates for the fourth period	16%	15%

Total amount of salary and alike benefits in 12-month fiscal period provided to top management in 2017 is as follows:

a) Short Term Benefits to Employees: Total amount of salary and alike benefits in 12-month fiscal period provided to top management in 2017 is TRY 4.108.979 (31.12.2016: TRY 3.615.844)

b) Post-separation benefits: Severance payment is made to personnel in case of earning it according to applicable law. There is no extra payment other than Labor Law.

c) Other Long term Benefits: None.

d) Benefits due to Dismissal: None.

e) Share-based Payments: None.

7. TRADE RECIVABLES AND PAYABLES

Trade receivables	31.12.2017	31.12.2016
Customer Current Accounts	88.421.279	50.009.350
-Receivables from related parties	-	-
-Other receivables	88.421.279	50.009.350
Notes Receivables	1.631.072	631.707
Doubtful Receivables	10.041.266	845.665
Provision of Doubtful Receivables(-)	(10.041.266)	(845.665)
	90.052.351	50.641.058
Deduction: Unaccrued financial expenses	(1.073.090)	(449.631)
TOTAL	88.979.261	50.191.425

Provision for doubtful receivables as of December 31, 2017 and as of December 31, 2016. The movement is as follows:

	31.12.2017	31.12.2016
Opening Balance	845.665	536.072
Additional provisions (*)	9.195.601	543.130
Payments (-)	-	(233.537)
TOTAL	10.041.266	845.665

(*)Consist of ODAŞ Enerji which is one of the subsidiaries of the group) energy sales trade receivables which is under execution procedure.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

7. TRADE RECIVABLES AND PAYABLES (Continued)

Trade Payables	31.12.2017	31.12.2016
Supplier Current Accounts	138.778.081	92.029.016
-Due to related parties	-	-
-Other supplier payables	138.778.081	92.029.016
Notes Payables	82.664.942	3.189.000
	221.443.024	95.218.016
Deduction: Unaccrued financial incomes	(8.361.891)	(307.021)
TOTAL	213.081.131	94.910.994

8. FINANCIAL INVESTMENTS

Short Term Financial Investments	31.12.2017	31.12.2016
<i>Fair Value Differences of Profit / Loss Reflecting Financial Assets</i>	22.805.174	-
TOTAL	22.805.174	-

The details of financial assets at fair value through profit or loss as of 31 December 2017 and 31 December 2016 are as follows:

December 31, 2017	Cost	Nominal Price	Fair Value
Investment Fund	22.638.163	22.686.781	22.701.112
Treasury bond	100.059	104.921	103.926
YKB Liquid Fund	99	143	136
TOTAL	22.738.321		22.805.174

As of December 31, 2017 and December 31, 2016, the breakdown of financial assets classified as at fair value through profit or loss is as follows.

	31.12.2017	31.12.2016
<i>0-1 Months</i>	22.805.174	-
	22.805.174	-

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

9. OTHER RECEIVABLES AND PAYABLES

Short-term Other Receivables	31.12.2017	31.12.2016
Other receivables from related parties	10.610.706	8.319.416
Other receivables	1.815.977	1.075.808
Deposits and guarantees given	174.264	216.974
Receivables from personnel	1.652	1.652
TOTAL	12.602.599	9.613.850
Deduction: Unaccrued finance expenses	(235.332)	(12.526)
-Other receivables from related parties	(229.863)	(2.371)
-Other receivables	(5.469)	(10.155)
TOTAL	12.367.267	9.601.324
Long-term Other Receivables	31.12.2017	31.12.2016
Deposits and guarantees given	421.754	397.769
TOTAL	421.754	397.769
Short-term Other Payables	31.12.2017	31.12.2016
Due to related parties	728.964	43.649
Other payables	347.550	298.034
Taxes and funds payables	4.812.493	3.454.337
Deposits and guarantees taken	103.742	93.742
Received advances	1.126.121	361.448
	7.118.869	4.251.210
Deduction: Unaccrued financial incomes	(25.834)	(3.972)
- Due to related parties	(10.346)	(18)
- Other payables	(15.488)	(3.954)
TOTAL	7.093.035	4.247.239
Details of taxes and funds payables are as follows:		
	31.12.2017	31.12.2016
TRT Share	638.719	608.296
Municipality Consumption Tax	1.020.493	866.350
Energy Fund	562.629	390.435
Wage Earners Income Tax Deduction	570.027	344.420
Value Added Tax	1.386.249	453.464
Other Tax Liabilities	634.376	791.372
TOTAL	4.812.493	3.454.337

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

9. OTHER RECEIVABLES AND PAYABLES (Continued)

Long-term Other Payables	31.12.2017	31.12.2016
Deposits and guarantees received	205.500	500
TOTAL	205.500	500

10. INVENTORIES

	31.12.2017	31.12.2016
Semi-manufactured (*)	9.532.471	9.253.885
Finished goods (**)	5.887.790	2.523.829
Other inventories (***)	7.667.380	5.894.929
TOTAL	23.087.640	17.672.644

(*) The amount of 7.642.257 TL consists of antimony removal costs coming from the purchase of the Suda Maden and evaluated with cost. The amount of TL 1,890,184 consists of antimony inventories valued at cost price in the semi-finished product of Suda Maden.

(**) The amount of TL 5,639,521 is composed of YS Mineral Coal removal costs and is valued with cost. At the same time, depreciation expense of TL 94,026 is also included in the products. The remaining 248,263 TL consists of Suda Maden in antimony product and is valued with cost.

(***) TL 3.891.429 of the other stocks are consumable items will be used in the next period used in Sanliurfa power plant and TL 2.803.000 are used for transportation and storage of the materials supplied from abroad of Çanakkale thermal power plant and sold related to the prices. The remaining amount of TL 972.951 is related to other stocks of Suda Maden and YS Madencilik. Amount of depreciation of TL 162.712 transferred to the cost of antimony in Suda Maden is also included in the products.

11. BIOLOGICAL ASSETS

None. (None, December 31, 2016).

12. PRE-PAID EXPENSES AND DEFERRED INCOME

Short-term Pre-paid Expenses	31.12.2017	31.12.2016
Advances associated with cost (*)	21.887.860	3.278.244
Expenses related to the upcoming months	7.588.832	822.943
TOTAL	29.476.692	4.101.186

Long-term Pre-paid Expenses	31.12.2017	31.12.2016
Expenses related to the coming years	800.595	1.346.644
TOTAL	800.595	1.346.644

As of 31.12.2017, 335.039 TL of the Expenses for the Future Years Çan Kömür is entitled to install the risk profit share insurance fee and 220.000 TL part of the proceeds of Çan Kömür to the Rödavans contract of Çan Kömür. Since the process of extracting coal has not yet taken place at the time of the period of Rödovans cost, it is expensed in the Expenses and Losses of the Inoperative Part. When the coal extraction process starts, it will be related to the cost of raw materials.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

12. PRE-PAID EXPENSES AND DEFERRED INCOME (Continued)

Deferred Income	31.12.2017	31.12.2016
Advances Received (*)	57.933.143	16.246.538
TOTAL	57.933.143	16.246.538

(*) Received advances consist of; amount of 541.392 TRY is electricity sales advances received from customers by ODAŞ Enerji, amount of 8.491.895 TRY is received advance amount by ODAŞ Elektrik for energy production to EPIAŞ, amount of 47.507.969 TRY is received advances by YS Mining for coal mine sales, amount of 1.156.087 TRY is received advances by Suda Stratejik for antimony export sales, remaining amount of 235.800 TRY is received advance amount by Küçük Enerji for energy production to EPIAŞ.

13. INVESTMENT PROPERTY

None. (None, December 31, 2016).

14. TANGIBLE FIXED ASSETS

Cost	01.01.2017	Addition	Disposal	Transfer	31.12.2017
Lands	7.833.933	1.619.218	-	-	9.453.151
Land improvements	150.000	-	-	-	150.000
Buildings	568.137	1.695	-	-	569.832
Plant, machinery and equipment	227.176.441	10.859.589	-	-	238.036.030
Vehicles	1.506.622	3.796.425	(257.053)	-	5.048.994
Furniture and fixtures	3.887.796	2.481.53	(13.136)	-	6.356.19
Construction in progress	360.156.946	451.360.379	-	-	811.517.325
Research expenses	251.203	8.000	-	-	259.203
TOTAL	601.534.078	470.126.844	(270.189)	-	1.071.390.733

Accumulated Depreciation

Land improvements	(76.563)	(18.750)	-	-	(95.313)
Buildings	(120.354)	(24.062)	-	-	(144.416)
Plant, machinery and equipment	(23.123.064)	(6.622.986)	-	-	(29.746.050)
Vehicles	(514.108)	(622.806)	157.110	-	(979.804)
Furniture and fixtures	(1.751.649)	(736.017)	4.045	-	(2.483.621)
TOTAL	(25.585.738)	(8.024.622)	161.155	-	(33.449.204)
Net Book Value	575.948.340	462.102.222	(109.034)	-	1.037.941.530

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

14. TANGIBLE FIXED ASSETS (Continued)

Cost	01.01.2016	Addition	Disposal	Transfer	31.12.2016
Lands	5.669.920	2.164.013	-	-	7.833.933
Land improvements	150.000	-	-	-	150.000
Buildings	568.137	-	-	-	568.137
Plant, machinery and equipment	224.503.048	712.022	-	1.961.372	227.176.441
Vehicles	767.999	793.045	(51.422)	-	1.509.622
Furniture and fixtures	3.221.853	665.941	-	-	3.887.796
Construction in progress	185.327.933	177.512.586	-	-	360.156.946
Research expenses	251.203	-	-	(2.683.573)	251.203
TOTAL	420.460.093	181.847.606	(51.422)	(722.201)	601.534.078
Accumulated Depreciation					
Land improvements	(57.812)	(18.750)	-	-	(76.563)
Buildings	(96.631)	(23.723)	-	-	(120.354)
Plant, machinery and equipment	(16.961.192)	(6.161.837)	-	-	(23.123.064)
Vehicles	(349.320)	(212.781)	47.993	-	(514.108)
Furniture and fixtures	(1.217.218)	(534.431)	-	-	(1.751.649)
Research expenses	-	-	-	-	-
TOTAL	(18.682.173)	(6.951.557)	47.993	-	(25.585.738)
Net Book Value	401.777.920	174.896.049	(3.429)	(722.201)	575.948.339

Fixed assets acquired by the Group through financial leasing are shown in the above table "Plant, Machinery and Equipments" and consist of machinery equipment belonging to the natural gas conversion plant. As of December 31, 2017, the cost of assets acquired through finance lease is TRY 57,542,073 and accumulated depreciation is TRY 8,237,861.

The cost of the assets obtained through financial leasing for the Coal Mine is TRY 496,632 and the accumulated depreciation is TRY 48,284.

The plant's machinery and equipment amount to TRY 170,310,017 belongs to the Natural Gas Cycle Power Plant.

Due to the fact that the production started to be completed by completing the first stage on October 28, 2011, the amount of 56,522,392 TRY was activated in the Natural Gas Cycle Power Plant on the date of October 28, 2011 and the production amounting to 73,735,610 TRY was activated by completing the second stage and completed production. the amount reached to 130,258,002 TL at the end of 2012. Temporary Acceptance was made on October 23, 2013 and the third stage was fully capitalized as 37,455,752 TRY. At the end of 2013, 758,260 TRY solar energy panels were activated and the Plant Machinery and Equipment amount reached 166,901,151 TRY by the end of 2013. As of 31.12.2014, 2,813,491 TRY has been activated and added to the natural gas conversion plant cost. In 2015, TRY 280,304 Plant Machinery and Equipment has been activated, It consists of extra expenditure for the stage. In 2016, a total of 315,071,22 TRY additional expenditure was capitalized. The other facility, which is in operation with ODAŞ Elektrik, is 171,647,907 TRY with the total cost of the plant and the cost of the machine and equipment.

In 2011 and 2012, ODAŞ Elektrik Üretim San. A.Ş. to the amount of TL 1,853,876 made by the Energy Transmission Line; TEİAŞ made a calculation with its unit prices and made a deduction of 502,526 TL on 07.05.2013. The remaining net cost of TL 1,351,350 has been capitalized on 07.05.2013, the date on which the cost of the related tangible asset can be measured activation and depreciation has started to be calculated.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

14. TANGIBLE FIXED ASSETS (Continued)

The investment of "Köprübaşı Regulator and Hydroelectric Power Plant" in Trabzon, 8,195 MWm / 7,949 MWe," was completed in 2015. Subsidiary of group company called "Küçük Enerji" has the investment. As of 31.12.2015, the total amount transferred to the "Facilities, Machinery and Devices" regarding the hydroelectric power plant is 48.989.630 TRY. In 2016, additional expenditure amounting to TRY 396.951 for the hydroelectric power plant and TRY 530.507 for the year 2017 were capitalized and were added to cost of the plant.

The other plant consists of value added expenditures related to investment expenditures of Suda Maden and the production facility in use from the subsidiaries of the group entities with machinery and equipment. As of 31.12.2016, the capitalized amount in the investment account together with the capitalized amount is 1.987.312 TRY.

The total amount of exploration expenses transferred from Suda Maden in 2015 via acquisition of company is 251.203 TRY and it is the total amount of the expenditures made regarding the exploration licenses of 201200931 and 201200932 which the company owns and details are given in footnote number 19.

The total investment expenditure amounts as of 31.12.2017 and the investment project on the subsidiary related to the ongoing investments of the Group are given below.

Company /Subsidiary	Investment Details	31.12.2016
Çan Kömür	Çan II Thermal Power Plant	785.959.645
YS Madencilik	Coal Mine Preliminary Exploration and License Costs	8.369.309
Suda Maden	Concentration Plant	19.076.832
TOTAL		784.071.184

There are 7 Wartsila W18V50SG Engine + Turbine + Generator; 1 Genpower Generator; 3 Sperre Compressor + Air Dryer, Air Conditioning Unit, 1 Internal Requirement Transformer; 3 Oil Tanks + Oil Pumps for the ODAŞ I Natural Gas Combined Cycle Power Plant; 28 units Alfa Laval Radiators, Switchgear Center, Power Transmission Equipment, Control Room and Cabinet Room, Generator; 3 Phase Oil Transformer, Oil Unit-Console, Waste Heat Boiler, Drum, Condenser, Condensate Pumps, Water Water Pumps, Coolant Pumps, Degreasing Unit, Cooling Tower Fans, R / O Water Softening Unit, Mobile Cranes, Fire Tanks, Fire Unit, and Turbine Control Room and Panel Room Equipments. there is a pledge of commercial enterprise amounting to TL 450,000,000.

In addition, commercial enterprises subject to the pledge of the Commercial Enterprise and the plots of which are pledged are classified as Machinery Breakdown, Snow Loss, Fire etc. all important risks are covered by insurance policies that are secured.

15. RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS FROM INTEREST ON RIGHTS

None. (None, December 31, 2016).

16. SHARES OF MEMBERS ON BUSINESS COOPERATIVE AND SIMILAR FINANCIAL INSTRUMENTS

None. (None, December 31, 2016).

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

17. INTANGIBLE FIXED ASSETS

Cost	01.01.2017	Additions	Disposals	Transfer	31.12.2017
Rights	7.642.021	490.807	(20.800)	-	8.112.028
Other intangible assets	6.452.375	44.901	-	-	6.497.276
Preparation and Development Expenses	9.128.024	17.375.050	-	-	26.503.074
TOTAL	23.222.420	17.910.758	(20.800)	-	41.112.378
Accumulated Amortization					
Rights	(2.043.087)	(648.637)	1.150	-	(2.690.574)
Other intangible assets	(326.793)	(128.483)	-	-	(455.276)
Preparation and Development Expenses	(1.368.691)	(602.255)	-	-	(1.970.946)
TOTAL	(3.738.571)	(1.379.375)	1.150	-	(5.116.796)
Book Amount	19.483.851	16.531.383	(19.650)	-	35.995.581
Cost					
Cost	01.01.2016	Additions	Disposals	Transfer	31.12.2016
Rights	7.318.941	323.080	-	-	7.642.021
Other intangible assets	6.301.196	151.179	-	-	6.452.375
Preparation and Development Expenses	7.457.932	947.891	-	722.201	9.128.024
TOTAL	21.078.069	1.442.149	-	722.201	23.222.420
Accumulated Amortization					
Rights	(1.466.959)	(578.360)	-	-	(2.045.318)
Other intangible assets	(211.757)	(115.046)	-	-	(326.793)
Preparation and Development Expenses	(816.307)	(552.385)	-	-	(1.368.691)
TOTAL	(2.495.015)	(1.245.790)	-	-	(3.740.802)
Book Amount	18.583.054	196.359			19.481.620

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

17. INTANGIBLE FIXED ASSETS (Continued)

As the date of December 31, 2017 the details of intangible assests are as follows :

Company/Subsidiary	Intangible Assets/ Preparation and Development Expenses	Amount
Çan Kömür	Çan 2 Thermal Power Plant License Cost	73.212
ODAŞ Enerji	Electric Wholesale License	317.567
ODAŞ Doğalgaz	Natural Gas Wholesale Sales License and Modification Cost	64.450
Küçük Enerji	Production License and Modification Costs	15.000
ODAŞ Elektrik	Production License and Modification Costs	126.079
Yel Enerji	Mine License Cost	2.428.708
Suda Maden	Field License and Mine License Costs	4.317.650
ODAŞ Enerji	Computer Software	156.404
ODAŞ Enerji	Web site	4.600
ODAŞ Enerji	Portfolio Usage Costs	210.000
ODAŞ Elektrik	Computer Software	317.428
ODAŞ Elektrik	WEB Software	35.935
ODAŞ Elektrik	Çan Kömür Asset Purchase Value	5.920.251
Çan Kömür	Preparation and Development Expenses (*)	2.341.472
Çan Kömür	Computer Software	274.104
Yel Enerji	Preparation and Development Expenses (*)	1.127.518
Yel Enerji	Computer Software	4.001
Suda Maden	Computer Software	35.403
Suda Maden	Preparation and Development Expenses (*)	5.671.462
Anadolu Export	Field License and Mine License Costs	206.814
Anadolu Export	Preparation and Development Expenses (*)	1.792.871
Ys Madencilik	Preparation and Development Expenses (*)	15.569.751
Ys Madencilik	Mine License Cost	98.540
Ys Madencilik	Computer Software	3.156
TOTAL		41.112.378

(*) The Group's capital expenditures for the preparation and development of existing mineral resources (drilling operations, valuation and topographical, geological studies) were capitalized as intangible fixed assets.

IR:4327 (17517) license of the coal mine has been realized on 15.07.2015 and the amortization has to be carried out when the intangible asset is ready for use (as of the date of transfer of the license), ie the position required for the management to operate as intended and when it comes to the situation.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

17. INTANGIBLE FIXED ASSETS (Continued)

Amounts incurred as development expenses in Çan Kömür are as follows: The amount that is paid as development expenses is related to the operation rights agreement of the mining coal area in Yayaköy Village in Canakkale province with permit number 17448 and Çan Kömür has been capitalized as expense development expenses such as pre-operated mine field measurement, testing and drilling, architectural engineering, land damages, work machine leasing service, and it has begun to amortized according to royalty agreement duration.

Preparation and Development Expenses which have been capitalized at Suda Maden consist of expenditures related to drilling, sampling and mining development studies on antimony sites regarding operating licenses numbered 34412 and 43169.

Preparatory and Development Expenses that have been capitalized at Anadolu Export are the amounts related to gold-silver mine drilling in Kütahya Karaağaç, analysis and geophysical values. Sounding studies are ongoing and will commence when the amortization process reaches the position and condition necessary for the intangible asset to operate as intended by the management.

18. GOODWILL

None. (None, December 31, 2016)

19. EVALUATING AND RESEARCHING OF MINE RESOURCES

Expenditures made for the preparation and development of the Group's already existing mineral resources are capitalized as Intangible Assets.

As of December 31, 2017 the total development expenditure capitalized amount on the basis of the subsidiaries are as follows:

Subsidiaries	The Amount of Preparation and Development Expenditures
Çan Kömür	2.341.472
Suda Maden	5.671.462
Yel Enerji	1.127.518
Anadolu Export	1.792.871
Ys Madencilik	15.569.751
TOTAL	26.503.074

Amounts related to amortization of capitalized amounts and net book value amounts as preparation and development expense are included in Note:17.

At Yel Enerji, the capitalized amount of TRY 620.031 as development expenditures is regarding the amount of drilling activities for coal mine license which is IR:17517 number and 1.205,11 hectares located in Bayramiç district in Çanakkale

Transferring of mine license has realized at July 15, 2015 and preparation and development expenditures have been activated in accordance with the TMS-38 Intangible Assets standard and the accounting policy applied by the Group. Amortization process will be began when intangible assets is ready to use (taken over the license) means required conditions available for management's aim. Therefore development expenses is capitalized and amortization begun to be calculated.

The amount of preparation and development expenses recorded to assets of Çan Kömür consist of land measure, test and drilling, engineering and architectural works, property damage fees, construction equipment rental fees in July 09, 2013. Development costs belong to coal mining area located in Çanakkale, Çan District, Yaylaköy Village with license number IR 17448. The operating rights of coal mining (existed before) obtained by operating agreement called 'royalty agreement'. Total expenditures for coal mining activities are amount of 2.341.472 TRY as of December 31, 2017.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

19. EVALUATING AND RESEARCHING OF MINE RESOURCES (Continued)

Suda Maden has 2 exploration license and 2 operating license. Regarding 34412 and 43169 numbered operating license, the total expenditures such as drilling, mapping,shaft drilling is TRY 5.671.462 as of December 31, 2017. Calculated amortisation expenses are associated with production costs of animony mine.

Moreover, regarding the received exploration license 201200931 and 201200932 taken on June 22, 2012, exploration expenses such as preliminary study projections, sampling, section and map preparation is capitalized, the amount of TRY 259.203 is classified as research expenses since no mining license. (Not:14)

Preparation and Development Expenses of TRY 1.792.871 costing capital activated in Anadolu Export are the amounts related to gold-silver mine drilling in Kütahya Karaağaç, analysis and geophysical values. Drilling worksare ongoing and will commence when the amortization process reaches the necessary position and condition for the intangible asset to operate as intended by the management.

Preparation and development works at YS Maden with amount of 15.569.751 TRY consist of Preparation and Development Expenses related to underground coal mine at Çorum Dodurga. Company did not calculate any amortization expense for these expenses due to mining operation has not been started yet according to company's accounting policies.

20. LEASING OPEATIONS

Operating Leases

Group as Lessee

Lease Agreements:

There are two leases subject to the Group's operating leases.

The first of the lease is related to office and stores buildings within 5 years at starting date of August 01, 2013.

Second is related to business office rental of one year at starting date of January 11, 2013.

All operating leases has carried a clause related to review of the circumstances based on market conditions in case of group uses renewal rights. There is no right to purchase the asset at the end of the lease term rented by the Group.

The payments are recognized as an expense	31.12.2017	31.12.2016
Minimum lease payments	1.732.700	1.140.757

Group has 21 rental agreements regarding investment processing.

The payments are recognized as active	31.12.2017	31.12.2016
Minimum lease payments	439.612	363.678

21. SERVICE CONCESSION ARRANGEMENTS

None. (None, December 31, 2016).

22. IMPAIRMENT OF ASSETS

None. (None, December 31, 2016).

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

23. GOVERNMENT INCENTIVES

ODAŞ Elektrik Üretim Sanayi ve Ticaret A.Ş. has investment incentive certificate which is drawn up by Economy Ministry of Turkish Republic Incentive Application and Foreign Capital General Directorate 15.04.2014 dated and E-102704 numbered. The certificate of investment is about natural gas cycle plant (7x19)+17=150 MW powered, it is prepared referring to Energy Market Regulatory Authority Production Licence that is EU/3323-2/2005 numbered and 14.07.2011 dated.

The investment incentive certificate is given for whole new investment in Şanlıurfa, and it involves the 24.05.2011-24.05.2014 period. VAT exemption and customs duty indemnity are benefited by this certificate. The absolute amount of this investment financed by loan and total investment amount is TRY 127.000.000.

The project has been completed within the period stipulated in the Investment Incentive Certificate and Completion Visa of Investment Incentive Certificate approved by the Ministry of Economy with the letter numbered 672 and dated 04.01.2017.

Çan Kömür ve İnşaat A.Ş. has Investment Incentive Certificate is 06.02.2015 dated and 117824 numbered, prepared by Ministry of Economy of the Republic of Turkey and General Directorate of Foreign Capital and Incentives Implementation. Mentioned certificate was revised by new numbered 18.09.2017 and C117824 dated. Aforesaid investment is power plant based on domestic coal (Çan 2 Thermic Plant) with 340 MW installed capacity and incentive certificate is arranged according to EPDK's ÖN/5117-5/03070 associate license number and dated 10.07.2014.

Investment Incentive Certificate is given for the full new investment carried out in Çanakkale (Çan 2 region) and covers the period 13.08.2014-13.08.2017. With the certificate, employer's share of insurance premiums support, interest support, tax discount rate support, VAT exception and exemption from customs duty incentives are benefited. Total amount of the investment is TRY 340.000.000 based on incentive certificate.

Küçük Enerji Üretim ve Tic. Ltd. Şti. has investment incentive certificate 31.12.2013 dated and A-113287 numbered which is drawn up by Economy Ministry of Turkish Republic Incentive Application and Foreign Capital General Directorate. The certificate of investment is about hydroelectric power plant (Köprübaşı Reg. ve Hydroelectric Power Plant) (2x4,097)=8,195 MW powered, it is prepared referring to Energy Market Regulatory Authority EÜ/3769-4/2314 numbered and 12.04.2012 dated Production License.

Investment Incentive Certificate is given for the full new investment carried out in Trabzon Köprübaşı third region and covers the period 18.12.2013-18.12.2016. With the certificate, VAT exception incentives are benefited. Total amount of the investment is 28.571.000 TRY based on incentive certificate. This amount is financed by 4.243.400 TRY of capital sources and remaining 24.327.600 TRY of foreign sources.

The project has been completed within the period stipulated in the Investment Incentive Certificate and approved by the Ministry of Economy with the letter dated 22.12.2016 and numbered 140259 of the Income Completion Visa (Incentive Close).

Suda Maden A.Ş. Republic of Turkey Ministry of Economy and Foreign Capital General Directorate of Incentives and Implementation, organized by date 06/10/2017, No. 132950 investment incentive certificates are available. Investments on the subject "Antimony ore Enrichment Facility" regulated with regard to licence numbered IR:34412.

YS Madencilik San. ve Tic.Ltd.Şti. Republic of Turkey Ministry of Economy and Foreign Capital General Directorate of Incentives and Implementation, organized by dated 07/24/2017, No. 131389 investment incentive certificates are available. The documentary investment "Pit Coal Mining" IR: was regulated with regard to licence numbered IR:80272.

The investment incentive certificate Çorum Dodurga is given for the new investment in Section 4 and covers the period of 16.06.2017-16.06.2020. VAT exemption, Customs Tax Exemption, Insurance Premium Employer Income Support, Interest Support and Tax Discount incentives are benefited from the document.

24. BORROWING COSTS

In the period of 01.01.2017 to 31.12.2017, 56.000.000 EUR loan with principal amount used for Çan II Power Plant by Çan Kömür ve İnşaat A.Ş on 11.02.2016, 20.000.000 EUR principal amount loan used at 23.06.2016, 18.000.000 EUR principal amount loan used at 27.10.2016, 22.000.000 EUR principal amount loan used at 16.02.2017, 26.000.000 EUR principal amount loan used at 18.05.2017 and total amount of used loan 142.000.000 Euro. Amount of 12.574.439 TRY net financing cost was added to investment cost.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

24. BORROWING COSTS (Continued)

In addition, the Group adopts the "periodic approach" method related to the capitalization of the foreign currency exposures in the current period and the related leasehold improvements with respect to the investment financing loans of € 142,000,000 which Çan Kömür has used and the difference between the principal amount 44.930.103 TRY exchange rate expense related and added to the leasehold improvements cost.

In the calculation made, if the same loans are used in TRY with the same conditions, base rate of 18,50%, 17,50%, 18% and 21% is taken as basis and calculated in accordance with the periodical approach method as TRY based on 01.01.2017 to 31.12.2017 regarding interest amount;

	01.01.2017 - 31.12.2017
Interest accrual if credit used as TRY (Local Currency)	88.043.577
Total EUR credit interest accrual related to qualifying assets cost	30.572.306
Exchange difference will be related to qualifying assets cost	44.930.103
Total exchange difference amount of principal amount	102.401.374
Exchange difference expense related to qualifying assets cost	44.930.103

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other long-term provisions	31.12.2017	31.12.2016
Other payable and expense provisions (*)	170.644	166.492
TOTAL	170.644	166.492

(*) At 11th paragraph of TFRS 6 stated: When a company assume the investigation and evaluation of mine resources, it reflects removal and restoration liabilities resulting in given period at financial statement according to TAS 37 - Provisions , Contingent Liabilities and Contingent Assets standard.

Within the scope of the Çan 2 thermal power plant, the area to be picked up in the open operation will be used as an ash storage area as stated in the EIA report. After completing the economic life of the site, it will be organized with the following location study and afforestation will be done. After open operation, closed operation will be started. There will be no pickling work on the ground during closed operating periods.

Within the scope of the Çan 2 thermal power plant, the area to be picked up in the open operation will be used as an ash storage area as stated in the EIA report. After completing the economic life of the site, it will be arranged with a subsequent location study and afforestation will be abandoned. The estimated cost for terraces and trees will be around 300.000 TL.

About 150.000 acres will be stripped. Because of the extension project, 100 tree is needed per acres. Due to regional soil structure, the cost of plantation is expected around 2.000 TRY per acres. The total cost for 150 acres is calculated as 150*2.000 TRY = 300.000 TRY. After the surface mining completed its economic life, this study will be done and carried out about 20 years. The rediscounting amount of total cost of 300.000 TRY is 170.644 TRY.

Mine Restoration Provision	31.12.2017	31.12.2016
Balance at beginning of period	166.492	116.156
Additional Provision / Payment (-)	4.152	50.336
Balance at the end of the period	170.644	166.492

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

This work will be done after completion of the open operating economic life and will be estimated at the end of 20 years.

Reduced amount of 300.000 TRY total cost to present value is 170.644 TRY.

Yel Enerji and Suda Mine, it is foreseen that no pickling work will be done on the evaluation made by the technical team. For this reason no provisions have been made.

Assets related with current tax period	31.12.2017	31.12.2016
Pre-paid taxes and funds	-	201.008
TOTAL	-	201.008

It is paid as cash during in the period for the Group and its subsidiaries but the amount related to the deduction or undesirable tax assets

Pledges

Pledge of Share Agreements Made with Yapı Kredi Bankası A.Ş. :

As the guarantee of the loan on the General Loan Agreements signed between Yapı Kredi Bank and Kucuk Enerji Uretim ve Tic Ltd Sti, Kucuk Enerji Uretim's partners' signed a Pledge Agreement in Yapı Kredi Bank's benefit. The total value of the pledged amount is 2.650.000 shares with a nominal value of 1 TRY. Share pledge agreement stays valid until the obligations under guarantee by the pledge agreements are paid in full.

-Yapı Kredi Bankası A.Ş. Commercial Enterprise Agreements

According to General Loan Agreement made between Yapı Kredi Bankası A.Ş. and ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş signed on 16.11.2016, in favor of Yapı Kredi Bankası A.Ş., Commercial Business Pledge was established in the first place and first place in the value of TRY 74.000.000.

- Pledge Agreement about Commercial Enterprise Made With Alternatifbank A.Ş.

Commercial enterprise pledge with amount of TRY 450.000.000 TRY in favour of Yapı Kredi Bankası A.Ş. over entire ODAŞ I Combined Power Plants and Power Plant Equipments such as Engine, Turbine and Power Plant which consist 7 pieces called Warstila W18GV50SG, a piece of Genpower Power Plant, three pieces of Sperre Compressor+Air Dryer, Air Condition Unit, a piece of domestic need Transformer, three pieces of oil tanks and oil Pumps, 28 pieces of Alfa Laval Radiators, Transformator Station, Power Transmission Line Equipments, Remote Control Room and Panel Board Room, Generator, Oiled Transformator with three phases, Console of Oil Unit, Waste Hot Boiler, Drum, Condenser, Condense Pumps, Water Pumps, Cooling Water Pumps, DegazorUnit, Cooling Tower Fans, R/O Water Smoothing Unit, Crane, Fire Tank, Turbine Remote Control Room and Panel Board Room Equipments and Other Materials which is used for production. Net book value of ODAŞ I Combined Power Plants is TRY 153.778.019 .

The commercial enterprise and components which are subjected to Commercial Enterprise Pledge is safeguarded by insurance policies which give guarantee against to Machine Breakdown, Loss of Profit, and Fire and so on.

Shares Pledge Agreement Signed With The Consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch.

In accordance with General Loan Contracts signed between the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch and Çan Kömür ve İnşaat A.Ş., as an assurance of borrowings given, pledge of share agreements are made over all shares of Çan Kömür ve İnşaat A.Ş.'s shareholders on behalf of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch. The total value of the amount pledged 1.020.000 shares with a nominal value of 100 TRY . Agreements are valid until liabilities are wholly paid in accordance with pledge of share agreements.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Warranty

According to General Loan Contracts signed between the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch Consortium and Çan Kömür ve İnşaat A.Ş., as an assurance of borrowings given, Yapı Kredi Bankası A.Ş. as the guarantee of the loan given in accordance with the General Loan Agreement signed between Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch has become a voucher in favor.

The Credit Agreement signed between Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Küçük Enerji Üretim ve Ticaret Ltd. Şti and As a guarantee of the loan given in accordance with the Tadili Contract dated in 26.01.2016, Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch ODAŞ Enerji Elektrik Perakende Satış A.Ş. has been a guarantor of legal personality.

The loan contract signed between Pasha Yatırım Bankası A.Ş. and Suda Maden A.Ş. given according to dated amendment ODAŞ Elektrik Üretim Sanayi ve Ticaret A.Ş. has been a guarantor of Pasha Investment Bank as a legal entity.

ODAŞ Elektrik Üretim Ticaret AŞ can also be a guarantor for all non-cash loans with the cash loans required for short-term operating capital needs of group companies which are in the status of subsidiary.

Conveyances

Transfer of claim between Alternatifbank A.Ş and PMUM;

According to General Loan Agreement made between Alternatifbank A.Ş. and ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., as an assurance of given borrowings, conveyances are signed about transferring of income from energy sales to TEİAŞ by ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. on behalf of Alternatifbank A.Ş. The conveyances signed totally TRY 450.000.000 ; until the liabilities assured by the conveyances, the conveyances are valid.

Transfer of claim between Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and EPİAŞ ;

According to General Loan Agreement made between Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Küçük Enerji Elektrik Üretim Tic Ltd Şti, as a guarantee of the loan granted in accordance with Yapı Kredi Bankası A.Ş beneficiary of Küçük Enerji Elektrik Üretim ve Tic Ltd Şti to receive all rights and revenues from EPİAŞ, Yapı Kredi Bank signed a contract with the date of 26 January 2016 and number 02701.

EPİAŞ transfer of claim agreement signed with the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch.

Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası AŞ Kozyatağı Commercial Branch to Çan Kömür ve İnşaat AS will receive all the rights and revenues for the benefit of Yapı Kredi Bankası AŞ and Halk Bankası AS as a guarantee of the loan given in accordance with the General Loan Agreements signed between Yapı Kredi Bank and Halk Bank The contract is signed.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees

Given guarantees by the group are as follow:

GUARANTEES, PLEDGES, HYPOTHECS	31.12.2017	31.12.2016
A)Total amount of TRI was given for its own legal entity	11.118.627	186.455.357
B)Partnerships includes scope of full consolidation	98.938.686	173.936.349
C)Total amount of TRI was given in order to conduct ordinary business and to guarantee thirty parties debt	-	-
D)Total Amount of TRI was Other Given	-	-
i)Total amount of TRI was given on behalf of main partner	-	-
ii)Total amount of TRI was given to companies except B and C article	-	-
iii)Total amount of TRI was given to third parties except C article	-	-
TOTAL	110.057.313	360.391.706

The ratio of guarantees, pledges and hypothecs to equity is 0,39. (31.12.2016 : 2,31)

Received guarantees by the group are as follow:

	31.12.2017	31.12.2016
Received Guarantee Letters	13.190.563	41.680.169
Received Guarantee Cheques	-	-
Received Guarantee Bills	-	395.204
	13.190.563	42.075.373

Given and received guarantees by the group are as follow:

	31.12.2017	31.12.2016
Received Guarantee Letters	13.190.563	41.680.169
ODAŞ	67.000	2.030.504
ODAŞ Enerji	6.084.670	300.000
Çan Kömür	7.038.893	39.349.666
Received Guarantee Notes	9.783.002	395.204
ODAŞ	-	105.954
Çan Kömür	6.979.721	289.250
ODAŞ Enerji	2.603.281	-
Ys Maden	200.000	-
	22.973.565	42.075.373

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Unfavourable Cases

As of December 31, 2017, there are lawsuits against group's subsidiaries of Küçük Enerji Üretim ve Ticaret Ltd. Şti regarding damages caused by using of explosives in tunnelling operations. Scout has been doing regarding lawsuits, most of the cases in the expert stage and it not clear yet how the cases will be resulted.

There are various lawsuits against ODAŞ Enerji Elektrik Perakende Satış A.Ş. ,regarding trade activities (leakage losses, transmission costs, distribution costs, costs of meter reading from customers who previously carried out electricity sales) in total amount of TRY 13.919.883,00.There is no clear evidence how these cases will be ended as of December 31, 2017. In addition, the total amount of opened cases relating to leakage losses cost is specified by the customer will be reflected in the distribution companies.

Group management does not expect a negative result from relating cases andthese cases have no significant effect on group's operations, financial statement and liquidity. As of December 31,2017 ,since the cases's possibility of ended up against group is lower than possibility of not being liability, it has not been any recognition process regarding the lawsuit liabilities in the financial statements.

26. COMMITMENTS

None. (31 December 2016 None.)

27. EMPLOYEES BENEFIT OBLIGATIONS

Provision for Severance Payment and Provision for Vacation

The Company and its subsidiaries has to make a certain severance payment to its personnel who fires from company for several reasons like retirement after working at least one year at company except reassignment and bad behavior. Compensation which company has to pay is at amount of one month salary for each servicing year and this amount is limited to TRY 4.732,48 as of December 31, 2016. (December 31, 2015: TRY 3.828.37)

As of December 31,2017 and December 31,2016, calculated provision for severance payment and provision for vacation as follows.

	31.12.2017	31.12.2016
Provision for severance payment	161.778	118.620
Provision for vacation	633.063	414.866
TOTAL	794.841	533.486

It needs a calculation which can be doing with some assumptions for calculation of company's liabilities in accordance with TAS 19 (Benefits Provided to Personnel). Company is calculated severance payment based on completion of personnel service time in past years at company and experience about having rights to have severance pay, by using projection method in accordance with TAS 19 and Company is reflected this amount to its financial statements.

Provisions for severance payment allocates after calculating present value of potential liability which Company will pay to its personnel in case of retirement. As related to this, assumptions, which are used to calculate the liability amount between of December 31, 2017 and December 31, 2016 are depicted below:

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

27. EMPLOYEES BENEFIT OBLIGATIONS (Continued)

	31.12.2017	31.12.2016
Discount rate	%10,57	%8,75
Estimated increase rate	%6,20	%5,25

Employees benefit obligations movements as of December 31, 2017 - December 31, 2016 are as follows

Provision for severance payments	31.12.2017	31.12.2016
Opening balance	118.620	62.247
Additional provisions/payment (-)	43.158	56.373
Period-end balance	161.778	118.620

Actuarial gain/(loss) movements as of December 31, 2017 - December 31, 2016 are as follows:

	31.12.2017	31.12.2016
Transfer	118.620	62.247
Payment	187.755	41.598
Interest cost	13.149	5.444
Current service cost	(169.807)	(38.251)
Actuarial gain/(loss)	12.061	47.581
Balance	161.778	118.620

Provision for vacation as of December 31, 2017 - December 31, 2016 are as follows:

	31.12.2017	31.12.2016
Opening balance	414.866	251.214
Additional provisions	218.197	163.652
Period-end balance	633.063	414.866

Short time payables within employee benefit

	31.12.2017	31.12.2016
Due to personnel	1.002.629	71.878
Social security premium payables	882.565	348.073
Other payables	11.655	-
TOTAL	1.896.849	419.951

The salaries of the employees and their employers, which are to be paid by the end of the month and which are to be declared at the end of the following month and which have been accrued on the payroll basis as of the relevant dates, Premium debts. The Authority did not benefit from the advantage of postponing the premiums borne by the Law No. 6736.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

28. 28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS

Cost of sales according to their nature between January 1, 2017 – December 31, 2017 and January 1, 2016 – December 31, 2016 periods are as follows:

	January 01 - December 31 2017	January 01 - December 31 2016
GOP purchase price of the system	129.908.503	67.426.641
Distribution companies system usage cost	92.934.494	74.580.985
Usage of natural gas	89.390.627	113.165.481
TEİAŞ Yek receivable amount	66.331.222	44.635.460
Cost of energy trade from bilateral agreements	43.465.884	96.582.445
TEİAŞ accepted load amount	29.587.938	9.533.228
Coal Sales Cost	29.017.500	-
Imbalance energy amount of TEİAŞ	19.683.266	17.307.117
Cost expense of antimony	11.248.671	1.026.988
TEİAŞ other expenses	9.582.377	1.338.877
TEİAŞ system usage fee	9.046.578	5.543.497
Depreciation and amortisation	5.735.084	5.684.502
Cost of Reactive Capacitive Property (-)	4.022.462	3.797.135
Personnel expense	3.713.638	3.333.827
The amount of debt of TEİAŞ GIB	1.717.746	1.237.854
Insurance expense	1.152.621	1.191.564
The amount of debt of TEİAŞ DGP	840.872	427.087
Maintenance expenses	669.399	1.194.840
Imbalance of group companies	541.123	559.947
TEİAŞ market operating fee	277.310	612.319
TEİAŞ adjustments for previous period	60.787	168.803
Other Cost	15.000	-
Foreign electricity purchases	2.685	-
Container purchase cost	-	225.000
TEİAŞ electric quality service cost	-	275.413
Other expenses	2.213.864	1.310.839
Distribution Companies Other Expenses	732.258	-
TOTAL	551.891.911	451.159.848

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

Cost of sales resulting from electricity production activities from natural gas power plant as follows:

	January 01 - December 31 2017	January 01 - December 31 2016
Usage of natural gas	89.390.627	99.896.864
TEİAŞ accepted load amount	29.587.938	9.533.228
Imbalance energy amount of TEİAŞ	19.683.266	17.262.560
TEİAŞ other expenses	9.091.075	997.504
TEİAŞ system operating fee	8.425.237	5.052.324
Depreciation and amortisation	4.485.078	4.447.512
Personnel expense	3.713.638	3.297.111
Other expenses	2.161.484	1.095.479
The amount of debt of TEİAŞ GIB	1.679.586	1.096.393
Insurance expense	1.114.590	1.114.811
The amount of debt of TEİAŞ DGP	840.872	427.087
Maintenance expenses	669.399	1.194.840
Imbalance of group companies	514.123	559.947
TEİAŞ market operating fee	256.177	595.640
Cost of Other Sales	15.000	-
TEİAŞ adjustments for previous period	-	168.766
TEİAŞ electric quality service cost	-	275.413
Container purchase cost	-	225.000
TOTAL	171.628.091	147.240.479

Cost of sales resulting from Hydro Power Plant electricity production is as follows:

	January 01 - December 31 2017	January 01 - December 31 2016
Depreciation and amortisation	1.250.006	1.236.990
TEİAŞ system operating fee	621.341	491.173
Other expenses	52.380	215.360
Insurance expense	38.031	76.753
The amount of debt of TEİAŞ GIB	30.260	28.123
TEİAŞ market operating fee	21.133	16.680
TEİAŞ adjustments for previous period	39	36
Imbalance energy amount of TEİAŞ	-	44.556
TEİAŞ Yek receivable amount	-	2.176.941
Personnel expense	-	36.716
TEİAŞ other expenses	-	36.613
TOTAL	2.013.192	4.359.941

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

The details of cost of electricity sales from wholesale are as follow;

	January 01 - December 31 2017	January 01 - December 31 2016
GOP purchase amount	129.908.503	67.426.641
Distribution companies system usage cost	92.934.494	74.580.985
Yek receivable amount	66.331.222	42.458.521
Cost of energy trade from bilateral agreements	31.590.171	96.582.445
Reactive capacitive goods cost (-)	4.022.462	3.797.135
Distribution Companies Other Expenses	732.258	-
TEİAŞ other expenses	491.303	304.760
TEİAŞ retrospective correction	60.748	-
Group Companies Imbalance Amount	27.000	-
The amount of debt of TEİAŞ GIB	7.900	113.338
Foreign electricity purchases	2.685	-
TOTAL	551.891.911	451.159.848

The details of cost of natural gas sales are as follow;

	January 01 - December 31 2017	January 01 - December 31 2016
Natural Gas Sales Cost	11.875.713	13.268.618
TOTAL	11.875.713	13.268.618

Cost of sales resulting from sales of Antimony is as follows:

	January 01 - December 31 2017	January 01 - December 31 2016
Cost expense of antimony (-)	11.248.671	1.026.988
TOTAL	11.248.671	1.026.988

The cost of sales resulting from coal sales activity is as follows:

	January 01 - December 31 2017	January 01 - December 31 2016
Coal Sales Cost (-)	29.017.500	-
TOTAL	29.017.500	-

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

Bilateral Agreements Energy Cost of Trade Goods; Cost of Voytron Elektrik's electricity purchase from producing companies out of system.

Distribution Companies Cost of System Usage Goods; Voytron Elektrik use distribution companies' distribution piping systems on their direct sales to consumers and these distribution companies do meter readings. Voytron pays this price to distribution companies and charges it from consumers.

TEİAŞ Energy Imbalance Amount; Due to ODAŞ's being responsible party from balance in day-ahead market

Göp System Purchase Amount; Electricity rates taken from PMUM day-ahead market (TEİAŞ)

Energy Imbalance; Negative incidence of difference with Voytron's consumption estimates in day-ahead market.

TEİAŞ Retroactive Adjustment Item; Miscalculation on PMUM conciliation shown on this item on the following term.

TEİAŞ Accepted Load Cycling Amount; The amount acquired with multiplication of bid price and quantity given by System Operator's offer valid for conciliation term related with balancing units in the scope of balancing power market and system losses deducted from Embarkation Direction Amount.

Keyat Amount According to TEİAŞ EPYHY Article 25; The amount acquired with multiplication of Accepted and Implemented Embarkation bid price calculated by Electricity Market Balancing and Settlement Regulation, 2 tag value of balancing power market's balancing unit's offer valid for conciliation term.

TEİAŞ Zero Balance Adjustment Item; The amount is reflected to market participants in proportion of zero balance adjustment item. It is based on the basis of market operator's profit or loss from operations done for wholesale electricity market. In a billing period, will be accrued receivables to market participant and payables should be balanced with conciliation of compensating mechanism and conciliation of imbalance of related parts to balancing and without energy sales and purchases in the scope of day-ahead market, market operating fee, transmission fee and overdue receivables.

TEİAŞ System Usage Fee; The amount confirmed by EPDK and calculated by TEİAŞ based on thrust-transmit power reflected income ceilings reflected to system usage fee signed market participant, using TEİAŞ transmission system.

YEK Credit Balance; The amount reflected to participants by considering energy imbalance amount reconciliated from Renewable Energy Sources Backstopping Mechanism and payment liability rate(ÖYO) calculated in the scope of YEKDEM.

PFK Liability Transfer Service Fee; In case of productive facilities in the scope of electricity market ancillary services regulations obligated to participate primer frequency control service (PFK), want to transfer PFK liabilities to another company in related conciliation term, fee is assigned by companies.

TEİAŞ Electricity Quality Service Fee; It is declared in Transmission System System Usage and Calculation of System Operating Tariff's Procedure Declaration's 5th section approved in 3575 numbered assembly resolution Energy Market Regulatory Authority. Electricity Quality Service Fee on transmission system invoices are related to other related system users and producers within the scope of 4628 numbered Electricity Market Law and secondary legislation Electricity Market Network Regulations, Electricity Market Ancillary Services Regulations.

TEİAŞ Market Operating Fee; It is accrued to cover operating cost and amortisation of investment expenses without electricity energy sale and purchase. Market operating income ceiling is shared to market participants by considering organized wholesale electricity market facilities by market operators.

TEİAŞ Non-controllable Fee; It is related to get peripheral service from other system users and producers within the scope of 4628 numbered Electricity Market Law and secondary legislation Electricity Market Network Regulations, Electricity Market Ancillary Services Regulations. Cost of peripheral services concludes to prevent constraint of energy flow on transmission system. Non-controllable costs reflected to all users equally and take part as non-controllable fee item on transmission system usage and system operating invoices.

Interconnection Capacity Allocation Fee; Capacity and time limit of publicly interconnection are considered for electricity import and export. Interconnection lines within scope of the licences are presented to market participants by tendering procedure after line base determined and declared by system operator. Price capacity allocation after tender comprise price capacity allocation fee for that term.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

29. OTHER ASSETS AND LIABILITIES

Other Current Assets	December 31, 2017	December 31, 2016
Income accruals(*)	55.938.269	54.697.621
Deferred VAT	51.471.131	29.179.811
Work advances	2.793.116	427.400
Advances given to personnel	1.010.523	256.062
Advances given to suppliers	1.034.559	491.575
TOTAL	112.247.598	85.052.469

(*) Information about Process of Income-Expense Accruals and Advances Given-Received

ODAŞ Enerji, wholesale company; purchase datas taken from system will be explained on the system of Market Financial Settlement Center ("PMUM") between following month's 15-20th day. Within the same day, after explanation invoice will be made out. Invoices made out to TEİAŞ and customers are added to sales figure and recorded as Income Accruals as contra account. Invoices made out by TEİAŞ are added to cost figure and recorded as Expense Accruals.

Payments to TEİAŞ are made daily according to estimated consumption and recorded to 159 Advances Given. Account will be deducted by making out invoices.

ODAŞ, production company; purchase datas taken from system will be explained on the system of Market Financial Settlement Center ("PMUM") between following month's 15-20th day. Within the same day, after explanation invoice will be made out. Amount of invoices made out to TEİAŞ are added to sales as matching principle at the end of the periods and recorded as Income Accruals as contra account. Invoices made out by TEİAŞ are added to cost figure and recorded as Expense Accruals.

Production figure is conjecturally recorded to PMUM system daily and production cost put into bank account following day. Amount in the bank account is recorded to Advances Taken Account and advances will be deducted by making out invoices.

The details of income accrual are as follows:

	December 31, 2017	December 31, 2016
Accrued electricity sales income	49.974.815	46.737.017
Antimuan sale income accruals	2.628.434	-
Accrued interest income of time deposit	-	124.545
Other accrued interest income	3.149.431	7.332.763
Other accrued income	5.590	503.296
Coal sales income accruals	-	-
Sack sales income accruals	180.000	-
TOTAL	55.938.269	54.697.621

Other Tangible Fixed Assets	December 31, 2017	December 31, 2016
Given advances (*)	98.454.657	71.276.642
TOTAL	98.454.657	71.276.642

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

29. OTHER ASSETS AND LIABILITIES (Continued)

(*) Advance payments made in respect of order advances given as of 31.12.2017, TRY 79.889.484 to Çan-2 Thermal Power Plant Production Facility, TRY 179.681 to Köprübaşı Hydro Power Plant and TRY 155.325 to Yel Enerji Mining Area TRY 844.007 of the advance payment for the YS Maden's mining area, TRY 14.878.756 for the Suda's Mining area and TRY 2.507.404 of the advance payment for the gold area of Anadolu Export.

Other short term liabilities

	December 31, 2017	December 31, 2016
Accrued expenses	38.104.916	22.439.877
TOTAL	38.104.916	22.439.877

Accrued expenses details are as follows:

	December 31, 2017	December 31, 2016
Accrued electricity purchase cost	33.330.230	19.572.219
Accrued distribution company cost	3.666.767	2.587.161
Accrued interest	1.096.465	5.158
Other accrued expenses	11.454	275.339
TOTAL	38.104.916	22.439.877

30. EQUITY, RESERVES AND OTHER EQUITIES

Paid-in Capital

Paid-in Capital structure of the Company between December 31, 2017 and December 31, 2016 given on the following table:

Nominal capital of the company is TRY 135.750.000 and the upper limit of registered capital is TRY 210.000.000. The company's application to registration of capital system is accepted by Capital Market Board.

Shareholder	31.12.2017		31.12.2016	
	Share Amount	Rate	Share Amount	Rate
Korkut Özal Mirası	-	-	7.500.000	15,76%
A. Bahattin Özal	24.027.089	17,67%	7.300.000	15,34%
Burak Altay	20.818.724	15,30%	7.300.000	15,34%
BB Enerji Yatırım San.ve Tic.AŞ	21.389.100	15,80%	7.500.000	15,76%
Müjgan Özal	5.347.275	3,95%	-	-
Fatimetüz Zehra Özal	3.208.365	2,37%	-	-
Hafize Ayşegül Özal	3.208.365	2,37%	-	-
Mustafa Ali Özal	3.208.365	2,37%	-	-
Mehmet Fatih Özal	1.069.455	0,79%	-	-
Korkut Enes Özal	1.069.455	0,79%	-	-
Hafize Büşra Özal	1.069.455	0,79%	-	-
Public Share	51.334.352	37,80%	18.000.180	37,80%
Paid-in Capital	135.750.000	100%	47.600.180	100%

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

30. EQUITY, RESERVES AND OTHER EQUITIES (Continued)

The company's issued capital is TRY 135.750.000 and in question issued capital is paid in cash and fully by means free collusion.

This capital is divided into two registered share with total amount of TRY 47.600.180. One is the amount of TRY 3.000.000 with nominal value, (A) share group and other is TRY 44.600.180 with nominal value, (B) share group.

This capital is divided into a total of 135,750,000 shares, with a nominal value of 1 (one) TL each, of which amount of 8.555.639,7 nominative (A) Group and 3 (three) pieces amount of 127.194.360,3 nominative (B) Group.

In the framework of this agreement's 7,8, and 10 articles (The Board of Directors, nominate to the Board, president and vice president elected, representing the company and right to vote in the General Assembly), (A) group shares has the right of determination of board member and use of the right to vote in the General Assembly. (B) group shares has no special rights and privileges.

In capital increases, to represent the increased capital (A) Group shares ratio to (A) Group share and (B) Group shares ratio (B) Group share will be issued. In capital increases, when board of directors decided to issue only (B) group, right to receive shares is given to (A) group the ratio of its capital.

The Board of Directors is authorized to take decisions to increase the issued share capital , limiting the right to buy new shares to be issued ,preference shares to be issued and The issue of share issue premium by issuing new shares of (A) and / or (B) group up to the registered capital in accordance with Capital Market Law and Capital Market Board's regulations between the years 2014-2018. The shares representing the capital are monitored in records within the framework of dematerialization principles.

Authority to restrict the right to buy new shares is not used in a manner to cause inequality among shareholders. New shares cannot be issued unless issued shares are fully sold.

When shares representing five per cent or more of the Company's capital with direct or indirect acquisition by a natural or legal person or as a result of the acquisition of shares that does not exceed five percent of the share capital of the entities belonging to a common or transfer of shares results of falling below ratio compared to above belonging to one common share EMRA approval will be received each time adn required disclosures will be stated in accordance with the Capital Market Legislation. This provision also valids if the voting rights is acquisitioned.

Board of Directors is authorized to take decisions for not given approval to transfer and refusing from registration in the share register while transferring (A) group share within the framework of TTK 493 showing reason for carrying out company's goal and protection of independency of company. To transfer (B) group share will be traded in stock market can not be restricted.

Share Premium

The amount of TRY 48.000.000 difference occurred as a result of selling of newly issued 12.000.000 shares offered to public higher price than nominal cost has been recognized as share Premium as of May 13 and 14 , 2013. The amount of TRY 2.865.131 expenses for new issue shares and its public offer, in accordance with, have been deducted from share Premium

Besides, The amount of TRY 44.241.422 difference occurred as a result of selling of newly issued 5.600.180 shares offered to public higher price than nominal cost has been recognized as share Premium as of April 27, 2015. The amount of TRY 1.182.229 expenses for new issue shares and its process of issuance and selling, in accordance with, have been deducted from share premium and shown at equity.

The Company has also used TRY 88.149.820 of the share premium in 2017 for bonus issue.

	December 31, 2017	December 31, 2016
Share Premium	44.242	88.194.062
TOTAL	44.242	88.194.062

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

30. EQUITY, RESERVES AND OTHER EQUITIES (Continued)

Actuarial gain / loss of funds

Actuarial gain / loss of movement of funds are as follows.

	December 31, 2017	December 31, 2016
Beginning period balance	(42.850)	(4.785)
Current year actuarial gains / (losses)	(9.408)	(38.065)
TOTAL	(52.258)	(42.850)

Previous Years' Profit/Loss

Accumulated profit/loss except net profit for the period is shown like below.;

Retained earnings	December 31, 2017	December 31, 2016
Retained earnings/(loss)	33.408.057	34.101.259
Change in minority interest (-)	(118.755)	(131.495)
Period profit/(loss)	(9.429.340)	(561.707)
TOTAL	23.859.962	33.408.057

Dividend Distribution

Publicly trading companies distribute its dividends according to the regulations that came into force by the CMB on February 1st, 2014, dividend notification code II-19.1

The partners distribute their profits according to the profit distribution policy and legislative provisions determined by the general assembly. A minimum distribution rate under the declared notification has not been determined. Companies pay dividends based on their contacts or based on dividend distribution policies. Dividend can be paid in fixed or varying installments, if agreed during the general meeting.

As for payments in installments; dividend notification No. II-19.1 of the provisions contained in Article 5 shall be complied with. In addition to that, partnerships whose shares are traded in the stock exchange can distribute cash dividends in advance, according to their earnings obtained on their interim financial statements.

According to the TCC, as long as the reserves to be set aside and the dividend rate stated in the real agreement or dividend distribution policy are not separated; another reserve cannot be set aside, any profit cannot be transferred to the following year; and the usufruct of their prospective owners, board members, partners and everyone else other than shareholders will not be given any dividends from the obtained profit, just as well as if the shareholders are not paid their determined dividend fully in cash.

Legal Reserves

According to Turkish Commercial Code, legal reserves divided into two; I. and II. Legal Reserves. According to Turkish Commercial Code, primary reserve is 5% of statutory profit until reached 20% of paid capital. Secondary reserve is 10% of distributed profit which exceeds 5% of paid capital. According to Turkish Commercial Code, until legal reserves doesn't exceed 50% of paid capital, can be used just to clarify losses. There is no possibility to use in another way.

As of December 31, 2017, the amount of restricted reserves is TRY 639.252. (31.12.2016: TRY 639.252)). This all amount consist of legal reserves.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

30. EQUITY, RESERVES AND OTHER EQUITIES (Continued)

Minority Interest

Details of minority interest are shown below;

Minority Interest	December 31, 2017	December 31, 2016
Capital	3.852.203	3.883.453
Retained earnings/(loss)	(1.790.054)	(630.443)
Period profit/(loss)	52.120.649	(1.292.997)
TOTAL	54.182.798	1.960.013

The Effect of Consolidations Involving Companies Subject to Joint Control

A business combination involving undertaking or businesses subject to Joint Control, is a business combination in which all merging entities or businesses are controlled by the same person or persons before and after the business combination and this control is not temporary.

Goodwill amounting to TL 26.340.830 arising from the acquisition of entities subject to common control has been shown under the account of "Effect of Associations Including Enterprises or Enterprises Subject to Joint Control" as a balancing account, since the financial statements cannot be used for the recognition of entities under common control subject to jointly controlled entities.

Below are the amounts due to the merger of entities subject to joint control, which are included in the "Effect of Joint Ventures or Associations under Joint Control" account;

Corporate Name	Actual Cost	Acquired Equity Share Value	The Impact of Associations Including Enterprises or Enterprises Subject to Joint Control
ODAŞ Enerji	23.342.950	(729.287)	24.072.237
Hidro Enerji	150.490	51.398	99.092
Suda Stratejik Metal	70.000	20.616	49.384
Küçük Enerji	2.065.876	44.768	2.021.108
Yel Enerji	-	(96.256)	96.256
Anadolu Export	-	(2.753)	2.753
TOTAL	25.629.316	(711.514)	26.340.830

Other Equity

Other Equity details are as follows;

	December 31, 2017	December 31, 2016
Other Equity	21.868.966	21.868.966
TOTAL	21.868.966	21.868.966

The Suda Maden purchase is evaluated within the scope of IFRS 3 Business Combinations-standard. This process has been determined an acquisition rather than a business combination transaction. The total amount paid for the asset and the difference amount consists of the between assets and liabilities are calculated by taking the book values of the company's into account, the difference amount of TRY 21.868.966 is recognised at equities.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

31. REVENUE AND COST OF GOODS SOLD

Details of sales are given below:

Revenue:

	January 01 - December 31 2017	January 01 - December 31 2016
Domestic sales	620.469.104	520.035.547
<i>Free Consumer Electricity Sales</i>	<i>294.530.578</i>	<i>230.230.983</i>
<i>Electricity Sales income from TEİAŞ</i>	<i>198.981.361</i>	<i>209.673.404</i>
<i>Bilateral Agreements Electricity Sales</i>	<i>43.265.165</i>	<i>62.405.618</i>
<i>Sales to Group Companies</i>	<i>1.954.200</i>	<i>444.937</i>
<i>Solar Energy Sales</i>	<i>187.933</i>	<i>172.645</i>
<i>Distribution Companies Income from Natural Gas Sales</i>	<i>12.482.118</i>	<i>15.412.871</i>
<i>Income from Underground Sources Sales</i>	<i>64.580.967</i>	<i>1.416.589</i>
Other Incomes	4.486.781	278.500
Overseas Sales	15.525.465	812.089
<i>Electricity Sales Abroad</i>	<i>3.107.905</i>	<i>-</i>
<i>Overseas Underground Sources Sales</i>	<i>12.417.560</i>	<i>812.089</i>
<i>Sales returns [-]</i>	<i>[21.464.641]</i>	<i>[3.426.585]</i>
TOTAL	614.529.929	517.421.052

The details of electricity sales from natural gas power plant are shown below:

	January 01 - December 31 2017	January 01 - December 31 2016
Domestic sales	189.871.593	196.406.221
<i>Electricity Sales income from TEİAŞ</i>	<i>156.613.631</i>	<i>173.918.116</i>
<i>Bilateral Agreements Electricity Sales</i>	<i>32.857.138</i>	<i>21.870.523</i>
<i>Sales to Group Companies</i>	<i>212.892</i>	<i>444.937</i>
<i>Solar Energy Sales</i>	<i>187.933</i>	<i>172.645</i>
<i>Other Income</i>	<i>1.148.232</i>	<i>-</i>
Sales returns	-	[774.998]
TOTAL	191.019.825	195.631.223

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

31. REVENUE AND COST OF GOODS SOLD (Continued)

The details of electricity sales from wholesale activity are shown below:

	January 01 - December 31 2017	January 01 - December 31 2016
Domestic sales	340.633.959	294.584.049
<i>Free Consumer Electricity Sales</i>	294.530.578	230.230.983
<i>Electricity Sales income from TEİAŞ</i>	33.954.045	23.817.970
<i>Bilateral Agreements Electricity Sales</i>	10.408.028	40.535.096
Export Sales	3.107.905	-
<i>Export Electricity Sales</i>	3.107.905	-
<i>Group Company Sales Revenues</i>	1.741.308	-
Sales returns (-)	(6.757.642)	(558.911)
TOTAL	336.984.222	294.025.139

The details of natural gas sales from wholesale activity are shown below:

	January 01 - December 31 2017	January 01 - December 31 2016
Domestic sales	12.482.118	15.412.871
<i>Income from Natural Gas Sales</i>	12.482.118	15.412.871
<i>Sales Returns</i>	(207.572)	(1.995.136)
TOTAL	12.274.546	13.417.735

The details of electricity sales from Hydroelectric Power Plant activity are shown below:

	January 01 - December 31 2017	January 01 - December 31 2016
Domestic sales	8.413.685	11.937.318
<i>Teiaş/Epiaş Electricity Sales Income</i>	8.413.685	11.937.318
TOTAL	8.413.685	11.937.318

The details of sales from antimony sales activity are shown below:

	January 01 - December 31 2017	January 01 - December 31 2016
Domestic Sales	25.007.883	1.416.589
<i>Antimony Sales Income</i>	25.007.883	1.416.589
<i>Overseas Sales</i>	12.417.560	812.089
<i>Overseas Antimony Sales Income</i>	12.417.560	812.089
Other Income	2.966.011	-
<i>Sales Returns</i>	(14.406.496)	(97.541)
TOTAL	25.984.959	2.131.137

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

31. REVENUE AND COST OF GOODS SOLD (Continued)

The details of sales from coal sales activity are shown below:

	January 01 - December 31 2016	January 01 - December 31 2016
Export Sales	39.573.084	-
Coal Sales Revenues	39.573.084	-
Other Income	372.538	-
Repayment from Sales	(92.931)	-
TOTAL	39.852.691	-

Teiaş Electricity Sales; Market participant's sales made in market reconciled by PMUM (Market Financial Settlement Center) and sales arising from settlement center due to presence of the free market.

Free Consumer Electricity Sales; according to consumer limit is published by EMRA, sales made to all consumers within the definition of free consumer. (For example; While this limit is 4,500 kwh per year in 2014, it was taken 4,000 kwh per year in 2015)

Bilateral Agreements Electricity Sales; Physical or service sales to both wholesale companies or private manufacturing companies. Primary Frequency Control (PFC) contains service sales related with power plants liability in relevant legislations to transfer this liability to someone else.

Energy Imbalance; according to legislation, all imbalance receivables and payables are reconciled within responsible party when group companies are merged to create balance group. The responsible party for the balance distributes this amount of compensation to group members. Group imbalance items contains the amount of positive imbalance receivables, negative imbalance payables and zero balance payable/receivable.

List of the companies according to natural gas sales activity between January 1, - December 31, 2017 period are as follows:

Title	Ratio
Enerji Piyasaları İşletme Anonim Şirketi	79%
Limak Yatırım Enerji Üretim İşletme Hizmetleri Ve İnşaat AŞ.	4%
Türkiye Elektrik İletim AŞ-Yükve Tevzi Daire Baş	3%
Egemer Elektrik Üretim AŞ	3%
TOTAL	33.408.057

According to the top ten companies, electricity sales made from wholesale activities during the period from 01 January to 31 December 2017 are as follows:

Title	Ratio
Vodafone Telekomünikasyon AŞ	36%
Enerji Piyasaları İşletme AŞ	10%
İmbat Madencilik Enerji Turizm San. Ve Tic. AŞ	6%
Soma Kömür İşletmeleri AŞ - Işıklar	3%

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

31. REVENUE AND COST OF GOODS SOLD (Continued)

The details of sales from coal sales activity are shown below:

	January 01 - December 31 2017	January 01 - December 31 2016
Export Sales	39.573.084	-
Coal Sales Revenues	39.573.084	-
Other Income	372.538	-
Repayment from Sales	(92.931)	-
TOTAL	39.852.691	-

Teiaş Electricity Sales; Market participant's sales made in market reconciled by PMUM (Market Financial Settlement Center) and sales arising from settlement center due to presence of the free market.

Free Consumer Electricity Sales; according to consumer limit is published by EMRA, sales made to all consumers within the definition of free consumer. (For example; While this limit is 4,500 kwh per year in 2014, it was taken 4,000 kwh per year in 2015)

Bilateral Agreements Electricity Sales; Physical or service sales to both wholesale companies or private manufacturing companies. Primary Frequency Control (PFC) contains service sales related with power plants liability in relevant legislations to transfer this liability to someone else.

Energy Imbalance; according to legislation, all imbalance receivables and payables are reconciled within responsible party when group companies are merged to create balance group. The responsible party for the balance distributes this amount of compensation to group members. Group imbalance items contains the amount of positive imbalance receivables, negative imbalance payables and zero balance payable/receivable.

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Türkiye Elektrik İletim AŞ-Yükve Tevzi Daire Baş	3%
Egemer Elektrik Üretim AŞ	3%

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Title	Ratio
Vodafone Telekomünikasyon AŞ	36%
Enerji Piyasaları İşletme AŞ	10%
İmbat Madencilik Enerji Turizm San. Ve Tic. AŞ	6%
Soma Kömür İşletmeleri AŞ - Işıklar	3%

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

31. REVENUE AND COST OF GOODS SOLD (Continued)

Natural gas sales made from wholesale activities in the period of 01 January-31 December 2017 according to the companies are as follows:

Title	Ratio
Botaş-Boru Hatları İle Petrol Taşıma AŞ	27%
Cengiz Enerji San. Tic. AŞ	16%
Socar Turkey Petrokimya AŞ	9%
Global Maden Doğalgaz Petrol Ve Kimya San. Ve Tic. AŞ	9%
Naturgaz Doğalgaz İth.İhr.San.Ve Tic.AŞ	9%
Enerco Enerji Sanayi Ve Ticaret AŞ	8%
Angoragaz Doğalgaz Toptan Satış İth.İhr.San.Ve Tic.Aş.	6%
Doğal Enerji İthalat AŞ	5%

Sales of hydroelectric power plant sales from 01 January to 31 December 2017 according to the companies are as follows:

Title	Ratio
Enerji Piyasaları İşletme Anonim Şirketi	100%

The sales of the antimony sales activities in the period of 01 January-31 December 2017 according to the companies are as follows:

Title	Ratio
As Kar Makina İnşaat Taah Maden Danışmanlık Ltd Şti	12%
Trakya Cam Sanayi Aş. Mersin Fabrikası/36	11%
Cft 2000	9%
İnci Gs Yuasa Akü San. Ve Tic. Aş.	9%
Rjh Trading Limited	9%
Tisan Mühendislik Plastikleri San. Ve Tic. Ltd. Ş	6%
Sica Societe Industrielle Et Chimique De Iaisne	6%
Acar Akü Malz. San İç Ve Dış Tiz. Ltd. Ş	5%

The sales of the antimony export sales activities from January 01 to December 31, 2017 according to the companies are as follows:

Title	Ratio
Rjh Trading Limited	76%
Lanzxess Laurel Us Llc	11%
Derby Metals & Minerals Ltd.	8%
Societe Industrielle Et Chimique De Laisne Sica	5%

The sales of the coal sales activities in the period of 01 January-31 December 2017 according to the companies are as follows:

Title	Ratio
Kömür İşletmeleri AŞ	96%

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

31. REVENUE AND COST OF GOODS SOLD (Continued)

The cost details of the sales are as follows:

	January 01 - December 31 2017	January 01 - December 31 2016
Cost of goods sold (production)	191.958.001	152.414.445
Cost of goods sold (trade)	359.918.910	298.520.403
Other costs	15.000	225.000
TOTAL	551.891.911	451.159.848

32. CONSTRUCTION CONTRACTS

(None, December 31, 2016.)

33. GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

Marketing, sales and distribution expenses

The details of marketing, sales and distribution expenses for the periods 1 January - 31 December 2017 and 1 January - 31 December 2016 are as follows:

	January 01 - December 31 2017	January 01 - December 31 2016
Costs of Transport	4.478.585	-
Personnel expense	1.326.409	1.097.121
Car rent expense	187.121	149.336
Shipping expense	138.072	102.664
Annual license costs	90.750	66.249
Electricity sales commission expense	66.430	242.031
Fuel expense	64.291	62.971
Severance Pay Expense	44.162	-
Payment in Lieu of Notice Expense	41.969	-
Travel expenses	23.762	16.887
Communication Expense	13.950	24.884
Advertisement Expense	3.850	1.400
Tax expense	343	10.235
Other expenses	170.215	84.156
TOTAL	6.649.908	1.857.933

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

33. GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Continued)

General Administration Expenses

Details of general administration expenses according to their nature 1 January – 31 December 2017, and 1 January – 31 December 2016, periods are as below:

	January 01 - December 31 2017	January 01 - December 31 2016
Personnel expense	3.354.838	4.880.162
Amortization expense	1.933.543	988.862
Office rent expense	1.080.675	1.591.588
Consultancy expense	699.084	1.097.139
Tax expenses	565.185	329.673
Travel expenses	415.506	266.595
Provision for unused vacation	218.197	163.649
Dues contribution share	204.497	271.684
Representation and hospitality expenses	180.919	76.278
Shipping expense	179.039	58.453
Case Expense Provision	128.000	-
Declaration and Agreement Stamp Tax	105.941	118.931
Insurance expense	89.243	21.406
Notary expense	86.867	103.171
Fuel expense	50.429	78.695
Severance payment provisions	31.097	8.793
Other expenses	1.423.119	999.900
TOTAL	10.746.179	11.054.980

There is no Research and Development Expenses belong to date of 1 January-31 December 2016 and 1 January-31 December 2015.

34. OTHER OPERATIONAL INCOME AND EXPENSE

Other Operational Income

	January 01 - December 31 2017	January 01 - December 31 2016
Rediscount interest income	5.139.117	840.489
Exchange rate income	7.648.736	2.558.150
Prior Year Revenues and Profits	57.374	95.441
Other Income and Profits related to operations	1.652.716	935.854
Cancellation of provisions for doubtful receivables (Note:7)	-	233.536
Other Extraordinary Income	840.181	246.151
TOTAL	15.338.124	4.909.621

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

34. OTHER OPERATIONAL INCOME AND EXPENSE (Continued)

Other Operational Expense

	January 01 - December 31 2017	January 01 - December 31 2016
Exchange rate expense	4.514.346	3.462.323
Provision Expenses (Note:7)	9.195.601	543.130
Rediscount interest expense	651.641	1.272.628
Other Extraordinary Expenses and Losses	1.235.803	1.129.274
Prior Period Expenses and Losses	208.420	13.145
Other Ordinary Expenses and Losses	2.544.665	509.354
Idle Capacity Expenses and Losses (*)	519.609	830.030
TOTAL	18.870.084	7.759.884

(*) Depreciation charge for non-operating expenses and losses for the period 01.01.2017 - 31.12.2017 is TL 370.914.

35. EXPENDITURES AND REVENUES FROM INVESTING ACTIVITIES

Revenues from investment activities for the periods 1 January - 31 December 2017 and 1 January - 31 December 2016 are as follows;

	January 01 - December 31 2017	January 01 - December 31 2016
Investing Activity Revenue (*)	20.270	36.175
Investment Activity Expenses (**)	(2.811)	-
TOTAL	17.459	36.175

(*) Income arising from selling fixed assets in relevant period.

Dividend income of Electric Piyasaları İşletmeleri A.Ş. from the subsidiaries of the Company was obtained from the profit distribution of the year 2016 on 18.05.2017 amounting to TL 17.033.

(**) Expenses related to fixed asset sales performed in the related period.

36. EXPENSES CLASSIFIED BY PRINCIPLE TYPES

The breakdown of the Group's classified expenses basis is as follows

Amortization Expenses	January 01 - December 31 2017	January 01 - December 31 2016
Cost of sales	5.735.084	5.684.502
General administration expenses	1.933.543	988.862
Idle Capacity Expenses and Losses	370.914	565.274
Transferred to Product Cost (*)	1.107.165	77.461
TOTAL	18.870.084	7.759.884

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

36. EXPENSES CLASSIFIED BY PRINCIPLE TYPES (Continued)

(*) Depreciation expense amounting to TL 162.712, which is transferred to the cost of Mineral Antimony on Suda Maden but not transferred to the cost of sales, and there is depreciation amounting to TL 94.579 which is transferred to the cost of coal on YS Maden but is not transferred to the cost of sales.

Personnel expenses	January 01 - December 31 2017	January 01 - December 31 2016
Cost of sales	3.713.638	3.333.827
General operating expenses	3.354.838	4.880.162
Marketing, sales and distribution expenses	1.326.409	1.097.121
TOTAL	8.394.885	9.311.111

Insurance expenses	January 01 - December 31 2017	January 01 - December 31 2016
Cost of sales	1.152.621	1.191.564
General administration expenses	89.243	21.406
TOTAL	1.241.864	1.212.971

Consultancy expenses	January 01 - December 31 2017	January 01 - December 31 2016
Marketing, sales and distribution expenses	8.346	-
General administration expenses	699.084	1.097.139
TOTAL	707.430	1.097.139

37. FINANCIAL EXPENSE AND INCOME

Financial Income

	January 01 - December 31 2017	January 01 - December 31 2016
Interest income	29.687.113	17.949.984
Rediscount interest income	8.456.449	7.258.919
Marketable Securities Sales Revenue	3.167.497	9.192
Foreign exchange profits	30.196.216	10.796.214
TOTAL	15.338.124	4.909.621

Financial Expenses

	January 01 - December 31 2017	January 01 - December 31 2016
Loss on sale of marketable securities	71.244	3.879
Foreign exchange losses	109.219.967	53.570.540
Interest and commission expense	61.573.311	38.592.925
Rediscount Interest Expense	5.712.455	6.638.731
TOTAL	176.576.976	98.806.075

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

38. ANALYSIS OF OTHER COMPREHENSIVE INCOME

The Group's other comprehensive income / (expense) breakdown as of 31 December 2017 and 31 December 2016 is as follows:

Not reclassified on gain/(loss)	January 01 - December 31 2017	January 01 - December 31 2016
Actuarial gains/(loss) (Note:27)	(12.061)	(47.581)
Deferred tax revenue/(expense) (Note:40)	2.653	9.516
TOTAL	(9.408)	(38.065)

39. FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The share transfer agreement with FERRIT S.R.O (Czech Republic) regarding the sale of all of the shares of Ena Elektrik Üretim Ltd.Şti which is included in the group portfolio and which has an 80% share included in the consolidation was signed on 29 June 2015. The transfer of shares has not yet taken place and will take place after the licensing transactions with EPDK. As of 30.06.2015, Ena Elektrik has been classified as assets held for sale in the Consolidated Financial Statements. As of 31.12.2017, the net asset value of Ena Elektrik is 738.243 TL. (31.12.2016: 664.533 TL)

The sale transaction is accounted for as a discontinued operation in accordance with TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and the net profit / loss after the operations of Ena Elektrik Üretim Ltd.Şti on 31.12.2017 about 01 January- 31 December 2017 profit or loss in the consolidated and income from discontinued operations in the other comprehensive income statement.

The comparative income statement of Ena Elektrik Üretim Ltd.Şti is as follows

	January 01 - December 31 2017	January 01 - December 31 2016
Incomes	314.330	57.066
Expenses (-)	(204.755)	(49.450)
Period income before tax	109.575	7.616
Tax (-)	(35.865)	(5.752)
Period Net Profit/Loss	73.710	1.864

40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Tax income / expenses in the income statement for the period between 01 January - 31 December 2017 and 01 January - 31 December 2016 are summarized below:

	January 01 - December 31 2017	January 01 - December 31 2016
Tax expense for the period	(623.379)	(25.398)
Deferred tax income/ expense	187.996.920	1.558.757
Deferred tax reflected in equity (*)	2.653	9.516
Deferred Tax Income /Liability	187.376.194	1.542.875

(*)TAS 19 Employee benefits changes made to the standard actuarial gains / losses is the amount of deferred tax on the amount.(Note:38)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Current Tax

Corporate tax rate is 20% in Turkey. This rate can be applied to the amount after addition of expenses which are not accepted to discount according to Turkish law to company's operating income and deduction of exceptions in tax law like subsidiary income and discounts like investment discount from company's operating income.

As of December 31, 2003, there was an act which predicted to change in Tax Procedure Law, Income Tax Law and Corporate Tax Law ("Act numbered as 5024"), it predicts that income and corporate taxpayer, who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment starting after January 1, 2004. These taxpayers also have to make inflation adjustment for their financial statements at December 31, 2003. It is an obligation that taxpayers, who have to make inflation adjustment according to the general declaration published by Ministry of Finance as of February 28, 2004, have to make adjustments in their statement of financial position after January 1, 2004 if there is the case which obligates adjustment.

Company will calculate tax amount for the period according to declaration numbered 338 if there are conditions (such as increase in price index in last 12 periods at 100% and 10% for current period) needs for adjustments in the direction of 5024 numbered Law and mentioned declarations.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before July 22nd, 2006). Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Companies calculate pre-paid corporate tax at 20% on their profit for each 3 months and they declare that amount at fourteenth day of second month in following period and they pay it till evening of seventeenth day of same month. Pre-paid taxes which are paid in the year belong to same year and it will be deducted from corporate tax amount which is calculated according to corporate tax declaration for the following year. Pre-paid corporate tax remained after deduction can be deducted from any financial payables to government.

20% corporate tax rate stated in the first paragraph of Article 32 of the Corporate Tax Law no. 5520 shall be applied as 22% for corporate profits of taxation periods of 2018, 2019 and 2020 with provisional article added with Law No. 7061 "Amendments to Certain Tax Laws and Some Other Laws" accepted on 28 November 2017.

Current period tax assets:

As at 31 December 2017 and 31 December 2016, the details of current period tax assets are as follows:

	December 31, 2017	December 31, 2016
Prepaid taxes and funds (*)	-	201.008
TOTAL	-	201.008

(*) Current period tax assets is a tax assets related to group that has no corporate tax base in relevant years but has prepaid advance tax and stoppage in year or to companies that have prepaid advance tax and stoppage more than corporate tax base.

Current period tax expense:

As of December 31, 2017 and December 31, 2016, the calculation of the income tax liability and the details are as follows

	December 31, 2017	December 31, 2016
Profit/loss before tax	21.674.362	121.746
Non-deductible expenses	715.177	5.243
To be offset prior year losses	6.805.065	-
Corporate tax base	15.584.474	126.988
Tax Expense For The Period (*)	623.379	25.398

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

(*) Regarding 2016 period tax expenses in the amount of 25.398 TRY consist of group's subsidiaries of ODAŞ Doğalgaz tax expense regarding 2016 year.

For the period ended 31 December 2017, TL 490.110 is the amount of tax deduction of Suda Maden and TL 133.269 TL is YS Maden's tax deduction which are subsidiaries of the Group. The rate of tax is 4% due to Suda Maden and YS Maden Investment Discount. The other parent company, ODAŞ and its subsidiaries, did not incur tax losses due to the existence of deductible past year losses and the offsetting of the tax base with the previous year losses.

Deferred Tax

Company calculates deferred tax assets and liabilities with recorded values in statement of financial position items by considering difference effects which occurs as a result of evaluation for values in statement of financial position items and Tax Procedure Law.

20% tax rate stated in the first paragraph of Article 32 of the Corporate Tax Law no. 5520 shall be applied as 22% for corporate profits of taxation periods of 2018, 2019 and 2020 with provisional article added with Law No. 7061 "Amendments to Certain Tax Laws and Some Other Laws" accepted on 28 November 2017. But 20% tax rate stated in the first paragraph of Article 32 of the Corporate Tax Law no. 5520 shall be applied as 22% for corporate profits of taxation periods of 2018, 2019 and 2020 with provisional article added with Law No. 7061 "Amendments to Certain Tax Laws and Some Other Laws" accepted on 28 November 2017.

Turkish tax legislation makes possible that the main partner of company can organize tax statement via financial statement of its consolidated subsidiaries and affiliates. Therefore, with company has deferred tax assets and company has deferred liabilities are not net off their tax position. It is stated separately.

The deferred assets and deferred tax liabilities in the consolidated financial statements are reflected as of December 31, 2017 - December 31, 2016 in the following manner:

	31.12.2017	31.12.2016
Deferred Tax Assets	192.906.503	7.621.404
Deferred Tax Liabilities	(13.444.405)	(16.159.081)
TOTAL	179.462.098	(8.537.677)

The breakdown of cumulative temporary differences and the resulting deferred tax assets / (liabilities) provided at 31 December 2017 and 31 December 2016 using the enacted tax rates is as follows:

Deferred Tax Assets / (Liabilities)	Accumulated Temporary Differences		Tax Rate		Deferred Tax Assets / (Liabilities)	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Accrued Financial Losses	63.632.619	21.901.420	22%	20%	63.632.619	21.901.420
Fixed Assets	81.385.763	(82.379.836)	22%	20%	81.385.763	(82.379.836)
Fixed Assets	(121.066.255)		20%		(121.066.255)	
Severance Indemnities and Provisions	847.956	503.251	22%	20%	847.956	503.251
Rediscount	(7.079.546)	151.166	22%	20%	(7.079.546)	151.166
Doubtful Receivables	550.298	422.298	22%	20%	550.298	422.298
Establishment and Formation Expenses	3.949	10.505	22%	20%	3.949	10.505
Provisions for Other Payables and Expenses	(1.724.108)	1.568.175	22%	20%	(1.724.108)	1.568.175
Reduced Corporate						
Tax Deduction from Cash Capital Increase	-	-	-	-	-	-
TOTAL	16.550.675	(57.823.021)	-	-	179.462.097	(8.537.677)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

As of 31 December 2017 and 31 December 2016, the deferred tax movements of ODAŞ and its Subsidiaries are as follows:

ODAŞ Deferred Tax Assets / Liabilities	31.12.2017	31.12.2016
Opening balance	(15.948.173)	(10.902.532)
Current year deferred tax gain/(expense)	2.850.396	(5.048.842)
Deferred tax reflected in shareholders' equity	403	3.201
Deferred Tax Assets / (Liabilities)	(13.097.375)	(15.948.173)
Subsidiaries Deferred Tax Assets / Liabilities	31.12.2017	31.12.2016
Balance from the previous period, the deferred tax	7.410.496	796.582
Subsidiary removed from consolidation transferee deferred tax	200	-
Purchased Company prior period deferred tax	-	-
Current year deferred tax income / (expense)	185.146.523	6.607.700
Deferred tax in equity	2.252	6.214
Deferred Tax Assets / (Liabilities)	192.559.472	7.410.496

Balances related to subsidiaries' deferred tax assets and liabilities as of December 31, 2017, and December 31, 2016 is as below:

Subsidiaries Deferred Tax Assets	31.12.2017	31.12.2016
ODAŞ Enerji Elektrik Perakende Satış AŞ	9.245.095	503.518
Küçük Enerji İnşaat Ltd. Ş	-	958.455
Çan Kömür ve İnşaat AŞ	145.882.937	5.724.493
YS Madencilik San. Tic. Ltd. Ş	32.718.802	-
ODAŞ Doğalgaz Toptan Sat. San. ve Tic. AŞ	-	-
Suda Maden AŞ	5.059.668	434.937
Deferred Tax Assets	192.906.503	7.621.404
Subsidiaries Deferred Tax Liabilities	31.12.2017	31.12.2016
Ağrı Elektrik Üretim Sanayi Ticaret AŞ	(22.017)	(4.462)
Hidro Enerji Elektrik Üretim Sanayi AŞ	(8.017)	(3.981)
Anadolu Export Maden Sanayi ve Ticaret AŞ	(140.854)	(36.891)
Yel Enerji Elektrik Üretim Sanayi AŞ	(81.038)	(68.989)
YS Madencilik San. Tic. Ltd. Ş	-	(4.383)
3Y Proje Geliştirme Yatırım Sanayi ve Ticaret AŞ	-	(200)
CR Proje Geliştirme Yatırım Sanayi ve Ticaret AŞ	(153)	-
ODAŞ Doğalgaz Toptan Sat. San. ve Tic. AŞ	(6.723)	(92.002)
Küçük Enerji İnşaat Ltd. Ş	(88.230)	-
Deferred Tax Liabilities	(347.031)	(210.908)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

The distribution of accumulated financial losses and amortization period by years as of December 31, 2017, and December 31, 2016, is like below;

Amortization Date	December 31, 2017		December 31, 2016	
	Recorded Part	Unrecorded Part	Recorded Part	Unrecorded Part
2017	-	-	-	177.412
2018	352.151	41.488	180.196	279.721
2019	11.754.762	59.920	3.396.185	11.901.652
2020	6.778.141	178.653	10.202.676	442.836
2021	17.907.717	325.439	8.122.363	3.348.704
2022	26.839.847	317.346	-	-

Subsidiaries have deductible tax losses that can be net off from taxable income for the next period (oncoming 5 years) as of balance sheet date, is shown above table. Deferred tax assets consisting of tax losses which was predicted to be unusable losses is not recorded.

ODAŞ Enerji Perakende Satış Dış Tic. A.Ş., one of the subsidiaries has deductible losses, only expects profit in 2018 and 2019. In the projections, 40.458.409 TRY usable financial loss is recorded as tax assets. The subsidiary has 999.885 TRY financial loss transferred from 2013 and will be ended in 2018, 11.754.761,60 TRY financial loss transferred from 2014 and will be ended in 2019 and 8.173.385,64 TRY financial loss transferred from 2016 and will be ended in 2021. There is a financial loss of 20.205.844 TL which is transferred from 2017 and will be consumed in 2022.

In the projections of Küçük Enerji which has useable financial loss expects profit in 2018, the amount of 6.357.131 TRY useable financial loss is recorded as tax assets. The subsidiary has 559.930 TRY financial loss transferred from 2015 and will be ended in 2020 and 5.020.024,97 TRY financial loss transferred from 2016 and will be ended in 2021, there is a financial loss amounting to TL 777.177 to be transferred from 2017 and to be consumed in 2022. (The Institution benefited from the Corporate Tax Basis for the year 2015 and 559.030 TRY, which is 50% of the tax loss amounting to 1.119.859 TRY, was taken into consideration.)

In the projections of main partner ODAŞ Elektrik Üretim A.Ş. which has usable financial loss expects profit in 2018, the amount of 16.817.080 TRY usable financial loss is recorded as tax assets. The parent company has 6.218.211 TRY financial loss transferred from 2015 and will be ended in 2020 and 4.742.042 TRY financial loss transferred from 2016 and will be ended in 2022. (The Institution benefited from the Corporate Tax Basis for the year 2015 and 6.218.211 TRY, which is 50% of the tax loss amounting to 12.546.611 TRY, was taken into consideration.)

Other possible financial losses are not recorded as deferred tax assets because the subsidiaries with other available tax losses are in the investment phase, the energy prices are not foreseen for a long time and the excess volatility is not shown.

Besides, the subsidiary of Çan Kömür has useable reduced corporate tax related investment incentive certificate which details are given "23. Government Incentives".

The investment of Çan Kömür is on stage II but because investment involves primary investment subjects according to fifth article of special conditions of investment incentive certificate, it will take advantage from 5. Zone support. Accordingly, the investment contribution rate is 40% and Reduced Corporate Tax is 80%. This means, company can benefit the amount of 64.822.544 TRY (40% of total investment which is 340.000.000*40%) reduced corporate tax related investment gain. If used as an advance, the investment will be available up to 80% of the total amount until the investment is over.

The investment in thermal power plant will commence in 2018 and the company anticipates that the tax base will be available in 2018 and profit from the discounted corporate tax will be used in profit / loss projections. The amount of investment contribution that can be used for this reason is reflected in the financial statements as a tax asset.

Investment in YS Mining IV. It is located in the district. The amount of contributions invested rate is 40% and the Discounted Institution Tax rate is 80%. This means that 40% of the total investment amount, 227.050.000 * 40% = 90.820.000 TRY, can be utilized by the application of the discounted corporation tax on the income obtained from the investment. If used as an advance, the investment will be available up to 80% of the total amount until the investment is over.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Investment of YS Mining is at fourth zone. It is located in the district. The amount of contributions invested rate is 40% and the Discounted Institution Tax rate is 80%. This means that 40% of the total investment amount $14.500.000 * 40\% = 5.800.000$ TRY, can be utilized by the application of the discounted corporation tax on the income obtained from the investment. If used as an advance, the investment will be available up to 80% of the total amount until the investment is over.

As of December 31, 2017 related to investment tax credit, movement tables;

Çan Kömür	
Period	2017
Investment Amount	340.000.000
Ratio of Contributions Invested	40%
Total Amount of Contributions Invested	136.000.000
Taxable Profit	-
Corporation Income Tax	-
Paid Tax	-
Beneficial Contribution	-
Remaining Amount of Contribution	136.000.000
YS Madencilik	
Period	2017
Investment Amount	227.050.000
Ratio of Contributions Invested	40%
Total Amount of Contributions Invested	90.820.000
Taxable Profit	3.331.721
Corporation Income Tax	666.344
Paid Tax	133.269
Beneficial Contribution	533.075
Remaining Amount of Contribution	90.286.925
Suda Maden	
Period	2017
Investment Amount	14.500.000
Ratio of Contributions Invested	40%
Total Amount of Contributions Invested	5.800.000
Taxable Profit	11.762.642
Corporation Income Tax	2.352.528
Paid Tax	470.506
Beneficial Contribution	1.882.023
Remaining Amount of Contribution	3.917.977

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

In addition, Çan Kömür received a capital increase decision on July 24, 2015 and paid 19.315.160 TRY in cash portion of the capital increase. Article 8 of the "Law on the Amendment of Certain Laws and Decrees on the Decree Law" published in the Official Gazette dated April 7, 2015 and the Article added to the Article 10 entitled "Other Discounts" Tax deduction from the Institutional Tax has been introduced. Accordingly, the corporation has transferred the tax deduction amounting to 2.471.375 TRY for the years 2015,2016 and 2017 but not for the profit, as the tax base does not exist and reflected it as tax assets to its records.

ODAŞ Enerji made decision for capital increase in cash on 29.02.2016 and paid capital payment for 24.000.000 TRY. Accordingly, the corporation has transferred the tax deduction amount of 2.047.200 TRY for the 2016 and 2017 but not for the reason that there is no gain, since the tax base does not exist and reflected it as tax assets to its records.

41. EARNING PER SHARE

	January 01 - December 31 2017	January 01 - December 31 2016
Net profit /(loss)	99.745.059	(9.429.342)
Weighted average number of ordinary share	135.750.000	135.750.000
Profit/(loss) per share with nominal value of 1 TRY	0,734770	(0,069461)

As bonus share certificate was given by giving bonus share capital increase performed on 21.04.2017, the number of shares were regarded as of the beginning of the transaction period and in the previous year these shares were calculated assuming that they were in circulation.

42. SHARE-BASED PAYMENT

None. (None, December 31, 2016.)

43. INSURANCE CONTRACTS

None. (None, December 31, 2016.)

44. THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATE

None. (None, December 31, 2016.)

45. FINANCIAL REPORTING IN HYPERINFLATION ECONOMIES

Prepared financial tables before the period of January 01,2005, in order to show change of purchasing power of TRY, inflations adjustments were made using general wholesale price index under TAS 29. In this standard, financial tables prepared with currency on the high inflation periods, conditioning using adjustment coefficient, financial statements of Money expressed in terms of current purchasing power is predicted.

CMC took a decision on March 17,2005, with this decision, companies who operate in Turkey and prepare financial table in accordance with accounting and reporting principles which are adopted by CMC (CMC Financial Reporting Standard) proclaimed unnecessary application of inflation accounting as of 01.01.2005. Therefore, conditioning with started on 01.01.2005, Financial Reporting on the high inflation economies standard (TAS 29) that is published by IASC, were not applied.

46. DERIVATIVE INSTRUMENTS

None. (None, December 31, 2016.)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31, 2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

47. FINANCIAL INSTRUMENTS

Short-Term Financial Liabilities

	December 31, 2017	December 31, 2016
Bank loans	143.400.291	84.404.442
Financial leasing liabilities	4.122.568	1.662.434
Deferred financial leasing costs (-)	(442.878)	(127.002)
Installments of principal and interest of loans	121.153.489	69.232.771
Current Installments of Long-term Bonds	7.325.724	-
Short-Term Financial Liabilities - Net	275.559.194	155.172.646

Long-Term Financial Liabilities

	December 31, 2017	December 31, 2016
Bank loans	773.636.432	470.698.380
Financial leasing liabilities	8.328.177	2.858.405
Deferred financial leasing costs (-)	(446.460)	(208.432)
Current Installments of Long-term Bonds	43.432.316	-
Long-Term Financial Liabilities - Net	824.950.465	473.348.353

(*)Financial leasing liabilities: Renters and that those who lease term debt not exceeding one year are followed.

(**)Deferred financial leasing costs (-): Financial leasing liabilities at the date of lease rental payments on the leased asset represents the difference between the present value of lease borrow.

Cycle power plant used in the lease is made for motors and transformers.

As of December 31, 2017 redemption schedule of long-term loan liabilities are as follows:

Long-Term Loans Liabilities	December 31, 2017
2019	221.893.751
2020	192.450.639
2021	144.263.653
2022	114.798.930
2023	100.229.458
TOTAL	773.636.432

Long-Term Loans Liabilities	31 Aralık 2017
1-2 Years	221.893.751
2-3 Years	192.450.639
3-4 Years	144.263.653
4-5 Years	114.798.930
5 Years and over	100.229.458
TOTAL	773.636.432

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

47. FINANCIAL INSTRUMENTS (Continued)

As of December 31, 2016 redemption schedule of long-term loan liabilities are as follows:

Long-Term Loans Liabilities	December 31, 2016
2018	116.642.671
2019	105.233.632
2020	94.847.519
2021	73.710.511
2022	55.084.931
2023	25.179.117
TOTAL	470.698.380

As of December 31, 2017 redemption schedule of long-term finance lease liabilities is as follows:

Payment Year	Financial Leasing Liabilities	Deferred Financial Leasing Costs
2019	4.230.457	316.033
2020	3.413.765	120.445
2021	683.955	9.983
TOTAL	8.328.177	446.460

Other Financial Liabilities	December 31, 2017	December 31, 2016
Other financial liabilities (*)	72.349.563	10.034.044
TOTAL	72.349.563	10.034.044

(*) The amount of TRY 23.839 consists of borrowings related to the expenditures made with credit cards owned by the company and the amount of TRY 65.000.000 consists of factoring liabilities.And amount of TRY 7.325.724 consists of bond debts.

Short Term Issued Bonds

	December 31, 2017	December 31, 2016
Current Installments of Long-term Issued Bonds	7.325.724	-
TOTAL	7.325.724	-

Long-Term Issued Bonds

	December 31, 2017	December 31, 2016
Current Installments of Long-term Issued Bonds	43.432.316	-
TOTAL	43.432.316	-

The debt instrument about capital outflow just planned to be sales for qualified investors in Turkish Lira, domestic, without offering to public, has been approved in the bulletin of Capital Markets Board dated November 11, 2016 and numbered 2016/30.

Within this scope, the first stage bond issue with a nominal value of 50,000,000 TRY, 728 728 day maturity, 3-month coupon payment and variable interest, to be sold to qualified investors without being offered to the public, was realized as of 27.02.2017.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

47. FINANCIAL INSTRUMENTS (Continued)

The maturity of the Group's loans and interest amounts are as follows:

	Annual Interest Rate %		Exchange Value		TRY		
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	
TRY Loans	13-16%	11-15%	143.400.291	-	143.400.291	84.404.442	
Short-term Loans			143.400.291	-	143.400.291	84.404.442	
EURO Loans	5%-6%	6%-9%	20.720.936	18.274.953	93.565.387	61.418.463	
USD Loans	5,5 - 6,5%	6%-9%	2.131.683	2.608.334	8.040.496	7.814.308	
TRY Loans	13-16%	-	19.547.607	-	19.547.607	-	
Short-term payments and interests of loans					121.153.489	69.232.771	
Total short-term loans			143.400.291	-	264.553.780	153.637.213	
EURO Loans	5%-6%	6%-9%	162.715.125	131.493.433	734.740.148	441.923.131	
USD Loans	5,5 - 6,5%	6%-9%	6.699.403	9.604.877	25.269.480	28.775.251	
TRY Loans	13-16%	-	-	-	13.626.804	-	
long-term loans					-	773.636.432	470.698.380

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital Risk Management

While group tries to ensure the continuity of its activities , on the other hand, aims to increase its profitability by using the optimization of the debt and equity balance.

The capital structure of the group consist of; borrowings includes financial payables stated at note:47, cash and cash equivalents stated at note:53 and equity instruments contain prepaid capital, capital reserves, profit reserves and retained earnings.

The risks associated with each class of capital with the capital cost are evaluated by senior management. The management aims to balance structure of capital via obtain new payable or repayment of existing debt or dividend payments, issued new shares based on its evaluation.

Group used long-term USD and EURO loan for investments. Group is trying to minimize short-term loan liability by equivalent debt structure to holding period of existing investment. Regarding used EURO and USD loan if it is used as TRY , the risks are recorded as stated note:37.

Group analyses equity according to leverage ratio which is consistent with other companies. Aforesaid ratio is calculated by dividing net debt to total equity. Net debt (the current and non-current loan as shown in the balance sheet) is obtained by subtracting cash and cash equivalents from total loans.

Group management aims to reach a higher level profit and equity in order to manage existing debts.

Group's current period capital risk management strategy does not differ compared to previous periods .

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Financial Risk Factors

Group is exposed to market risk (exchange rate risk, fair value interest rate risk, cash flow interest rate risk and price risk) credit risk and liquidity risk due to its operations. The Group's overall risk management program focus on the minimize the impact of uncertainty in financial markets on group's potential financial performance.

b.1) Credit risk

The risk of financial loss to group due to default of agreement of one of the parties is defined as credit risk. The Group has operations only dealing with creditworthy counterparties and try to reduce the risk of credit by obtaining sufficient collateral where possible. Credit risk and customers credit ratings that group exposure to them are continuously monitored.

Credit evaluations are performed continuously over the balance of customers' trade receivables.

Credit risk exposure as types of financial instruments are shown in the table below.

31.12.2017	Receivables						Bank Deposits	Derivatives	Other	
	Trade Receivables		Trade Receivables		Bank Deposits	Derivatives				Other
	Related Parties	Other Parties	Related Parties	Other Parties						
As at reporting date maximum amount of credit risk exposed (A+B+C+D+E) *	-	88.421.279	10.380.843	2.411.995	123.894.152	22.805.174	71.768.216			
- Maximum amount of risk exposed	-	-	-	596.018	-	-	-			
Part of the risk covered by guarantees	-	-	-	-	-	-	-			
A. Net value of financial assets neither due nor impaired	-	59.485.340	10.380.843	1.798.126	123.894.152	22.805.174	71.768.216			
B. Conditions renegotiated, otherwise to be classified as past due or impaired	-	-	-	-	-	-	-			
C. Past due but not impaired	-	28.935.939	-	17.851	-	-	-			
D. Net book value of Impaired assets	-	845.665	-	-	-	-	-			
- Past due (gross book value)	-	(845.665)	-	-	-	-	-			
- Impairment (-)	-	-	-	-	-	-	-			
- Part covered by guarantess	-	-	-	-	-	-	-			
- Undue (gross book value)	-	-	-	-	-	-	-			
- Impairment (-)	-	-	-	-	-	-	-			
- Part covered by guarantess	-	-	-	-	-	-	-			
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-			

* In determining the amount, the increase in credit reliability such as guarantees received are not taken into account.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Aging of assets that is overdue but is not impairment as follows:

31.12.2017	Receivables				Bank Deposits	Derivatives	Other
	Trade Receivables		Trade Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Overdue 1-30 days	-	14.163.622	-	8.205	-	-	-
Overdue 1-3 months	-	7.427.878	-	-	-	-	-
Overdue 3-12 months	-	7.427.878	-	9.646	-	-	-
Overdue 1-5 years	-	-	-	-	-	-	-
Overdue above 5 years	-	-	-	-	-	-	-
Part covered by guarantess	-	-	-	-	-	-	-
TOTAL	-	28.935.939	-	17.851	-	-	-

31.12.2016	Receivables				Bank Deposits	Derivatives	Other
	Trade Receivables		Trade Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
As at reporting date maximum amount of credit risk exposed (A+B+C+D+E) *	-	50.191.425	8.317.046	1.682.047	107.433.857	-	71.768.216
- Maximum amount of risk exposed Part of the risk covered by guarantess	-	-	-	614.743	-	-	-
A. Net value of financial assets neither due nor impaired	-	31.121.541	8.317.046	1.028.886	107.433.857	-	71.768.216
B. Conditions renegotiated, otherwise to be classified as past due or impaired	-	-	-	-	-	-	-
C. Past due but not impaired	-	19.069.884	-	38.418	-	-	-
D. Net book value of Impaired assets	-	845.665	-	-	-	-	-
Past due (gross book value)	-	(845.665)	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
E. Off-balance sheet items including credit risk	-	-	-	-	-	-	-

* In determining the amount, the increase in credit reliability such as guarantess received are not taken into account.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Aging of assets that is overdue but is not impairment as follows;

31.12.2016	Receivables						
	Trade Receivables		Trade Receivables		Bank Deposits	Derivatives	Other
	Related Parties	Third Parties	Related Parties	Third Parties			
Overdue 1-30 days	-	8.083.857	-	-	-	-	-
Overdue 1-3 months	-	4.718.167	-	-	-	-	-
Overdue 3-12 months	-	6.267.860	-	4.848	-	-	-
Overdue 1-5 years	-	-	-	33.570	-	-	-
Overdue above 5 years	-	-	-	-	-	-	-
Part covered by guarantess	-	-	-	-	-	-	-
TOTAL	-	19.069.884	-	38.418	-	-	-

Risk control for customers are not secured by collateral, financial position for the customers, past experience and other factors, taking into account, individual limits are determined results from customer credit quality of the evaluation and the use of credit limit is regularly monitored.

The details of credit quality for receivables that is not due, is not subject to impairment and conditions have been met again.

	31.12.2017	31.12.2016
Group 1	36.762.355	1.396.413
Group 2	31.640.194	29.235.416
Group 3	9.222.414	30.721.521
TOTAL	77.624.962	61.353.349

Group 1 – New customers (less than 3 months).

Group 2 – Existing customers have no default in the previous years (customer exist more than 3 months).

Group 3 – Existing customers have default in the previous years but collection is done although delayed.

b.2) Liquidity Risk

Main responsibility relevant with liquidity risk management belongs to Board of Directors. The board short of the Group management has built an appropriate liquidity risk management for medium and long term funding and liquidity requirements. The Group manages liquidity risk by following forecast and actual cash flows regularly and ensuring the continuation of adequate of funds and reserves by matching the maturity profiles of financial assets and liabilities.

In this context, taken care to compitable maturity of receivables and payables, net working capital management objectives are being put in order to protect short-term liquidity and kept at a certain level of balance sheet ratios.

Medium and long- term liquidity management is done according to the group's cash flow projections based on the dynamics of financial markets and industry, cash flow cycle is monitored and tested according to various scenarios.

The following table shows the maturity of the Group's derivative financial liabilities. Non-derivative financial liabilities are required to be paid at the earliest date and is based on an undiscounted. Payable interest over aforesaid liabilities included in the table below. The amounts when receivables or payables are not constant is determined by using interest rate acquired reporting date yield curve.

Liquidity risk table regarding derivate and non-derivate financial liabilities is presented below.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

31.12.2017

Terms according to agreement	Book Value	Total of cash outflows according to agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 Years (IV)
Non-derivate financial Liabilities	1.223.178.072	1.239.635.288	82.497.098	334.172.005	822.966.185	-
Bank loans	1.072.491.034	1.088.948.252	23.215.521	248.663.983	817.068.748	-
Financial leasing liabilities	11.561.407	11.561.407	1.296.869	4.367.101	5.897.437	-
Trade payables	138.778.081	138.778.081	57.969.290	80.808.789	-	-
Other payables	347.550	347.550	15.418	332.132	-	-

Terms according to agreement	Book Value	Total of cash outflows according to agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 Years (IV)
Derivate financial Liabilities (Net)	-	-	-	-	-	-
Derivate cash inflows	-	-	-	-	-	-
Derivate cash outflows	-	-	-	-	-	-

31.12.2016

Terms according to agreement	Book Value	Total of cash outflows according to agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 Years (IV)
Non-derivate financial Liabilities	731.385.169	773.867.034	77.503.397	165.493.820	429.835.863	101.033.953
Bank loans	634.458.902	676.940.777	14.867.896	134.062.503	426.976.424	101.033.953
Financial leasing liabilities	4.599.217	4.599.217	909.594	831.217	2.858.398	-
Trade payables	92.029.016	92.029.016	61.641.230	30.387.784	-	-
Other payables	298.034	298.034	84.676	212.316	1.042	-

Terms according to agreement	Book Value	Total of cash outflows according to agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 Years (IV)
Derivate financial Liabilities (Net)	-	-	-	-	-	-
Derivate cash inflows	-	-	-	-	-	-
Derivate cash outflows	-	-	-	-	-	-

b.3) Market Risk

Market risk is the risk of fluctuations of fair value of financial liabilities due to changes occurring in market prices or future cash flows will adversely affect the business.

These, foreign currency risk, interest rate risk and financial instruments or commodity price changes risk.

In the current year, there is no change on market risk that group exposed or methods that management or measurement of exposed risk.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b.3.1) Foreign Currency Risk Management

Transactions denominated in foreign currencies causes exchange rate risk. These risks are monitored and classified by analysis of foreign currency position.

The distribution of monetary and non-monetary assets and liabilities in terms of foreign currency are as follows:

Currency Position

	31.12.2017				
	TRY (Functional Currency)	USD	EURO	GBP	OTHER
1. Trade Receivables	129.908.503	1.090.412	-	-	-
2a. Monetary financial assets (including cash and cash equivalents)	92.934.494	4.461.437	6.269.257	563	189
2b. Non-monetary financial assets	89.390.627	1.833.401	13.709.999	27.668	-
3. Other	66.331.222	-	-	-	-
4. Current Assets (1+2+3)	43.465.884	7.385.251	19.979.256	28.231	189
5. Trade Receivables	29.587.938	-	-	-	-
6a. Monetary financial assets	29.017.500	-	-	-	-
6b. Non-monetary financial assets	19.683.266	-	-	-	-
7. Other	11.248.671	-	-	-	-
8. Non-current assets (5+6+7)	9.582.377	-	-	-	-
9. Total Assets (4+8)	9.046.578	7.385.251	19.979.256	28.231	189
10. Trade payables	5.735.084	(4.641.809)	(8.824.399)	(53.377)	-
11. Financial Liabilities	4.022.462	(1.842.636)	(17.793.053)	-	-
12a. Monetary financial liabilities	3.713.638	(406.500)	-	-	-
12b. Non-monetary financial liabilities	1.717.746	-	-	-	-
13. Short Term Liabilities (10+11+12)	1.152.621	(6.890.945)	(26.617.452)	(53.377)	-
14. Trade Payables	840.872	-	-	-	-
15. Financial Liabilities	669.399	(6.895.720)	(170.745.481)	-	-
17. Long Term Liabilities (14+15+16)	541.123	(6.895.720)	(170.745.481)	-	-
18. Total Liabilities (13+17)	277.310	(13.786.665)	(197.362.932)	(53.377)	-
19. Off-balance Sheet Derivatives Net Asset/Liabilities Position (19a-19b)	60.787	-	-	-	-
19a. Amount of Hedge Total Asset	15.000	-	-	-	-
19b. Amount of Hedge Total Liabilities	2.685	-	-	-	-
20. Net Foreign Currency asset/ (liabilities) Position (9-18)	-	(6.401.414)	(177.383.676)	(25.146)	189
21. Net asset/liabilities position of foreign currency monetary items. (=1+2a+5+6a-10-11-12a-14-15-16a)	-	(8.234.815)	(191.093.675)	53.940	189
22. Fair Value of Financial Instruments used for foreign Exchange Hedge	2.213.864	-	-	-	-
23. Export	732.258	5.147.338	790.707	-	-
24. Import	-	-	-	-	-

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

	Currency Position			
	31.12.2016			
	TRY	USD	EURO	GBP
1. Trade Receivables	330.805	94.000	-	-
2a. Monetary financial assets (including cash and cash equivalents)	25.336.381	204.530	6.635.105	237
2b. Non-monetary financial assets	40.961.523	1.333.709	9.763.272	10.922
3. Other	-	-	-	-
4. Current Assets (1+2+3)	66.628.708	1.632.239	16.398.376	11.159
5. Trade Receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	66.628.708	1.632.239	16.398.376	11.159
10. Trade payables	(16.819.511)	(125.317)	(4.414.808)	-
11. Financial Liabilities	(54.268.491)	(1.991.415)	(12.738.970)	-
12a. Monetary financial liabilities	(351.920)	(100.000)	-	-
12b. Non-monetary financial liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	(71.439.922)	(2.216.732)	(17.153.778)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	(493.425.658)	(9.665.907)	(123.833.364)	-
17. Long Term Liabilities (14+15+16)	(493.425.658)	(9.665.907)	(123.833.364)	-
18. Total Liabilities (13+17)	(564.865.580)	(11.882.639)	(140.987.142)	-
19. Off-balance Sheet Derivatives Net Asset/Liabilities Position (19a-19b)	-	-	-	-
19a. Amount of Hedge Total Asset	-	-	-	-
19b. Amount of Hedge Total Liabilities	-	-	-	-
20. Net Foreign Currency asset/ (liabilities) Position (9-18)	(498.236.871)	(10.250.400)	(124.588.766)	11.159
21. Net asset/liabilities position of foreign currency monetary items. (=1+2a+5+6a-10-11-12a-14-15-16a)	(539.198.394)	(11.584.108)	(134.352.037)	237
22. Fair Value of Financial Instruments used for foreign Exchange Hedge	-	-	-	-
23. Export	812.089	236.500	-	-
24. Import	-	-	-	-

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Group is mainly exposed to USD and EURO exchange rate risk.

The table below shows the Group's US dollar and Euro exchange rate and a 20% increase in sensitivity to a decrease. 20% rate is the rate used by senior management when reporting foreign currency risk the expected rate in question refers to a possible change in foreign exchange rates. The sensitivity analysis covers only the period at the end of the open foreign currency denominated monetary items and shows the effects of changes in exchange rates of 20% at the end of the period of aforesaid items. Stated positive increase in Positive value , profit / loss and other equity items.

Sensitivity Analysis of Foreign Exchange Position

Sensitivity Analysis of Foreign Exchange Position

31.12.2017

	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency appreciation
Change in 20% of the U.S. Dollar against TRY;				
1- Net asset / liability of USD	(7.681.697)	7.681.697	-	-
2- Amount hedged for USD risk (-)	-	-	-	-
3- Net Effect of U.S. Dollar (1+2)	(7.681.697)	7.681.697	-	-
Change in 20% of the EURO against TRY;				
4- Net asset / liability of EUR	(212.860.411)	212.860.411	-	-
5- Amount hedged for EUR risk (-)	-	-	-	-
6- Net Effect of EURO (4+5)	(212.860.411)	(212.860.411)	-	-
Change in 20% of the GBP against TRY;				
7- Other foreign currency net asset / liability	(30.176)	30.176	-	-
8- Part of hedged protected from other currency risk (-)	-	-	-	-
9- Net Effect of GBP (7+8)	(30.176)	30.176	-	-
Change in 20% of the PLN against TRY;				
7- Net asset / liability of EUR	227	(227)	-	-
8- Amount hedged for EUR risk (-)	-	-	-	-
12- Net Effect of PLN (4+5)	227	(227)	-	-
TOTAL (3+6+9+12)	(220.572.057)	220.572.057		

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Sensitivity Analysis of Foreign Exchange Position

31.12.2016

	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency appreciation	Foreign currency appreciation	Foreign currency appreciation
Change in 20% of the U.S. Dollar against TRY;				
1- Net asset / liability of USD	(12.300.480)	(12.300.480)	-	-
2- Amount hedged for USD risk (-)	-	-	-	-
3- Net Effect of U.S. Dollar (1+2)	(12.300.480)	(12.300.480)	-	-
Change in 20% of the EURO against TRY;				
4- Net asset / liability of EUR	(149.506.519)	149.506.519	-	-
5- Amount hedged for EUR risk (-)	-	-	-	-
6- Net Effect of EURO (4+5)	(149.506.519)	149.506.519	-	-
Change in 20% of the GBP against TRY;				
7- Other foreign currency net asset / liability	13.391	(13.391)	-	-
8- Part of hedged protected from other currency risk (-)	-	-	-	-
9- Net Effect of GBP (7+8)	13.391	(13.391)	-	-
TOTAL (3+6+9)	(161.793.607)	161.793.607		

b.3.2) Interest rate risk management

Leading to fluctuations in the fair value of financial instruments or future cash flows by changes in market interest rates cause the necessity of dealing with interest rate risk of the Group.

Hedging is evaluated as regular in order to be compatible with interest rate expectations and defined risk. Thus, it is aimed that the creation of optimal hedging strategy, reviewing of the balance sheet and keeping interest expenses under control at different interest rates.

b.3.3) Price Risk

Because there are no share certificates as classified trading financial assets at group's financial statement, price is not available. (31.12.2016: None)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

49. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION)

Fair Value

Fair value is defined as price between willing parties who are into making a sale or purchase.

Financial assets and liabilities in foreign currency are converted to market prices at statement of financial position date.

Methods and assumptions below are used to predict fair value of each financial instrument in case when it is possible to determine fair value of these instruments.

Financial Assets

The fair value of certain financial assets carried at cost, including cash at banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values. The carrying values of the trade receivables net of provisions for uncollectible receivables are considered to

Financial Liabilities

Values of monetary liabilities and trade payables are considered close to their fair value because of short term nature. Bank loans are stated with their discounted cost and transaction cost will be added to initial cost of loans. Book value of loans is considered close to its fair value because of updates in changed market conditions and interest rates. Book value of trade payables is considered as close to its fair value cause of being short termed.

The fair value of financial assets and liabilities are determined as follows:

Finansal Varlıkların ve Yükümlülüklerin gerçeğe uygun değeri aşağıdaki gibi belirlenmektedir.

- **First Level:** Financial assets and liabilities are appricated from stock price traded in active market for similiar assets and liabilities.
- **Second Level:** Financial assets and liabilities are appricated from inputs used determining observable price in the market as direct or indirect with the exception of the price is stated in first level.
- **Third Level:** Financial assets and liabilities are appricated from inputs based on unobservable data in the market in determining the fair value of an asset or liability.

Level classification of financial instruments with fair value is as follows;

Because there are no financial assets with its fair value, are not included level classification table.

	Financial Assets with Fair Value	Loans and Receivables (Includes Cash and Cash Equivalent)	Financial Assets Available for Sale	Financial Liabilities with Amortized Value	Book Value	Notes
Financial Assets						
Cash and Cash Equivalent	-	123.925.333	-	-	123.925.333	53
Trade receivables	-	88.979.261	-	-	88.979.261	6-7
Other receivables	-	12.789.021	-	-	12.789.021	6-9
Financial Liabilities						
Financial payables						
Trade payables	-	-	-	1.165.533.498	1.165.533.498	47
Other payables	-	-	-	213.081.131	213.081.131	6-7
Financial Assets	-	-	-	7.298.536	7.298.536	6-9

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

49. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION) (Continued)

	Financial Assets with Fair Value	Loans and Receivables (Includes Cash and Cash Equivalent)	Financial Assets Available for Sale	Financial Liabilities with Amortized Value	Book Value	Notes
Financial Assets						
Cash and Cash Equivalent	-	107.869.886	-	-	107.869.886	53
Trade receivables	-	50.191.425	-	-	50.191.425	6-7
Other receivables	-	9.999.093	-	-	9.999.093	6-9
Financial Liabilities						
Financial payables						
Trade payables	-	-	-	638.555.043	638.555.043	47
Other payables	-	-	-	94.910.994	94.910.994	6-7
Financial Assets	-	-	-	4.247.739	4.247.739	6-9

The Group's management believes that the recorded values of financial instruments reflects their fair values .

Derivative Financial Instruments (Futures Agreements)

The Group does not engage in derivative transactions in the foreign exchange markets.

50. SUBSEQUENT EVENTS

Company decided to Suda Maden A.Ş., which is a 100% subsidiary within the vertical integration structure of the company covered to the micronized and pulverized limestone supply to be use within the scope of the requirement of the Çan-2 Thermal Power Plant which is activity under Çan Kömür ve İnşaat A.Ş.

In this manner within the total of 800,000 tons of micronised and pulverized limestone tender, Suda Maden A.Ş. came with the lowest bid of TRY 35,520,000 for located right next to the Çan-2 Thermal Power Plant, Elektrik Üretim A.Ş. operating within the framework of the 18 March Çan Thermal Power Plant's need for 2 years.

20% tax rate stated in the first paragraph of Article 32 of the Corporate Tax Law no. 5520 shall be applied as 22% for corporate profits of taxation periods of 2018, 2019 and 2020 with provisional article added with Law No. 7061 "Amendments to Certain Tax Laws and Some Other Laws" accepted on 28 November 2017.

51. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

52. FIRST IMPLEMENTATION OF TURKEY ACCOUNTING STANDARTS

None.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

53. EXPLANATION TO CASH FLOW STATEMENT

Cash and Cash Equivalents

	31.12.2017	31.12.2016
Cash	28.748	335.365
Bank	123.894.152	107.433.857
-Demand deposit	23.323.221	8.299.249
-Time deposit	100.570.931	99.134.608
Other Current Assets	2.434	10.483
TOTAL	123.925.333	107.779.705

As of December 31, 2017 there is no blocked deposits of the Group (None, December 31, 2016)

Amount of time deposits as of December 31, 2017 concerning the details are as follows:

Currency Time Deposits	Maturity	Interest rate	31.12.2017 TRY
TRY	02.01.2018	10,50%	12.102.667
TRY	15.01.2018	14,00%	11.229.739
TRY	02.01.2018	12,50%	6.580.000
TRY	18.01.2018	10,60%	5.693.301
TRY	02.01.2018	11,50%	4.400.000
TRY	02.01.2018	11,00%	3.800.000
TRY	02.01.2018	13,25%	3.199.883
TRY	15.01.2018	14,00%	3.011.328
TRY	10.01.2018	12,00%	3.000.000
TRY	02.01.2018	12,27%	2.826.123
TRY	02.01.2018	4,50%	2.800.000
TRY	23.01.2018	8,50%	2.028.319
TRY	02.01.2018	12,00%	1.359.103
TRY	05.01.2018	10,00%	1.000.000
TRY	02.01.2018	9,00%	950.000
TRY	02.01.2018	10,50%	900.000
TRY	02.01.2018	10,50%	850.000
TRY	02.01.2018	13,25%	608.711
TRY	02.01.2018	12,50%	600.000
TRY	02.01.2018	9,25%	530.000
TRY	02.01.2018	10,20%	485.438
TRY	02.01.2018	4,50%	400.000
TRY	02.01.2018	12,27%	373.992
TRY	15.01.2018	9,80%	348.260
TRY	02.01.2018	12,27%	231.597
TRY	02.01.2018	8,80%	200.000
TRY	02.01.2018	10,50%	159.725
TRY	02.01.2018	10,00%	100.000
TRY	02.01.2018	12,27%	15.778
TRY	02.01.2018	10,20%	13.814
TRY	02.01.2018	10,20%	1.809
TOTAL			69.799.587

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

53.EXPLANATION TO CASH FLOW STATEMENT (Continued)

Currency Time Deposits	Maturity	Interest rate	31.12.2017 EUR	31.12.2017 TL
EUR	22.01.2018	1,85%	2.000.000	9.031.000
EUR	02.01.2018	0,50%	1.196.715	5.403.765
EUR	02.01.2018	0,25%	990.000	4.470.345
EUR	29.01.2018	1%	560.466	2.530.782
TOTAL			4.747.180	21.435.892

Currency Time Deposits	Maturity	Interest rate	31.12.2017 USD	31.12.2017 TL
USD	30.01.2018	4,30%	1.000.000	3.771.900
USD	22.01.2018	4,00%	500.000	1.885.950
USD	2.01.2018	0,10%	425.000	1.603.058
USD	2.01.2018	0,60%	350.000	1.320.165
USD	2.01.2018	0,35%	200.000	754.380
TOTAL			2.475.000	9.335.453

Amount of time deposits as of 31 December 2016 concerning the details are as follows:

Currency Time Deposits	Maturity	Interest rate	31.12.2016 TRY
TRY	09.01.2017	9,95%	8.000.000 TL
TRY	09.01.2017	10,50%	17.000.000 TL
TRY	02.01.2017	8,25%	18.000.000 TL
TRY	02.01.2017	8,25%	4.200.000 TL
TRY	02.01.2017	8,25%	1.700.000 TL
TRY	02.01.2017	8,00%	350.000 TL
TRY	02.01.2017	8,25%	10.334.010 TL
TRY	02.01.2017	8,25%	4.150.000 TL
TRY	02.01.2017	8,25%	8.000.000 TL
TRY	02.01.2017	8,25%	2.000.000 TL
TRY	02.01.2017	6,75%	500.000 TL
TRY	02.01.2017	7,75%	1.250.000 TL
TOTAL			75.484.010 TL

Currency Time Deposits	Maturity	Interest rate	31.12.2017 USD	31.12.2017 TRY
EUR	02.01.2017	1,60%	1.500.000	5.564.850
EUR	30.01.2017	0,20%	1.600.000	5.935.840
EUR	02.01.2017	0,01%	1.774.996	6.585.058
EUR	30.01.2017	1,40%	1.500.000	5.564.850
TOTAL			6.374.996	23.650.598

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET AŞ

Audited as of December 31,2017

Explanatory Notes to the Financial Statements

(Currency is TRY unless otherwise is indicated.)

54. EXPLANATIONS RELATED WITH EQUITY CHANGE TABLE

The company's equity change table is presented as appropriate for explanatory notes and financial tables of basics which are published on June 07, 2013 and with no 2103/19 weekly newsletter by CMB.

Effect of accountant politics changes that explain in note 2, effect of accumulated gains/losses account and effects of accumulated other comprehensive incomes/expenses as proffit/loss restrospective which is shown in other comprehensive income are shown that equity change table.

55. INTEREST, TAX, PROFIT BEFORE DEPRECIATION (EBITDA)

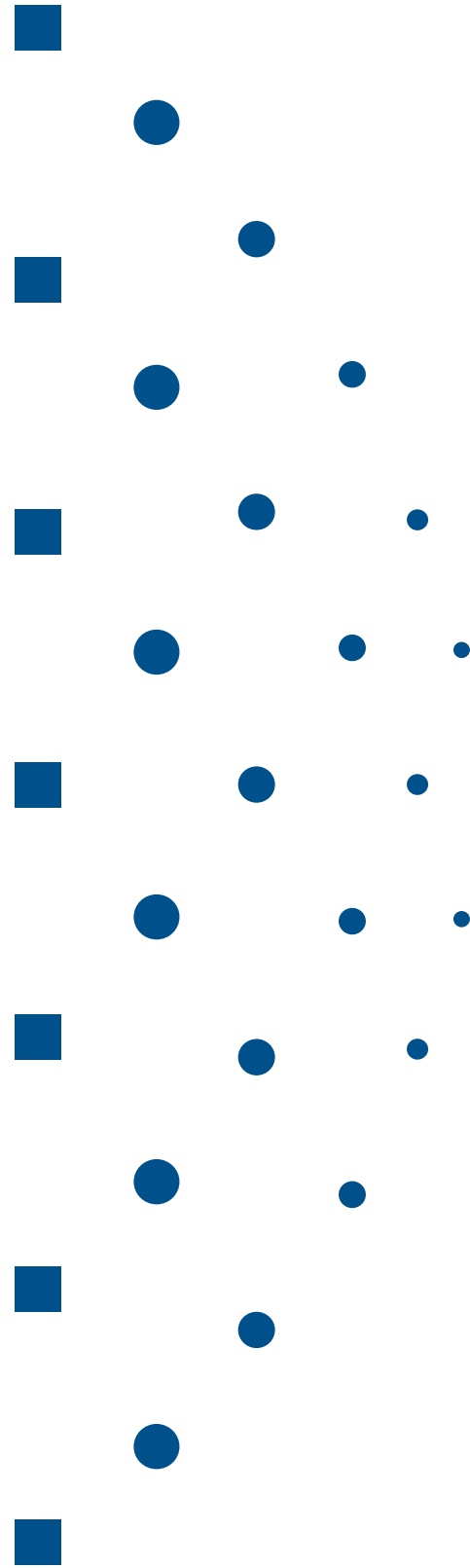
This financial data, that is calculated as an income before finance, tax and depreciation is an indication of measured income without taking notice of finance, tax, expenses that are not required cash outflows, depreciation and redemption expenses of the company. This financial data also specified in the financial statements by some investors due to use in the measurement of the company's ability to repay the loans and/or additional loan. However, EBITDA should not be considered independently from financial statements. Also, EBITDA should not evaluate as an alternative to net income(loss), net cash flow derived from operating, investing and financing activities, financial data obtained from investing and financial activities or prepared according to IAS / IFRS, or other inputs obtained from financial instruments such as, business operating performance. This financial information should be evaluated together with other financial inputs that are contained in the statement of cash flow.

As the date of December 31, 2017 the amount of interest, tax, profit before depreciation is 54.275.014 TRY. (December 31, 2016: 60.099.117 TRY)

Chapter

7

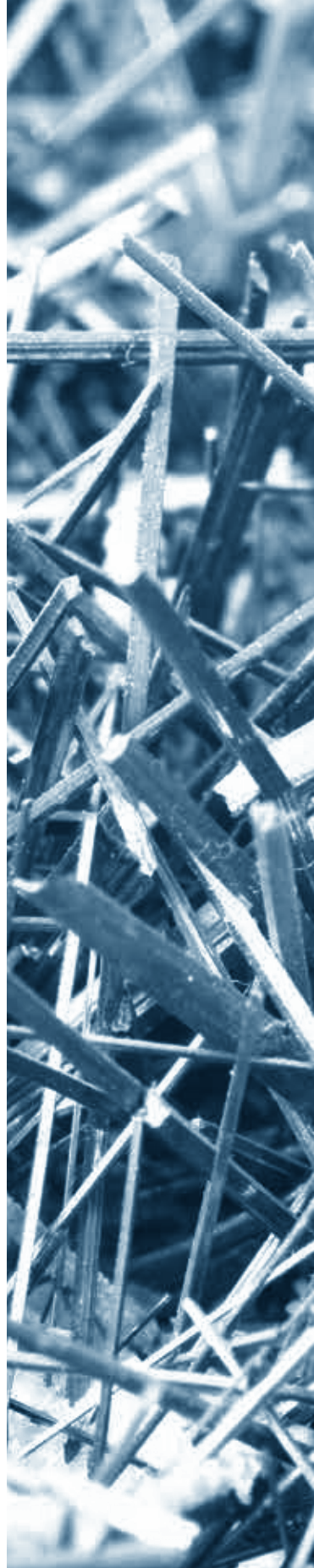




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