TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2020

(ORIGINALLY ISSUED IN TURKISH)

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2020

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TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2020 AND 31 DECEMBER 2019

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

		(Not Audited)	(Audited)
		Current Period	Prior Period
	Notes	**30 September 2020**	31 December 2019
ASSETS			
Current assets			
Cash and cash equivalents	4	**177,277,650**	133,430,476
Trade receivables		**6,499,165**	5,163,397
- Trade receivables from third parties		***6,499,165***	*5,163,397*
Other receivables		**1,738,798**	2,562,393
- Other receivables from related parties	*19*	***797,052***	*589,606*
- Other receivables from third parties		***941,746***	*1,972,787*
Prepaid expenses		**4,735,487**	421,688
Financial assets	5, 19	**18,619,885**	22,696,338
Assets related to current period tax	17	**342,847**	416,092
Other current assets		**5,798,825**	6,505,047
Total currents assets		**215,012,657**	171,195,431
Non-current assets			
Other receivables		**73,131,653**	75,024,192
- Other receivables from related parties	*19*	***72,600,000***	*74,492,539*
- Other receivables from third parties		***531,653***	*531,653*
Financial investments	5	**10,334,327**	10,334,327
Financial assets	5, 19	**54,561,849**	19,726,338
Investments accounted by equity method	7	**687,144,202**	763,201,048
Property, plant and equipment	8	**224,623,623**	212,567,818
Intangible assets	8	**50,441,090**	52,103,675
Deferred tax assets	17	**25,255,861**	11,022,155
Other non-current assets		**-**	2,045,684
Total non-current assets		**1,125,492,605**	1,146,025,237
TOTAL ASSETS		**1,340,505,262**	1,317,220,668

These condensed consolidated interim financial statements as at and for the period ended 30 September 2020 have been approved for issue at 9 November 2020, by the Board of Directors decision dated 6 November 2020.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2020 AND 31 DECEMBER 2019

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

		(Not Audited)	(Audited)
		Current Period	Prior Period
	Notes	**30 September 2020**	31 December 2019
LIABILITIES			
Current liabilities			
Short term portions of long term financial liabilities	6	**167,245,668**	116,394,469
Trade payables		**36,138,162**	32,921,743
- Trade payables to related parties	*19*	***1,883***	*36,753*
- Trade payables to third parties		***36,136,279***	*32,884,990*
Short term liabilities for employee benefits		**1,015,585**	265,670
Other payables		**6,330,505**	4,555,386
- Other payables to related parties	*19*	***448,218***	*778,014*
- Other payables to third parties		***5,882,287***	*3,777,372*
Short term provisions		**833,899**	767,735
- Short term provisions for employee benefits		***833,899***	*767,735*
Total current liabilities		**211,563,819**	154,905,003
Non-current liabilities			
Financial liabilities	6	**812,792,809**	628,536,656
Trade payables		**16,406,847**	11,953,788
- Trade payables to third parties		***16,406,847***	*11,953,788*
Long term provisions		**648,991**	576,734
- Long term provisions for employee benefits		***648,991***	*576,734*
- Other long term provisions		**-**	-
Other non-current liabilities		**790,166**	837,687
Total non-current liabilities		**830,638,813**	641,904,865
EQUITY			
Paid-in capital	10	**255,600,000**	255,600,000
Adjustment to share capital	10	**41,247,788**	41,247,788
Repurchased shares (-)	10	**(8,450,916)**	(8,450,916)
Other comprehensive income / (expense) not to be reclassified to profit or loss		**(1,262,431)**	(1,123,877)
Actuarial gains / (losses) on defined benefit plans		***(1,262,431)***	*(1,123,877)*
Restricted reserves	10	**39,311,954**	39,311,954
Other comprehensive income / (expense) to be reclassified to profit or loss		**(51,949,357)**	(13,656,155)
- Gains / (losses) on cash flow hedges		***(51,949,357)***	*(13,656,155)*
Other reserves		**(7,256,169)**	(7,256,169)
Retained earnings		**214,738,175**	243,417,512
Net profit / (loss) for year		**(183,676,414)**	(28,679,337)
Equity attributable to equity holders of the parent		**298,302,630**	520,410,800
Non-controlling interest		**-**	-
Total equity		**298,302,630**	520,410,800
TOTAL LIABILITIES AND EQUITY		**1,340,505,262**	1,317,220,668

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER

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

		(Not Audited)		(Not Audited)	
	Notes	**1 January – 30 September 2020**	1 January – 30 September 2019	**1 July – 30 September 2020**	1 July – 30 September 2019
Revenue	11	**39,824,906**	33,382,113	**16,854,898**	7,811,881
Cost of sales (-)	11	**(16,394,605)**	(15,632,320)	**(5,921,759)**	(5,824,828)
GROSS PROFIT / (LOSS)		**23,430,301**	17,749,793	**10,933,139**	1,987,053
General administrative expenses (-)	12	**(17,722,673)**	(18,073,227)	**(5,478,774)**	(5,187,513)
Other operating income	13	**23,142,079**	16,924,036	**507,629**	415,821
Other operating expenses (-)	13	**(14,023,250)**	(937,227)	**(7,474,117)**	1,925,006
OPERATING (LOSS) / PROFIT		**14,826,457**	15,663,375	**(1,512,123)**	(859,633)
Income from investment activities	14	**71,778,224**	14,894,818	**14,032,550**	235,945
Income from investments accounted by equity method	7	**(76,631,284)**	21,717,191	**48,792,543**	15,622,665
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSES)		**9,973,397**	52,275,384	**61,312,970**	14,998,977
Financial income	15	**62,634,672**	117,314,891	**20,193,656**	75,478,446
Financial expenses (-)	16	**(270,483,551)**	(140,882,100)	**(135,273,075)**	(44,184,964)
(LOSS) / PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**(197,875,482)**	28,708,175	**(53,766,449)**	46,292,459
Tax income / (expense) from continued operations					
- Current income tax expense (-)	17	**-**	-	**-**	-
- Deferred tax income / expense (-)	17	**14,199,068**	389,897	**7,504,319**	(989,821)
(LOSS) / PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**(183,676,414)**	29,098,072	**(46,262,130)**	45,302,638
Attributable to:					
Equity holders of the parent		**(183,676,414)**	29,098,072	**(46,262,130)**	45,302,638
Non-controlling shares		**-**	-	**-**	-
(Loss) / earnings per share	18	**(0.72)**	0.11	**(0.18)**	0.18

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER

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

		(Not Audited)		(Not Audited)	
	Notes	**1 January – 30 September 2020**	1 January – 30 September 2019	**1 July – 30 September 2020**	1 July – 30 September 2019
(LOSS) / PROFIT FOR THE PERIOD		**(183,676,414)**	29,098,072	**(46,262,130)**	45,302,638
Other comprehensive income / (expense) not to be reclassified to profit or loss					
Actuarial gains / (losses) on defined benefit plans		**(173,192)**	(137,584)	**(56,687)**	(85,980)
Deferred tax income / (expense)	17	**34,638**	27,517	**11,337**	17,196
Other comprehensive income of shares from investments accounted by the equity method not to be reclassified to profit or loss					
Revaluation gains / (losses) of defined benefit plans of investments accounted by equity method		**-**	-	**-**	-
Deferred tax income / (expense)		**-**	-	**-**	-
Total		**(138,554)**	(110,067)	**(45,350)**	(68,784)
Other comprehensive income / (expense) to be reclassified to profit or loss					
Other comprehensive income (loss) related with cash flow hedges		**(38,293,202)**	(8,563,256)	**(19,697,966)**	2,128,248
Deferred tax income / (expense)		**-**	-	**-**	-
Total		**(38,293,202)**	(8,563,256)	**(19,697,966)**	2,128,248
Other comprehensive income / (expense)		**(38,431,756)**	(8,673,323)	**(19,743,316)**	2,059,464
TOTAL COMPREHENSIVE (LOSS) / INCOME		**(222,108,170)**	20,424,749	**(66,005,446)**	47,362,102
Equity holders of the parent		**(222,108,170)**	20,424,749	**(66,005,446)**	47,362,102
Non-controlling interests		**-**	-	**-**	-
(Loss) / earnings per share		**(0.87)**	0.08	**(0.26)**	0.19

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY AT 30 SEPTEMBER 2020 AND 30 SEPTEMBER 2019

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

					Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income /expense to be reclassified to profit or loss						
	Paid in capital	Adjustment to share capital	Repurchased shares	Restricted reserves	Actuarial gains / (losses) on defined benefit plans	Other comprehensive income (loss) related with cash flow hedges	Other reserves	Retained earnings	Net income / (loss) for the period	Equity holders of the parent	Non controlling interest	Total equity
1 January 2019	255,600,000	41,247,788	(8,450,916)	39,311,954	(3,138,289)	-	(7,256,169)	370,877,553	(127,460,041)	560,731,880	-	560,731,880
Transfers	-	-	-	-	-	-	-	(127,460,041)	127,460,041	-	-	-
Net profit / (loss)	-	-	-	-	-	-	-	-	29,098,072	29,098,072	-	29,098,072
Other comprehensive income / (expense)	-	-	-	-	(110,067)	(8,563,256)	-	-	-	(8,673,323)	-	(8,673,323)
Total comprehensive income / (expense)	-	-	-	-	(110,067)	(8,563,256)	-	-	29,098,072	20,424,749	-	20,424,749
30 September 2019 (*)	255,600,000	41,247,788	(8,450,916)	39,311,954	(3,248,356)	(8,563,256)	(7,256,169)	243,417,512	29,098,072	581,156,629	-	581,156,629
1 January 2020	**255,600,000**	**41,247,788**	**(8,450,916)**	**39,311,954**	**(1,123,877)**	**(13,656,155)**	**(7,256,169)**	**243,417,512**	**(28,679,337)**	**520,410,800**	**-**	**520,410,800**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(28,679,337)**	**28,679,337**	**-**	**-**	**-**
Net profit / (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(183,676,414)**	**(183,676,414)**	**-**	**(183,676,414)**
Other comprehensive income / (expense)	**-**	**-**	**-**	**-**	**(138,554)**	**(38,293,202)**	**-**	**-**	**-**	**(38,431,756)**	**-**	**(38,431,756)**
Total comprehensive income / (expense)	**-**	**-**	**-**	**-**	**(138,554)**	**(38,293,202)**	**-**	**-**	**(183,676,414)**	**(222,108,170)**	**-**	**(222,108,170)**
30 September 2020(*)	**255,600,000**	**41,247,788**	**(8,450,916)**	**39,311,954**	**(1,262,431)**	**(51,949,357)**	**(7,256,169)**	**214,738,175**	**(183,676,414)**	**298,302,630**	**-**	**298,302,630**

(*) Not Audited.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

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

	Notes	(Not Audited) 1 January- 30 September 2020	(Not Audited) 1 January- 30 September 2019
A. Cash flows from operating activities		**48,652,547**	(47,796,640)
Net (loss) / income for the period		**(183,676,414)**	29,098,072
Adjustments to reconcile net (loss) / income for the period		**222,550,986**	5,110,181
Adjustments related to tax (income) / expense	17	**(14,199,068)**	(389,897)
Adjustment related to unrealized foreign currency translation differences		**229,396,742**	31,624,193
Adjustments related to depreciation and amortization expenses		**8,500,156**	8,442,005
Adjustments related to losses / (gains) resulting from the disposal of the tangible assets		**-**	(49,800)
Other adjustments related to profit and (loss) reconciliation	5	**(71,769,058)**	(11,143,768)
Adjustments related to provisions / (reversals) for employee termination benefits		**225,962**	345,894
Adjustments related to undistributed profit/losses of investments accounted by the equity method	7	**76,631,284**	(21,717,191)
Adjustments related to undistributed profits of associates	7	**(574,438)**	(574,440)
Adjustments related to fair value losses (gains) of financial assets		**-**	(3,701,250)
Adjustments related to other items causing cash flows from investing activities		**(20,320,274)**	-
Adjustments related to interest income	15	**(9,455,915)**	(20,102,093)
Adjustments related to interest expense	16	**24,115,595**	22,376,528
Changes in working capital		**9,965,463**	(81,657,304)
Adjustments related to decrease / (increase) in trade receivables		**(1,335,768)**	1,262,453
Decrease / (Increase) in prepaid expenses		**(1,561,893)**	4,400,228
Adjustments related to increase / (decrease) in trade payables		**7,669,478**	2,944,012
Decrease / (increase) in other assets related to operations		**2,716,134**	(89,952,408)
Increase / (decrease) in other liabilities related to operations		**2,477,512**	(311,589)
Cash used in operations		**(187,488)**	(347,589)
Employment termination benefits paid		**(260,733)**	(187,367)
Tax refunds / (payments)		**73,245**	(160,222)
B. Net cash (resulted from) / generated by investing activities		**51,865,971**	207,317,717
Cash outflow resulted from acquisition of tangible and intangible assets	8	**(18,893,376)**	(6,637,980)
Cash inflow generated by sales of tangible and intangible assets		**-**	879,800
Dividend received	5	**41,010,000**	193,815,200
Other inflows / (outflows) of cash	13	**20,320,274**	(815,605)
Interest received		**9,429,073**	20,076,302
C. Net cash generated / (used) in financing activities		**(56,698,186)**	(67,015,825)
Proceeds from borrowings	6	**15,334,389**	2,176,040
Repayment of bank borrowings	6	**(55,875,559)**	(46,815,336)
Interest paid	6	**(16,157,016)**	(22,376,529)
Net increase in cash and cash equivalents		**43,820,332**	92,505,252
Cash and cash equivalents balance at the beginning of the period	4	**133,406,565**	85,548,862
Cash and cash equivalents balance at the end of the period	4	**177,226,897**	178,054,114

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Turcas Petrol A.Ş. and its subsidiaries ("The Group") consist of Turcas Petrol A.Ş. ("The Company" or "Turcas"), 1 subsidiary and 2 associates.

Turcas Petrolcülük A.Ş. was established in 1988 by Türkpetrol Holding and Burmah-Castrol. In 1996, Tabaş Petrolcülük A.Ş. ("Tabaş") purchased shares of Turcas Petrolcülük A.Ş, resulting in an ownership of 82.16%.

On 30 September 1999, Tabaş merged with Turcas Petrolcülük A.Ş.. As a result of the merger, the assets and liabilities of Turcas Petrolcülük A.Ş. were transferred to Tabaş and Turcas Petrolcülük A.Ş. was dissolved. As of the same date, the commercial title of Tabaş was changed to Turcas Petrol A.Ş..

As of 1 July 2006, Turcas Petrol A.Ş. transferred its part of shares to Shell & Turcas Petrol A.Ş. ("STAŞ") by partial spin-off. 30% shares of STAŞ were owned by Turcas Petrol A.Ş. and 70% of shares were owned by The Shell Company of Turkey Ltd ("Shell Türkiye"). Since this date, main operations of Turcas Petrol A.Ş.; which were purchasing, selling, importing, exporting of fuel products and lubricants, are carried by STAŞ. Accordingly, based on the decision of the Company's Board of Directors, the main operations of the Company changed into exploration, research, production, transportation, distribution, storage, export, import, re-export, and national and international investments about trade in the energy sector and its subsectors like petroleum, fuel, electricity and natural gas; and to establish new companies and/or to join the management and establishment of the companies that focus on developing new business lines with commercial, industrial, agricultural and financial purposes.

The Company is incorporated in Turkey and the address of the registered office is as follows:

Ahi Evran Cad. No: 6 Aksoy Plaza. Kat: 7. Maslak/Sarıyer/İstanbul

The shares of the Company have been traded on Borsa İstanbul since 1992.

The Company's main shareholder is Aksoy Girişimcilik, Enerji ve Turizm A.Ş.. The capital structure of the Company as of the related balance sheet dates have been provided at Note 10.

The number of employees of the Group at the end of the period is 87 (31 December 2019: 97).

Subsidiary	**Country**	**Nature of business**
Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.	Turkey	Energy, electricity

In 1996, the Company acquired 100% of Turcas Enerji Holding A.Ş ("Turcas Enerji"). During the year, The Company also bought Turcas Enerji Holding A.Ş shares (5%) from Ataş Anadolu Tasfiyehanesi A.Ş, ("ATAŞ") which was established in 1958, owned by "Turcas Enerji".

Based on the resolution of the Board of Directors of the Company dated 7 June 2004, the Company's subsidiary Marmara Petrol ve Rafineri İşleri A.Ş. and the other ATAŞ partners returned their Certificate of Refinery to the General Directorate of Petroleum Affairs, put an end to the refining operations of ATAŞ and obtained a Terminal License for ATAŞ from the Energy Market Regulatory Authority ("EMRA"). The entity continues its storage and service operations as of the balance sheet date and is recognized under financial investments in the financial statements of Turcas Petrol A.Ş.

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

As a result of the Extraordinary General Assembly meeting held on 27 May 2008, "Marmara Petrol ve Rafineri İşleri A.Ş."'s title was changed into "Turcas Enerji Holding A.Ş.". This decision was published on the Turkish Trade Registry Gazette numbered 7105 on 15 July 2008 and the title is registered and declared as Turcas Enerji Holding A.Ş. Turcas Enerji Holding A.Ş (TEHAŞ) had decided to merge with Turcas Yenilenebilir Enerji Üretim A.Ş. (TYEÜAŞ), which is its 100% subsidiary, via takeover method whereby all assets and liabilities of TYEÜAŞ shall be transferred to TEHAŞ as a whole. At this time, the Company has been informed that the abovementioned merger transaction has been registered by İstanbul Trade Registration Office on 26 October 2017. Turcas Petrol A.Ş had decided to merge with Turcas Enerji Holding A.Ş. (TEHAŞ), which is Turcas Petrol's 100% subsidiary, via takeover method whereby all assets and liabilities of TEHAŞ shall be transferred to Turcas Petrol as a whole. At this time, the Company has been informed that the abovementioned merger transaction has been registered by İstanbul Trade Registration Office on 4 December 2017.

Turcas Elektrik Toptan Satış A.Ş. has been established on 30 October 2000 and obtained the license to operate in electricity trading business for 10 years starting from 5 June 2003 in accordance with the Electricity Market Regulation numbered 4628. In accordance with the decision of Turcas Elektrik Toptan Satış A.Ş.'s Board of directors dated 29 January 2019 and numbered 2019/01, it has been decided to apply to the Energy Market Regulatory Authority ("EMRA") for the termination of its supply license and aforementioned licence has been terminated by EMRA's Board decision dated 21 February 2019 and numbered 8439-4. Turcas Elektrik Toptan Satış A.Ş. has not carried out any operation related to the mentioned license for the last three years due to the developments in retail and wholesale electricity market as well as the fact that these operations can be carried out by its subsidiary RWE & Turcas Güney Elektrik Üretim A.Ş. and its own subsidiary Turcas Kuyucak Geothermal Power Generation. Following this transaction, on 11 June 2019, it has been decided to carry out merger transaction of Turcas Elektrik Toptan Satış A.Ş. via takeover method whereby all assets and liabilities of Turcas Elektrik Toptan Satış A.Ş. shall be transferred to Turcas Petrol A.Ş. as a whole with an aim to increase operational efficiency within the group and simplify Company's organization. Concerning aforementioned merger transaction, an application has been made to the Capital Markets Board for the approval of "Text of Announcement. Accordingly, "Text of Announcement" has been approved by the meeting of Capital Markets Board dated 01.08.2019 and numbered 43/985. Merger transaction has been registered at İstanbul Trade Registration Office on 16 August 2019.

Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. was established on September 2013 with an aim to operate in the field of geothermal power generation as a joint venture (Turcas Enerji Holding A.Ş.:46%, BM Mühendislik ve İnşaat A.Ş.: 46% and Alte Enerji A.Ş.: 8%). The Company purchased 46% shares owned by BM Mühendislik ve İnşaat A.Ş. on 30 May 2016 and purchased 8% shares owned by Alte Enerji A.Ş. on 11 December 2018. Thus, Turcas Petrol A.Ş. has become 100% shareholder of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.

Associates	Company	Nature of business
Shell & Turcas Petrol A.Ş. ("STAŞ")	Turkey	Petroleum products
RWE&Turcas Güney Elektrik Üretim A.Ş. ("RWE&Turcas Güney" or "RTG")	Turkey	Energy, electricity

STAŞ operates in every aspect of the purchase, sale, import, export, storage and distribution of all types of fuel and mineral oils.

RWE & Turcas Güney Elektrik Üretim A.Ş has been established on 7 December 2007 in order to construct and operate electricity power plant, generate electricity, heat and steam from power plants, perform maintenance services and market the recycled and waste materials.

The detailed information about the investments accounted by equity method is given in Note 7.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Financial reporting standards

The accompanying condensed interim consolidated financial statements of the Group have been prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

The Group has prepared its condensed interim financial statements as of 30 September 2020 in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" and TAS 34. Condensed interim consolidated financial statements and notes have been prepared in accordance with the minimum requirements published by CMB.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the accounting and financial reporting principles issued by the CMB. Accordingly, the Group's interim condensed consolidated financial statements have been prepared in this respect.

The Group maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the Capital Market Board ("CMB"). The consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion, these consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

In compliance with the TAS 34, entities have preference in presenting their condensed interim consolidated financial statements whether full set or condensed. In this framework, Group preferred to present its condensed interim consolidated financial statements in condensed form.

The Group's interim condensed consolidated financial statements does not contain the entire explanations and notes of the year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the year-end consolidated financial statements as of 31 December 2019.

The preparation of financial statements in conformity with Turkish Accounting Standards requires management to exercise its judgement in the process of applying the group's accounting policies. The significant assumptions and estimates applied in the preparation of the consolidated financial statements are disclosed in Note 2.4.

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

2.2 Summary of the Significant Accounting Policies

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are consistent with the accounting policies applied for the financial year between 1 January - 31 December 2019. These condensed interim consolidated financial statements should be read on a comparative basis with annual financial statements for the year between 1 January - 31 December 2019.

There is no difference in the accounting policy applied to the condensed consolidated interim financial statements from the annual consolidated financial statements which have been prepared within the framework of Communiqué II, No: 14.1 and related promulgations to this Communiqué as issued by the CMB in accordance with CMB Financial Reporting Standards which is based on TAS/TFRS.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at September 30, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Definition of a Business (Amendments to TFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after 1 January 2020 provide certain reliefs for 4 fundamental matters in connection with interest rate benchmark reform. These reliefs are related to hedge accounting as follows:

- Highly probable requirement,
- Prospective Assessments,
- Retrospective Assessments
- Separately identifiable risk components.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments are required to be applied for annual periods beginning on or after 1 January 2020. 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.

Amendments to TFRS 16 – Covid-19 Rent Related Concessions

On June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

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

- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease. A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

The amendments did not have an impact on the financial position or performance of the Group.

ii) 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 interim 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.

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

In December 2017, POA 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.

The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to IAS 1- Classification of liabilities as current and non-current liabilities

12 March 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach".

Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). 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.

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

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

- TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Group is in the process of assessing the impact of the improvements on financial position or performance of the Group.

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

There are no new standards, interpretations and amendments to existing IFRS standards issued by the IASB but not yet adopted / issued by the POA.

2.3 Comparatives and restatement of prior year financial statements

The Group prepares comparative consolidated financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed.

In the event of changes in accounting policies and accounting estimates, significant changes and significant accounting errors are applied retrospectively and the prior period financial statements are restated. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

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

2.4 Critical accounting estimates and judgements

The preparation of the financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of balance sheet date, the explanation of contingent assets and liabilities and the amounts of income and expenses reported during the period. Accounting assessments, estimates and assumptions are continuously assessed based on past experience, other factors and reasonable expectations about future events with respect to those circumstances. Although these estimates and assumptions are based on the management's best knowledge of current events and transactions, accounting estimates may not result in the same amounts as the actual results of the circumstances. The estimates and assumptions that could cause material adjustments in the carrying value of assets and liabilities in the next financial reporting period are as follows:

Deferred Taxes:

Group accounts the deferred tax assets and liabilities for the temporary differences arising from the timing differences between the statutory financial statements and the financial statements prepared in accordance with the Turkish Accounting Standards. Subsidiaries of the Group have deferred tax assets consisting of carry forward tax losses which may be deducted from the future taxable income and other deductible temporary differences. Amount of the deferred tax assets which may be partially or completely recovered are anticipated according to the current conditions. During the projections, future taxable income, current period losses, expiration dates of the carry forward tax losses, other tax assets and the tax planning strategies, if necessary, are taken into account.

The Group has unused accumulated losses which can be deducted from future taxable profits of TL 260,017,692 (31 December 2019: TL 323,731,860) at the balance sheet date. Since the Group anticipates that is going to generate taxable profit amounting to TL 21,807,310 within the next five years, deferred tax asset amounting to TL 4,361,462 has been generated (31 December 2019: deferred tax assets amounting to TL 21,905,261 has been recognized for total TL 4,381,053) (Note 17).

In determining the fair value of financial assets disclosed in Note 5, the probability of collecting usufructs is considered as 50% and the discount rate is used as 9.6% in USD terms.

2.5 Comparative Information and Restatement of Prior Period Financial Statements

The financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. In order to maintain comparability when the presentation or classification of financial statement items changes, prior period financial statements are also classified accordingly.

NOTE 3 - SEGMENT REPORTING

The reportable segments of Turcas have been organized by management as oil and electricity. The products which are included in oil are fuel products, lubricants and engine oil. Electricity group consists of power generation.

Accounting policies applied by each operational segment of Turcas are the same as those are applied in Turcas's consolidated financial statements prepared in accordance with Public Oversight Financial Reporting Standards. Turcas's reportable segments are strategical business units which presents various products and services. Each of these segments are administrated separately by the necessity of requiring different technologies and marketing strategies.

Information regarding to each segment has been presented below. Earnings before interest, tax, depreciation and amortisation (EBITDA) have been taken into consideration for evaluation of the performance of the operational segments. Management considers EBITDA as the most adequate indicator for making comparison with competitors in the sector.

a) Operating segments which have been prepared in accordance with the reportable segments as of 30 September 2020 are as follows:

	Oil	**Electricity**	**Other**	**Total**
Revenue from external customers	**-**	**39,824,906**	**-**	**39,824,906**
EBITDA	**-**	**16,198,605**	**7,128,007**	**23,326,612**
Financial income	**-**	**10,767,969**	**51,866,703**	**62,634,672**
Financial expense	**-**	**(63,673,403)**	**(206,810,148)**	**(270,483,551)**
Depreciation and amortisation expense	**-**	**(6,539,948)**	**(1,960,208)**	**(8,500,156)**
Income / (expense) from associates	**(66,770,100)**	**(9,861,184)**	**-**	**(76,631,284)**
Purchase of tangible and intangible assets	**-**	**17,589,437**	**1,303,939**	**18,893,376**

b) Operating segments which have been prepared in accordance with the reportable segments as of 30 September 2019 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	33,382,113	-	33,382,113
EBITDA	-	22,692,140	1,413,240	24,105,380
Financial income	-	27,391,195	89,923,696	117,314,891
Financial expense	-	(44,071,937)	(96,810,163)	(140,882,100)
Depreciation and amortisation expense	-	(6,562,130)	(1,879,875)	(8,442,005)
Income / (expense) from associates	47,769,900	(26,052,709)	-	21,717,191
Purchase of tangible and intangible assets	-	4,593,634	2,044,346	6,637,980

c) Operating segments which have been prepared in accordance with the reportable segments as of 1 July - 30 September 2020 are as follows:

	Oil	**Electricity**	**Other**	**Total**
Revenue from external customers	**-**	**16,854,898**	**-**	**16,854,898**
EBITDA	**-**	**5,144,097**	**(3,830,156)**	**1,313,941**
Financial income	**-**	**1,657,828**	**18,535,828**	**20,193,656**
Financial expense	**-**	**(27,904,005)**	**(107,369,070)**	**(135,273,075)**
Depreciation and amortisation expense	**-**	**(2,148,474)**	**(677,590)**	**(2,826,064)**
Income / (expense) from associates	**38,492,400**	**10,300,143**	**-**	**48,792,543**
Purchase of tangible and intangible assets	**-**	**4,057,519**	**551,497**	**4,609,016**

NOTE 3 - SEGMENT REPORTING (Continued)

d) Operating segments which have been prepared in accordance with the reportable segments as of 1 July - 30 September 2019 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	7,811,881	-	7,811,881
EBITDA	-	5,754,575	(3,818,402)	1,936,173
Financial income	-	17,792,142	57,686,304	75,478,446
Financial expense	-	(16,881,051)	(27,303,913)	(44,184,964)
Depreciation and amortisation expense	-	(2,187,076)	(608,730)	(2,795,806)
Income / (expense) from associates	35,603,240	(19,980,575)	-	15,622,665
Purchase of tangible and intangible assets	-	3,458,496	727,382	4,185,878

e) Operating segment information as of 30 September 2020 are shown below:

	Oil	**Electricity**	**Other**	**Eliminations**	**Total**
Segment assets (*)	**-**	**301,835,965**	**364,806,776**	**(13,281,681)**	**653,361,060**
Associates	**342,611,840**	**344,532,362**	**-**	**-**	**687,144,202**
Segment liabilities	**-**	**382,668,195**	**660,185,461**	**(651,024)**	**1,042,202,632**

f) Operating segment information as of 31 December 2019 are shown below:

	Oil	Electricity	Other	Eliminations	Total
Segment assets (*)	-	260,584,871	323,403,996	(29,969,247)	554,019,620
Investments accounted by equity method	409,381,940	353,819,108	-	-	763,201,048
Segment liabilities	-	287,804,028	509,691,160	(685,320)	796,809,868

(*) Through deducting investment amounts of associates which are accounted by equity method.

g) Reconciliation between reportable segment income is as follows:

	1 January – 30 September 2020	1 January – 30 September 2019	**1 July – 30 September 2020**	1 July – 30 September 2019
Revenue				
Segment Revenue	**39,824,906**	33,382,113	**16,854,898**	7,811,881
Consolidated Revenue	**39,824,906**	33,382,113	**16,854,898**	7,811,881
EBITDA				
EBITDA of segment	**16,198,605**	22,692,140	**5,144,097**	5,754,575
Other EBITDA	**7,128,008**	1,413,240	**(3,830,156)**	(3,818,402)
Consolidated EBITDA	**23,326,613**	24,105,380	**1,313,941**	1,936,173
Financial income	**62,634,672**	117,314,891	**20,193,656**	75,478,446
Financial expense	**(270,483,551)**	(140,882,100)	**(135,273,075)**	(44,184,964)
Income from investment activities	**71,778,224**	14,894,818	**14,032,550**	235,945
Income / (loss) from investments accounted by equity method, net	**(76,631,284)**	21,717,191	**48,792,543**	15,622,665
Depreciation and amortisation expense	**(8,500,156)**	(8,442,005)	**(2,826,064)**	(2,795,806)
Consolidated (loss) / profit before tax	**(197,875,482)**	28,708,175	**(53,766,449)**	46,292,459

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 September 2020	31 December 2019
Cash	**58,361**	30,673
Banks		
- time deposits	**123,343,054**	133,193,922
- demand deposits	**53,876,235**	205,881
	177,277,650	133,430,476

The maturities of cash and cash equivalents are as follows:

Up to 30 days	**92,279,185**	133,421,243
Up to 60 days	**84,998,465**	9,233
	177,277,650	133,430,476

The effective average interest rates of the time deposits are as follows (%):

	30 September 2020	31 December 2019
TL	**8.21**	10.16
USD	**1.34**	1.53
EUR	**0.53**	0.14

Cash and cash equivalents as of 30 September 2020, 31 December 2019 and 30 September 2019, as seen in condensed interim consolidated cash flow statements, are as follows:

	30 September 2020	31 December 2019	30 September 2019
Cash and cash equivalents	**177,277,650**	133,430,476	178,091,331
Less: Interest accrual	**(50,753)**	(23,911)	(37,217)
	177,226,897	133,406,565	178,054,114

The Group has no blocked deposits as of 30 September 2020 (31 December 2019: None).

NOTE 5 - FINANCIAL INVESTMENTS AND FINANCIAL ASSETS

a) Financial Investments:

	30 September 2020		31 December 2019	
	Participation amount	**Participation rate (%)**	Participation amount	Participation rate (%)
ATAŞ	**10,284,327**	**5**	10,284,327	5
Elektrik Piyasaları İşletmeleri Anonim Şirketi (*)	**50,000**	**0.08**	50,000	0.08
	10,334,327		10,334,327	

(*) It consists of Group C 50.000 shares of EPİAŞ with a nominal value of TL 50,000 owned by Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.

NOTE 5 - FINANCIAL INVESTMENTS AND FINANCIAL ASSETS (Continued)

b) Financial assets

	30 September 2020	31 December 2019
Currents Financial Assets (*)	**18,619,885**	22,696,338
Non-Current Financial Assets (*)	**53,571,560**	19,004,828
Non-Current Financial Assets (**)	**990,289**	721,510
Total	**73,181,734**	42,422,676

Financial assets are recognized at fair value.

(*) The financial asset originating from the agreements signed between Turcas and Shell Company of Turkey Ltd. (Shell) on 25.08.2017 is subject to valuation and disclosed in the financial statements as TL 72,191,445.

(**) It consists of Turcas' investment at a venture capital investment fund.

	2020	2019
1 January	**41,701,166**	73,899,149
Preferred dividend collection (-)	**(41,010,000)**	(46,215,200)
Fair value difference	**71,500,279**	11,143,768
30 September	**72,191,445**	38,827,717

NOTE 6 - FINANCIAL LIABILITIES

	30 September 2020	31 December 2019
Short-term bank borrowings	**167,245,668**	116,394,469
Long-term bank borrowings	**812,792,809**	628,536,656
	980,038,477	744,931,125

NOTE 6 - FINANCIAL LIABILITIES (continued)

			30 September 2020
	Yearly average effective interest rate (%)	Original amount	TL
EUR borrowings			
- Floating interest rate (*)	**6Month Euribor + %1.65**		
	6Month Euribor + %5.40	**12,969,643**	**118,388,198**
- Fixed interest rate (***)	**%4.75**	**1,595,989**	**14,568,346**
USD borrowings			
- Floating interest rate (**)	**6Month Libor+%4.75**	**4,377,753**	**34,181,494**
TL borrowings			
- Fixed interest rate (****)	**%16.36**	**107,630**	**107,630**
Total short term financial liabilities			**167,245,668**
EUR borrowings			
- Floating interest rate (*)	**6Month Euribor + %1.65**		
	6Month Euribor + %5.40	**57,836,841**	**527,940,472**
- Interest accrual of EUR floating rate loan (*)		**447,169**	**4,081,805**
- Fixed interest rate (***)	**%4.75**	**9,182,540**	**83,819,146**
- Interest accrual of EUR fixed rate loan (***)		**125,455**	**1,145,163**
USD borrowings			
- Floating interest rate (**)	**6Month Libor + %4.75**	**24,705,017**	**192,896,771**
- Interest accrual of USD floating rate loan (**)		**372,624**	**2,909,452**
Total long term financial liabilities			**812,792,809**
Total financial liabilities			**980,038,477**

(*) The outstanding loan balance used for the long-term financing of Denizli natural gas power plant from Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium is TL 487,748,490 (EUR 53,433,736) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 9,948,783 (EUR 1,089,907) and arrangement fee amounting to TL 1,431,265 (EUR 156,798) respectively from the total amount of the loan. The aforementioned commission amounts are amortized throughout the maturity of the loan. The outstanding loan balance used for the financing of Denizli natural gas power plant from TSKB, is TL 174,868,841 (EUR 19,157,200) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 826,808 (EUR 90,578) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan.

(**) According to the loan agreement signed on February 25, 2016 by TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 100% subsidiary of the Group, for the financing of geothermal power plant investment, the total maturity is 14 years and grace period is 30 months with a total loan limit of USD 40.5 million and EUR 15 million. As of 30 September 2020, the balance of the loan, which is utilized from the limit allocated in USD, is around TL 230,580,682 (USD 29,531,337) including accrued interest. It is recognized through deducting the arrangement fee amounting to TL 470,572 (USD 60,268) and commitment fee amounting the TL 122,395 (USD 15,676) respectively from total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(***) Aforementioned loan limit as of 30 September 2020, the amount of the loan used in the EUR limit is TL 99,785,541 (EUR 10,931,688) including the accrued interest. The arrangement fee amounting to TL 192,829 (EUR 21,125) and the commitment fee amounting to TL 60,058 (EUR 6,579) have been shown for this loan by deducting from the total loan amount. Such commission amounts are amortized over the term of the loan.

(****) It consists of commercial loan with a balance of TL 107,630 including the accrued interest from Türkiye İş Bankası with 16.36% fixed interest rate.

NOTE 6 - FINANCIAL LIABILITIES (continued)

			31 December 2019
	Yearly average effective interest rate (%)	Original amount	TL
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65 6M Euribor + %5.4	11,919,467	79,271,606
- Fixed interest rate (***)	%4.75	1,601,298	10,649,591
USD borrowings			
- Floating interest rate (**)	6M Libor + %4.75	4,427,788	26,301,945
TL borrowings			
- Fixed interest rate (****)	%16.36	171,327	171,327
Total short term financial liabilities			116,394,469
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65 6M Euribor + %5.4	63,584,682	422,876,288
- Interest accrual of EUR floating rate loan (*)	-	20,571	136,807
- Fixed interest rate (***)	%4.35 - %4.75	9,729,672	64,708,157
- Interest accrual of EUR fixed rate loan (***)	-	1,500	9,977
USD borrowings			
- Floating interest rate (**)	6M Libor + %4.75	23,689,907	140,722,783
- Interest accrual of USD floating rate loan (**)	-	5,228	31,057
TL borrowings			
- Fixed interest rate (****)	%16.36	51,587	51,587
Total long term financial liabilities			628,536,656
Total financial liabilities			744,931,125

(*) The outstanding loan balance used for the long-term financing of Denizli natural gas power plant from Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium is TL 389,777,240 (EUR 58,607,831) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 10,969,968 (EUR 1,649,470) and arrangement fee amounting to TL 1,431,264 (EUR 215,208) respectively from the total amount of the loan. The aforementioned commission amounts are amortized throughout the maturity of the loan. The outstanding loan balance used for the financing of Denizli natural gas power plant from TSKB, is TL 125,702,649 (EUR 18,900,949) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 793,955 (EUR 119,381) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan.

(**) According to the loan agreement signed on February 25, 2016 by TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 100% subsidiary of the Group, for the financing of geothermal power plant investment, total maturity is 14 years and grace period is 30 months with a total loan limit of USD 40.5 million and EUR 15 million. As of 31 December 2019, the balance of the loan, which is utilized from the limit allocated in USD, is around TL 167,603,250 (USD 28,215,085) including accrued interest. It is recognized through deducting the arrangement fee amounting to TL 425,070 (USD 71,558) and commitment fee amounting the 122,395 (USD 20,605) respectively from total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(***) Aforementioned loan limit as of 31 December 2019, the balance of the loan which is utilized from the limit allocated in EUR is TL 75,616,246 (EUR 11,369,838) including the accrued interest. The arrangement fee amounting to TL 188,463 (EUR 28,338) and the commitment fee amounting to TL 60,058 (EUR 9,030) have been shown for this loan by deducting from the total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(****) It consists of commercial loan with a balance of TL 222,914 including the accrued interest from Türkiye İş Bankası with 16.36% fixed interest rate.

NOTE 6 - FINANCIAL LIABILITIES (continued)

Foreign currency denominated floating rate borrowings are converted to TL by using the exchange rates prevailing at the end of the period. The interest rates of floating rate borrowings are being re-determined in 6-month periods and it is envisaged that the values carried forward will converge to reasonable values.

The redemption schedule of financial liabilities is as follows:

	30 September 2020	31 December 2019
Within 1 year	**167,245,668**	116,394,469
1 - 2 years	**172,639,852**	123,500,992
2 - 3 years	**175,208,809**	122,263,709
3 - 4 years	**174,926,577**	125,455,424
4 - 5 years	**168,056,839**	120,784,359
After 5 years	**121,960,732**	136,532,172
	980,038,477	744,931,125

The following is the information compiled regarding the loans made available for the 800 MW Natural Gas Combined Cycle Power Plant investment, within the scope of financing corresponding to the share of RWE & Turcas Güney Elektrik Üretim A.Ş., an associate of the Group, in the Denizli Project:

- The loan agreement was entered into with the bank consortium composing of Bayerische Landesbank ("Bayern LB") and EAA (Erste Abwicklungsanstalt) with respect to the amount EUR 149,351,984 with a maturity of 13 years and no-payback (grace) period of three years at the interest rate 6M Euribor + 1.65%, under the guarantee of Euler Hermes German Export Loan Agency,

- The loan agreement was entered into with Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB") with respect to the amount USD 55,000,000 with a maturity of 10 years and no-payback (grace) period of three years at the interest rate 6M Libor + 3.40%.

In accordance with the amendment agreement signed between Turcas Petrol A.Ş. ("TPAŞ") and TSKB, Bayern LB and EAA (Erste Abwicklungsanstalt) (Consortium Banks), maturities of loans obtained from Consortium Banks for the financing of Denizli Combined Cycle Gas Power Plant with an installed capacity of 800 MW (TPAŞ's stake: 30%) have been extended by 2 years. Therefore, maturity of the loan obtained from TSKB is extended from 2020 to 2022. Meanwhile, maturity of the loan obtained from Bayern LB and EAA (Erste Abwicklungsanstalt) is extended from 2023 to 2025.

Turcas Petrol A.Ş. and TSKB has signed an additional agreement on 7th August, 2019. According to the mentioned agreement; maturity of the loan was extended to 30.06.2025 from 21.12.2022; repayment plan was updated with the first principal repayment to be realized in 30.06.2021; outstanding USD denominated loan balance was converted into Euro.

The outstanding amount of the loan received from the bank consortium formed by Bayern LB and EAA (Erste Abwicklungsanstalt) is EUR 53,433,736 and the outstanding amount of the loan received from TSKB is EUR 19,157,200 as of 30 September 2020.

A loan agreement having 14 years of maturity with a grace period of 30 months amounting to USD 40.5 million and EUR 15 million was signed on February 25, 2017 with TSKB for the financing of geothermal power plant investment within the body of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is the 100% subsidiary of the Group. As of 30 September 2020, the outstanding loan balance is around USD 29,531,337 and EUR 10,931,688 including its accrued interest.

NOTE 6 - FINANCIAL LIABILITIES (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

		Cash Changes			Non-cash changes	
	31 December 2019	**Principal Payments**	**Interest Payments**	**Cash Flow from borrowings**	**Interest accruals & translation adjustments**	**30 September 2020**
Bank loans	744,931,125	(55,875,559)	(16,157,016)	15,334,389	291,805,538	980,038,477
Financial liabilities	**744,931,125**	**(55,875,559)**	**(16,157,016)**	**15,334,389**	**291,805,538**	**980,038,477**

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD

	(%)	**30 September 2020**	(%)	31 December 2019
STAŞ	**30**	**342,611,840**	30	409,381,940
RWE & Turcas Güney Elektrik Üretim A.Ş.	**30**	**344,532,362**	30	353,819,108
		687,144,202		763,201,048

	30 September 2020	30 September 2019
Balance at the beginning of the year	**763,201,048**	806,035,015
Income and losses from associates (net) (*)	**(76,631,284)**	21,717,191
Transactions with associates (**)	**574,438**	574,440
Dividend received (***)	**-**	(147,600,000)
Balance at the end of the period	**687,144,202**	680,726,646

(*) The Group's net incomes from associates amounting to TL 76,631,284 consist of loss from RWE&Turcas Güney Elektrik Üretim A.Ş. amounting to TL 9,861,184, and loss from Shell & Turcas Petrol A.Ş amounting to TL 66,770,100.

(**) The balance consists of the consolidation adjustment for capitalized finance expenses by RWE&Turcas Güney Elektrik Üretim A.Ş. related to the borrowing from the Group in order to finance Denizli Power Plant investment of RWE&Turcas Güney Elektrik Üretim A.Ş.

(***) Group's 30% subsidiary, Shell & Turcas Petrol A.Ş., has decided to distribute 492 MM TL (share of Turcas Petrol A.Ş.: TL 147,600,000) of dividends from previous years' income.

STAŞ

As explained in Note 1, STAŞ operates for the sales, purchase, export and import, storage and distribution of each kind of fuel products and mineral oils.

Shell & Turcas Petrol A.Ş., which has 30% of shareholder of Turcas, has become operational on 1 July 2006. As of 30 September 2020, STAŞ is one of the leading companies in Turkish fuel distribution sector with 1,050 fuel stations, lubricant production facilities, retail and commercial sale.

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

In accordance with the agreements signed on 25.08.2017 between Turcas and Shell Company of Turkey;

(i) Shell has been granted the right, but not the obligation, exercisable at any time and only by Shell, after a 2 year lock-up period, to trigger a calculation of the Fair Market Value (FMV) of STAS for the purpose of purchasing Turcas' 30% shares. If upon calculation of FMV Shell makes an offer to purchase Turcas' shares in STAS, Turcas has the right to counter offer to purchase Shell's 70% shares in STAS, which could then effectively trigger an auction between the parties where each party has the right either to agree to sell its shares at the last offer or make an increased counter-offer to purchase the other party's shares. Shell has the ability to cancel the auction process at any time before acceptance of any offer. If Shell stops the process, all the offers made up to that time will be null and void and each party's shareholding in STAS will not change. But if it elects to do so, a 2 year lock up period will again be imposed.

(ii) In return for Turcas providing Shell with the option to trigger an exit, Shell shall cause STAS to issue 125 Usufruct Certificates to Turcas, which shall each entitle Turcas to USD 64,000 of preferred dividends per annum to be valid from financial year 2016 and with first payment to be realized in 2017.

The Group has recognized financial assets, which is generated as a result of this Agreement, as Financial Asset (Note 5), amounting to TL 72,191,445 according to the valuation.

The summarized financial information of STAŞ, which is an associate of the Group accounted using the equity method is as follows:

STAŞ	**30 September 2020**	31 December 2019
Total assets	**7,008,947,233**	6,382,225,233
Total liabilities	**(5,866,907,767)**	(5,017,618,767)
Net assets	**1,142,039,467**	1,364,606,466
Group's share of associate's net assets	**342,611,840**	409,381,940

	1 January - 30 September 2020	1 January - 30 September 2019
Net sales revenue	**24,967,196,000**	29,708,279,000
Comprehensive income / (expense)	**(222,567,000)**	159,233,000
The Group's share in total comprehensive income / (expense)	**(66,770,100)**	47,769,900

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

RWE&Turcas Güney Elektrik Üretim A.Ş.

Turcas has established a joint venture company in 2007 named RWE & Turcas Güney Elektrik Üretim A.Ş. with RWE AG's subsidiary. Natural gas combined cycle power plant with a 775 MW installed capacity, which is established in Denizli by RWE & Turcas Güney Elektrik Üretim A.Ş. has become operational with completion of temporary admission process conducted by the Ministry as of 24 June 2013. Currently, shareholding ratio of Turcas Petrol A.Ş. is 30% and shareholding ratio of RWE Generation SE is 70% in this joint venture.

RWE&Turcas	**30 September 2020**	31 December 2019
Total assets	**1,459,051,010**	1,473,362,911
Total liabilities	**(287,068,916)**	(268,510,199)
Net assets	**1,171,982,094**	1,204,852,712
Group's share of associate's net assets	**351,594,628**	361,455,814
Intra-group finance expense elimination	**7,062,266**	(7,636,706)
Group's share, net	**344,532,362**	353,819,108

	1 January - 30 September 2020	1 January - 30 September 2019
Net sales revenue	**1,118,342,241**	684,119,011
Comprehensive income / (expense)	**(32,870,616)**	(86,842,360)
The Group's share in total comprehensive income/(expense)	**(9,861,184)**	(26,052,709)

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased for the period ending as of 30 September 2020 is TL 18,893,376 (30 September 2019: TL 6,637,980).

There is no tangible and intangible assets sold for the period ending as of 30 September 2020 (31 December 2019: TL 830,000).

For the nine month interim periods ending as of 30 September 2020 and 30 September 2019, all of the depreciation and amortisation expenses are included in the general administrative expenses and cost of sales.

As of 30 September 2020, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is the 100% subsidiary of the Group, has a mortgage on property, plant and equipment and pledge on business licence on behalf of TSKB A.Ş. (31 December 2019: Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is the 100% subsidiary of the Group, has a on property, plant and equipment and pledge on business licence on behalf of TSKB A.Ş.).

NOTE 9 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities of Turcas

Collaterals, pledges, mortgages (CPM) given by the Group, as of 30 September 2020 and 31 December 2019 are as follows:

		30 September 2020		31 December 2019	
	Currency	**Original Amount**	**TL Amount**	Original Amount	TL Amount
GPM's given by the Company (Guarantee-Pledge-Mortgage)					
A. GPM's given for companies Own legal personality (*)	TL	**24,802,442**	**24,802,442**	24,709,634	24,709,634
	USD	**50,600**	**395,085**	50,600	300,574
B. GPM's given on behalf of fully Consolidated companies	TL	-	-	-	-
	USD	-	-	-	-
	EUR	-	-	-	-
C. GPM's given for continuation of its Economic activities on behalf of third parties (**)	USD	**91,000,000**	**710,528,000**	91,000,000	540,558,200
	EUR	**7,040,847**	**64,269,552**	7,141,967	47,498,365
D. Total amount of other GPM's i) Total amount GPM's given on behalf of the majority shareholders		-	-	-	-
ii) Total amount of GPM's given to on behalf of other group companies which are not in scope of B and C		-	-	-	-
iii) Total amount of GPM's given on behalf of third parties which are not in scope of C		-	-	-	-
			799,995,079		613,066,773

(*) It consists of the guarantees that Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has given to EMRA and district governorships and Turcas Petrol has given to EMRA and Türkiye Elektrik İletim A.Ş. (TEİAŞ).

(**) A loan agreement having 14 years of maturity with a grace period of 30 months amounting to USD 40.5 million and EUR 15 million was signed on February 25, 2016 with TSKB for the financing of geothermal power plant investment within the body of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. Surety of Turcas Petrol A.Ş. amounting to USD 91 million has been given for the aforementioned loan. The aforementioned surety will expire when the following conditions are satisfied: the revenues from the project operations will be recognized, the minimum subsequent four principal and interest payments will be made and the other conditions stated in the Loan Contract are performed by the loan borrower. In relation to Company's share of financing the investment of 800 MW Natural Gas Fired Combined-Cycle Power Plant; As stated in Note 6, within the scope of the loan contract which is signed with Bayern LB and EAA (Erste Abwicklungsanstalt) and amounting to EUR 149,351,984, a DSRA Standby Letter of Credit was arranged by Türkiye Garanti Bankası A.Ş. on behalf of Turcas Petrol A.Ş with Bayern LB and EAA (Erste Abwicklungsanstalt) as the drawee bank in the amount of EUR 5,711,302, with a maturity of 29 January 2021 (DSRA Standby Letter of Credit). Additionally, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has given a standby letter of credit amounting to EUR 1,329,545 to Exergy S.P.A. within the scope of the construction of the 18.16 MW Geothermal Power Plant ("GPP") in Kuyucak district of Aydın province.

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

	30 September 2020	31 December 2019
Letter of guarantees received	**34,873,731**	25,385,651
Letter of other guarantees received	**40,750**	40,750
	34,914,481	25,426,401

(*) It consists of a guarantee letter of EUR 3,594,800 (TL 32,813,694) from Exergy S.P.A. within the scope of the construction of the 18.16 MW Geothermal Power Plant ("GPP") in Kuyucak district of Aydın province.

Contingent assets and liabilities of Turcas Petrol A.Ş. regarding STAŞ

The contingent assets and liabilities of the Group related to STAŞ are follows:

	30 September 2020	31 December 2019
Letters of guarantee given to the customs office	**841,531,500**	595,867,912
Letters of guarantee given to the tax office	**232,982,400**	184,876,825
Letters of guarantee given to the EMRA	**15,000,000**	15,000,000
Other	**11,272,200**	17,815,596
	1,100,786,100	813,560,333

	30 September 2020	31 December 2019
Mortgages taken	**743,565,600**	695,567,108
Letters of guarantees received	**309,862,800**	316,431,600
Other guarantees received	**85,242,600**	86,700,900
	1,138,671,000	1,098,699,608

STAŞ has committed to pay TL 3,153,764,000 to the station owners for the station improvement in the periods mentioned below (31 December 2019: TL 1,724,507,288). The payment terms of group's share of warranty are as follows:

	30 September 2020	31 December 2019
Within 1 year	**170,743,200**	121,447,296
1-5 years	**614,330,400**	319,549,483
5-22 years	**161,055,600**	76,355,407
	946,129,200	517,352,186

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

According to the environmental laws in effect, Shell & Turcas Petrol A.Ş. ("STAŞ") is responsible for any environmental pollution that may arise as a result of its operations. In the case that STAŞ causes an environmental pollution, STAŞ may be required to recover the damages. There are no environmental lawsuits claimed against STAŞ as of the balance sheet date, however in the case of abandoning the currently operating terminals in the future, STAŞ may be charged for the soil clean-up costs for these terminals. On the other hand, according to the BCA, any environmental liabilities that have arisen prior to the acquisition date are the responsibility of shareholders. STAŞ is accountable only for the environmental liabilities that occur subsequent to the Acquisition Date. However, STAŞ management does not foresee any liabilities that should be reflected in these consolidated financial statements.

As previously announced in our Company's Public Disclosure dated 26 September 2018, Competition Authority had launched an investigation on various fuel distribution companies, including our 30% subsidiary Shell & Turcas Petrol A.Ş (STAŞ) following preliminary enquiries regarding violation of Law Numbered 4054, 4th article. Regarding the above mentioned investigation, on 13 March 2020 our Company has been informed that Competition Authority has fined STAŞ 348 million TL. STAŞ always prioritizes compliance with related legislation while running its operations. STAŞ preserves the right to take all legal actions.

Contingent assets and liabilities of Turcas Petrol A.Ş. regarding RWE & Turcas Güney Elektrik Üretim A.Ş.

The contingent assets and liabilities of the Group related to RWE & Turcas Güney Elektrik Üretim A.Ş. are follows:

	30 September 2020	31 December 2019
Letters of guarantees given for EPİAŞ	**1,907,844**	1,907,844
Letters of guarantees given for TEİAŞ	**3,738,699**	2,928,699
Letters of guarantees given for BOTAŞ	**1,200,000**	1,200,000
Other	**177,535**	37,702
	7,024,078	6,074,245

	30 September 2020	31 December 2019
Letters of guarantees received	-	7,981
	-	7,981

NOTE 10- EQUITY

a) Paid in capital/repurchased shares

Shareholders	Group	Allocation (%)	30 September 2020	Allocation (%)	31 December 2019
Aksoy Girişimcilik, Enerji ve Turizm A.Ş.	A/C Group	**54.45**	**139,175,892**	54.45	139,175,892
Free Float	A Group	**28.02**	**71,623,633**	27.99	71,554,317
Turcas Petrol A.Ş., publicly traded on Borsa İstanbul (*)	A Group	**0.03**	**71,336**	0.03	71,336
Other	A/B Group	**17.50**	**44,729,139**	17.53	44,798,455
Total		**100**	**255,600,000**	100	255,600,000
Repurchased shares (*)			**(8,450,916)**		(8,450,916)
Inflation adjustment			**41,247,788**		41,247,788
Adjusted capital			**288,396,872**		288,396,872

(*) 5.36% shares of Turcas Petrol A.Ş., which was owned by Turcas Enerji Holding A.Ş., one of Turcas Petrol A.Ş.'s subsidiaries, had been purchased by Turcas Petrol A.Ş. on 29 November 2012 as a consequence of Share Buy Back Programme prepared in accordance with the communiqué no 26/767 "Principles for the Share Buy Back of Listed Companies in ISE (Istanbul Stock Exchange)" by CMB on 10 August 2011. Repurchased shares consist of this transaction.

The issued capital of the Company in 30 September 2020 is composed of 255,600,000 shares (31 December 2019: 255,600,000 shares). The nominal value of shares is TL 1 per share.

At least three members of the Board of Directors are elected among the candidates nominated by Group "B" shareholders. At least two members of the Board of Directors are elected among the candidates nominated by Group C shareholders, Group C shareholders have at least forty percent (40%) right, Group A shareholders have the right of nominating and electing three (3) members of the Board of Directors at the General Assembly Meeting where the members of the Board of Directors are elected. However, the remaining members of the Board of Directors are nominated and elected by the Group B shareholders.

At least one of the Group C shareholders is required to vote in the affirmative for some critical decisions determined in the establishment agreement of the Company.

There is no privilege assigned to any group of shares in terms of dividend distribution.

b) Restricted reserves

	30 September 2020	31 December 2019
Legal reserves	**39,311,954**	39,311,954
	39,311,954	39,311,954

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. In accordance with the Turkish Commercial Code, legal reserves can be used for offsetting the losses as long as they do not exceed 50% of the paid in capital. Apart from that, they cannot be used in anyhow. These amounts should be classified under "Restricted Reserves" as per CMB Financial Reporting standards.

NOTE 10- EQUITY (Continued)

Dividend distribution

Dividends are distributed according to Communiqué Serial: IV, No: 27 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies.

In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

It is allowed to pay dividends to shareholders as bonus share which shall be issued through the addition of dividends to equity or in cash or distributing to shareholders at a certain ratio in cash and at a certain rate as bonus share depending upon the resolutions taken in the general assemblies of companies provided that it is decided to realize dividend payment and also to remain the amount in question in partnership body without distribution if the amount of determined first dividend is less than 5% of paid/issued capital but it has become obligatory for the joint stock companies, which shall pay dividends from net income for the period as a result of their activities and having their shares separated as "old" and "new" since they have made a capital increase without realizing dividend payment related to previous period, to pay the first dividend, which shall be calculated, in cash.

NOTE 11 - REVENUE AND COST OF SALES

	1 January - 30 September 2020	1 January - 30 September 2019	**1 July - 30 September 2020**	1 July - 30 September 2019
Electricity sales	**39,824,906**	33,382,113	**16,854,898**	7,811,881
	39,824,906	33,382,113	**16,854,898**	7,811,881

Cost of sales	**1 January - 30 September 2020**	1 January - 30 September 2019	**1 July - 30 September 2020**	1 July - 30 September 2019
Depreciation and amortization	**6,539,948**	6,562,130	**2,148,475**	2,187,076
Personnel expenses	**4,099,295**	3,844,561	**1,357,269**	1,164,930
Electricity cost	**1,731,138**	1,737,295	**1,061,209**	900,456
Insurance expenses	**885,595**	773,586	**298,215**	256,569
Maintenance and repair costs	**859,179**	796,598	**328,954**	456,639
Outsourced benefits and services	**820,331**	673,082	**193,904**	309,311
Transmission capacity and service cost	**787,221**	566,816	**258,963**	222,513
Other	**671,898**	678,252	**274,770**	327,334
	16,394,605	15,632,320	**5,921,759**	5,824,828

NOTE 12 - OPERATING EXPENSES

	1 January - 30 September 2020	1 January - 30 September 2019	**1 July - 30 September 2020**	1 July - 30 September 2019
Personnel expenses	**10,730,630**	10,588,746	**2,908,688**	2,688,272
Depreciation and amortization expenses	**1,960,208**	1,879,875	**677,590**	608,730
Outsourced services	**1,355,432**	1,603,447	**548,686**	479,552
Repair and maintenance expenses	**1,010,439**	1,054,558	**398,975**	407,003
Travel expenses	**185,547**	401,508	**52,554**	232,332
Taxes and other liabilities	**171,881**	295,191	**79,248**	111,762
Rent expenses	**133,203**	169,562	**50,142**	43,806
Donations	**277,799**	9,735	**125,700**	-
Other	**1,897,534**	2,070,605	**637,191**	616,056
	17,722,673	18,073,227	**5,478,774**	5,187,513

NOTE 13 – OTHER OPERATING INCOME / EXPENSE

For the nine-month period ending as of September 30, 2020, other operating income amounting to TL 23,142,079 consists of the Joint Venture Agreement amounting to TL 20,320,274 and rent and service income amounting to TL 2,821,805.

For the nine-month period ending as of September 30, 2019, other operating income amounting to TL 16,924,036 consists of the Joint Venture Agreement amounting to TL 15,311,236 and rent and service income amounting to TL 1,612,800.

Joint Venture Agreement gives Turcas the right to redeem a predetermined amount from Shell Turkey, if administration expenses reflected to STAŞ by Shell Turkey's main shareholder exceed a certain amount.

For the nine-month period ending as of September 30, 2020, other operating expenses amounting to TL 14,023,250 consist of exchange rate differences arising from trade payables amounting to TL 13,608,787 and other expenses amounting to TL 414,463.

For the nine-month period ending as of September 30, 2019, other operating expenses amounting to TL 937,227 consist of exchange rate differences arising from trade payables amounting to TL 834,980 and other expenses amounting to TL 102,247.

NOTE 14 – INCOME FROM INVESTMENT ACTIVITIES

For the nine-month period ending as of September 30, 2020, income from investment activities amounting to TL 71,778,224 consist of fair value difference of usufruct certificates amounting to TL 71,500,279, fair value difference of venture capital investment fund valuation amounting to TL 268,779 and TL 9,166 of the dividend income.

For the nine-month period ending as of September 30, 2019, income from investment activities amounting to TL 14,894,818 consist of fair value difference of usufruct certificates amounting to TL 11,143,768, fair value difference of ATAŞ valuation amounting to TL 3,701,250 and TL 49,800 of the fixed asset sales profit.

NOTE 15 - FINANCIAL INCOME

	1 January - 30 September 2020	1 January - 30 September 2019	**1 July - 30 September 2020**	1 July - 30 September 2019
Foreign exchange gains	**53,178,757**	97,212,798	**17,390,861**	68,192,574
Interest income	**9,455,915**	20,102,093	**2,802,795**	7,285,872
	62,634,672	117,314,891	**20,193,656**	75,478,446

NOTE 16 - FINANCIAL EXPENSE

	1 January - 30 September 2020	1 January - 30 September 2019	**1 July - 30 September 2020**	1 July - 30 September 2019
Foreign exchange losses	**244,717,832**	115,734,732	**127,092,101**	39,598,125
Interest expenses	**24,115,595**	22,376,528	**7,862,171**	4,190,171
Other	**1,650,124**	2,770,840	**318,803**	396,668
	270,483,551	140,882,100	**135,273,075**	44,184,964

NOTE 17 - TAX ASSETS AND LIABILITIES

Current tax liability	**30 September 2020**	31 December 2019
Prepaid tax and funds	**342,847**	416,092
Corporate tax provision	**-**	-
Prepaid tax and funds / (current tax liability), net	**342,847**	416,092

Tax income / (expense) is comprised of the following:

	1 January - 30 September 2020	1 January - 30 September 2019	**1 July - 30 September 2020**	1 July - 30 September 2019
Deferred tax income / (expenses)	**14,199,068**	389,897	**7,504,319**	(989,821)
	14,199,068	389,897	**7,504,319**	(989,821)

Corporate Tax

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax losses can be carried forward to be deducted from taxable profit for a maximum period of 5 years following the year in which the losses were incurred. But these losses cannot be deducted retrospectively from profits incurred in previous periods.

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, there is no implementation such as agreement with the tax authorities for tax payables. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 15 %. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Deferred tax assets and liabilities

The Group, recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with Turkish Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Financial Reporting Standards and tax purposes.

The rate applied in the calculation of deferred tax assets and liabilities is 20% and 22% depending on the periods that temporary differences disappears (31 December 2019: 22%).

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities using principal tax rates are as follows:

	Total temporary differences		**Deferred tax asset/(liability)**	
	30 September 2020	31 December 2019	**30 September 2020**	31 December 2019
Carry forward tax loss	**(21,807,310)**	(21,905,261)	**4,361,462**	4,381,053
Interest accrual	**5,177,826**	4,284,174	**(1,035,565)**	(856,835)
Tangible and intangible assets	**(145,121,939)**	(73,143,134)	**29,024,388**	14,628,627
Provision for employment termination benefits	**(648,991)**	(576,734)	**129,798**	115,347
Unused vacation pay liability	**(833,899)**	(767,735)	**166,780**	153,547
Effect of business combinations	**27,635,050**	27,635,050	**(5,527,010)**	(5,527,010)
Sales revenues extend to the next month	**(48,231)**	(5,326)	**9,646**	1,065
Effect of intra-group transactions	**7,358,351**	7,358,351	**(1,471,671)**	(1,471,671)
Fair value differences	**4,728,771**	4,728,771	**(236,437)**	(236,438)
Other	**827,652**	827,652	**(165,530)**	(165,530)
Deferred tax asset, net			**25,255,861**	11,022,155

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

The expiration dates of recognized carry-forward tax losses on which deferred tax asset has been calculated are as follows:

	30 September 2020	31 December 2019
2022	**632,140**	632,140
2023	**12,784,600**	12,784,600
2024	**8,390,570**	8,488,521
	21,807,310	21,905,261

The movement of deferred tax assets and liabilities as of 30 September 2020 and 2019 are as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Opening balance	**11,022,155**	6,889,081
Presented in statement of profit or loss	**14,199,068**	389,897
Presented in other comprehensive income	**34,638**	27,518
Closing balance	**25,255,861**	7,306,496

NOTE 18 – (LOSS) / EARNINGS PER SHARE

For the years 30 September 2020 and 2019, the weighted average number of shares and earnings / loss per share is as follows:

	1 January - 30 September 2020	1 January - 30 September 2019	**1 July - 30 September 2020**	1 July - 30 September 2019
Weighted average number of outstanding shares	**255,600,000**	255,600,000	**255,600,000**	255,600,000
(Loss) / profit attributable to the equity holders of the parent	**(183,676,414)**	29,098,072	**(46,262,130)**	45,302,638
(Loss) / Earnings per share	**(0.719)**	0.114	**(0.181)**	0.177

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

										30 September 2020
	Financial Assets		Receivables				Payables			
	Short Term	Long Term	Short Term		Long Term		Short Term		Long Term	
Balances with related parties			Trading	Non-Trading	Trading	Non-Trading	Trading	Non-Trading	Trading	Non-Trading
Associates										
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	-	**86,553**	-	-	-	-	-	-
Shell & Turcas Petrol A.Ş. (*)	**18,619,885**	**53,571,560**	-	**589,947**	-	**72,600,000**	-	-	-	-
Other related entities										
Dividend payable to real person shareholders	-	-	-	-	-	-	-	**187,987**	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	-	-	**211,279**	-	-
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic Aş	-	-	-	-	-	-	-	**48,952**	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	**15,890**	-	-	-	-	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	**1,535**	-	-	-	-	-	-
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	**16,420**	-	-	-	-	-	-
Aksoy Girisimcilik Enerji Ve Turizm A.Ş.	-	-	-	**19,835**	-	-	-	-	-	-
Aksoy Enternasyonel Tic. A.Ş.	-	-	-	**31,761**	-	-	-	-	-	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	-	-	**16,430**	-	-	-	-	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	**1,883**	-	-	-
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	-	-	**16,420**	-	-	-	-	-	-
Horizonist Dış Tic.Ltd.Sti.	-	-	-	**2,261**	-	-	-	-	-	-
	18,619,885	**53,571,560**	-	**797,052**	-	**72,600,000**	**1,883**	**448,218**	-	-

(*) TL 72,600,000 of the related balance consist of the shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17.09.2019. The financial asset originating from the agreements signed between Turcas and Shell Company of Turkey Ltd. (Shell) on 25.08.2017 is subject to valuation and disclosed in the financial statements as TL 72,191,445 in total, amounting to TL 18,619,885 as short term and TL 53,571,560 as long term.

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

							31 December 2019			
	Financial Assets		Receivables				Payables			
	Short Term	Long Term	Short Term		Long Term		Short Term		Long Term	
Balances with related parties			Trading	Non-Trading	Trading	Non-Trading	Trading	Non-Trading	Trading	Non-Trading
Associates										
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	-	-	4,370	-	1,892,539	36,753	-	-	-
Shell Turcas Petrol A.Ş. (**)	22,696,338	19,004,828	-	510,967	-	72,600,000	-	622	-	-
Other related entities										
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	-	-	461,074	-	-
Dividend payable to shareholders	-	-	-	-	-	-	-	198,934	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	-	-	90,806	-	-
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic A.Ş.	-	-	-	-	-	-	-	8,829	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	17,749	-	-
Aksoy Holding A.Ş.	-	-	-	7,322	-	-	-	-	-	-
Aksoy Enternasyonel Tic. A.Ş.	-	-	-	26,710	-	-	-	-	-	-
Aksoy Bodrum Taşinmaz Yatirimlari A.Ş.	-	-	-	5,482	-	-	-	-	-	-
Pronegy Gayrimenkul Ve Enerji Yatirimlari A.Ş.	-	-	-	6,853	-	-	-	-	-	-
Daytona Turizm Ve Danişmanlik Ltd.Şti.	-	-	-	11,210	-	-	-	-	-	-
Tas.Hal.Transbalkan Denizyollari Deniz Taş.A.Ş.	-	-	-	11,210	-	-	-	-	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	5,482	-	-	-	-	-	-
	22,696,338	19,004,828	-	589,606	-	74,492,539	36,753	778,014	-	-

(*) The Group has received loans from EAA (Erste Abwicklungsanstalt), Bayern LB and TSKB banks in order to provide the funds which shall be required for the power plant engaged in Denizli province by RWE & Turcas Güney Elektrik Üretim A.Ş. The aforementioned received loans have been used as shareholder loan to RWE & Turcas Güney Elektrik Üretim A.Ş in accordance with shareholders loan agreement signed on 3 December 2010. Interest rate related to aforementioned receivables mentioned in the contract has been recognized as interest income at an amount of TL 22,897,174 using (TL Libor+2%). Group's subsidiary RWE & Turcas Güney Elektrik Üretim A.Ş. ("RTG")'s Board of Directors decided to include TL 347,681,920 (Turcas Petrol A.Ş.'s share: TL 104,304,576) of the shareholder loan receivables into capital on 20.12.2019. Hence, long term receivables due to RTG decreased to TL 1,892,539 as of 31.12.2019.

(**) TL 72,600,000 of the related balance consist of the shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17.09.2019.

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 30 September 2020							
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Interest paid**	**Rent income**	**Dividend income**	**Other income**	**Other expenses**
Associates								
Shell & Turcas Petrol A.Ş. (*)	-	-	**6,513,473**	-	-	-	**41,010,000**	**79,131**
RWE & Turcas Güney Elektrik Üretim A.Ş.	**368,627**	**302,322**	-	-	-	-	**125,672**	**47,330**
Other related entities								
Yeditepe Beyn.Otelcilik Turz.Ve Tic A.Ş.	-	-	-	-	-	-	-	**50,464**
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	**311,286**	-	**7,514**	**233,576**
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	**4,500**	-	**58,540**	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	**4,500**	-	**11,708**	**600,533**
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	**4,500**	-	-	-
Aksoy Holding A.Ş.	-	-	-	-	**2,500**	-	**51,872**	-
Aksoy Girisimcilik Enerji Ve Turizm A.Ş.	-	-	-	-	**2,000**	-	**93,663**	-
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	-	**4,500**	-	**341,164**	**13,091**
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	-	**2,500**	-	**71,548**	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	-	-	-	**4,500**	-	**58,540**	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	**143,979**
The Shell Company Of Turkey Ltd. (**)	-	-	-	-	-	-	**20,320,274**	-
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	-	-	-	**4,500**	-	-	-
Horizonist Dış Tic.Ltd.Sti.	-	-	-	-	**4,500**	-	-	-
	368,627	**302,322**	**6,513,473**	-	**349,786**	-	**62,150,495**	**1,168,104**

(*) It consist of interest income related to shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17.09.2019. Other income consists of usufruct certificates income amounting to TL 41,010,000.

(**) It consist of Joint Venture Agreement income amounting to TL 20,320,274.

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 30 September 2019							
Transactions with related parties	Purchases	Sales	Interest received	Interest paid	Rent income	Dividend income	Other income	Other expenses
Associates								
Shell & Turcas Petrol A.Ş. (*)	-	-	492,606	-	-	147,600,000	46,218,076	97,176
RWE & Turcas Güney Elektrik Üretim A.Ş.	367,445	281,879	12,383,069	-	-	-	73,308	90,194
Other related entities								
Erdal Aksoy	-	-	-	-	-	-	-	15,459
Yeditepe Beyn.Otelcilik Turz.Ve Tic A.Ş.	-	-	-	-	-	-	-	18,864
Saffet Batu Aksoy	-	-	-	-	-	-	-	39,345
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	287,918	-	-	241,761
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	41,814	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	41,814	659,333
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	4,500	-	-	-
PD Turizm ve Gayrimenkul A.Ş.	-	-	-	-	-	-	6,458	-
Aksoy Holding A.Ş.	-	-	-	-	4,500	-	127,692	10,968
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	-	4,500	-	279,042	19
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	41,814	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	-	-	-	4,500	-	52,318	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	1,890	312,643
The Shell Company Of Turkey Ltd. (**)	-	-	-	-	-	-	15,311,236	-
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	-	-	-	4,500	-	-	-
Kalyon Otelcilik Tur.Paz A.Ş.	-	-	-	-	-	-	-	6,625
Horizonist Dış Tic.Ltd.Sti.	-	-	-	-	3,500	-	-	11
	367,445	281,879	12,875,675	-	327,418	147,600,000	62,195,462	1,492,398

(*) It consist of interest income related to shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17.09.2019. Other income consists of usufruct certificates income amounting to TL 46,215,200.

(**) It consist of Joint Venture Agreement income amounting to TL 15,311,236.

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Total compensation provided to key management personnel during the current period is as follows:

	1 January - 30 September 2020	1 January - 30 September 2019	**1 July - 30 September 2020**	1 July - 30 September 2019
Salaries and other short term benefits	**5,339,050**	3,755,889	**1,506,983**	1,152,859

During 2020 and 2019, the senior management bonuses, retirement benefits, dismissal, post-employment benefits, equity settled share-based payments and other long-term benefits have not been provided.

NOTE 20 - FOREIGN CURRENY POSITION

(i) Foreign currency risk management

Foreign currency transactions cause foreign currency risk.

The Group has foreign currency risk, due to the fluctuations in exchange rates used in used in foreign currency transactions. The foreign currency risk arises from future trade transactions, the difference between recorded assets and liabilities. Under such circumstances, the group controls this risk by netting off the foreign currency assets and liabilities. The management analyses the group's foreign currency position and takes necessary precautions when needed.

Effective hedge accounting applied in accordance with TFRS 9, in order to ensure that the effects of the foreign exchange gains and losses are reflected on the financial statements of the Group's subsidiary Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. in accordance with the periodicity principle of accounting. The Group uses investment loans amounting to USD 20,395,492, which is equivalent to TL 159,247,998 as prevention against USD/TL spot foreign exchange risk of USD denominated revenue, which is highly probable to be realized. Based on the outcome of effectiveness test performed on related process, the Company has considered that process is fully effective and therefore applied cash flow hedge accounting. As of 30 September 2020, TL 51,949,357 of foreign exchange loss that arose from investment loans is classified under equity "Cash flow hedge gains (losses)" which has no effect on current year income statement.

NOTE 20 - FOREIGN CURRENY POSITION (Continued)

The Group is primarily exposed to risks from USD and EUR, other currency's effects are immaterial.

	30 September 2020			
	TL Equivalent (Functional currency)	**USD**	**EUR**	**Other**
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	165,886,620	12,056,408	7,860,354	10
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	**165,886,620**	**12,056,408**	**7,860,354**	**10**
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)	**165,886,620**	**12,056,408**	**7,860,354**	**10**
10- Trade payables	31,617,295	-	3,463,732	-
11- Financial liabilities	167,138,038	4,377,753	14,565,632	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	**198,755,333**	**4,377,753**	**18,029,364**	**-**
14- Trade payables	16,406,847	-	1,797,400	-
15- Financial liabilities	812,792,809	25,077,641	67,592,006	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	**829,199,656**	**25,077,641**	**69,389,406**	**-**
18- Total liabilities (13+17)	**1,027,954,989**	**29,455,394**	**87,418,770**	**-**
19- Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a-Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20- Net foreign currency asset liability position (9-18+19)	**(862,068,369)**	**(17,398,986)**	**(79,558,416)**	**10**
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14-15-16a)	**(862,068,369)**	**(17,398,986)**	**(79,558,415)**	**10**
22- Fair value of foreign currency hedged financial assets	-	-	-	-
23- Hedged foreign currency assets	-	-	-	-
24- Hedged foreign currency liabilities	-	-	-	-
25- Exports	-	-	-	-
26- Imports	-	-	-	-

NOTE 20 - FOREIGN CURRENY POSITION (Continued)

The Group is primarily exposed to risks from USD and EUR, other currency's effects are immaterial.

	31 December 2019			
	TL Equivalent (Functional currency)	**USD**	**EUR**	**Other**
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	97,936,509	15,362,854	1,004,124	10
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	97,936,509	15,362,854	1,004,124	10
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)	97,936,509	15,362,854	1,004,124	10
10- Trade payables	23,643,232	-	3,555,053	-
11- Financial liabilities	116,223,142	4,427,788	13,520,765	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	139,866,374	4,427,788	17,075,818	-
14- Trade payables	11,953,788	-	1,797,400	-
15- Financial liabilities	628,485,069	23,695,135	73,336,425	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	640,438,857	23,695,135	75,133,825	-
18- Total liabilities (13+17)	780,305,231	28,122,923	92,209,643	-
19- Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a-Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20- Net foreign currency asset liability position (9-18+19)	(682,368,722)	(12,760,069)	(91,205,519)	10
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14-15-16a)	(682,368,722)	(12,760,069)	(91,205,519)	10
22- Fair value of foreign currency hedged financial assets	-	-	-	-
23- Hedged foreign currency assets	-	-	-	-
24- Hedged foreign currency liabilities	-	-	-	-
25- Exports	-	-	-	-
26- Imports	-	-	-	-

NOTE 20 - FOREIGN CURRENY POSITION (Continued)

Foreign currency sensitivity

	30 September 2020			
	Gain/Loss		**Equity**	
	Appreciation of foreign currency	**Devaluation of foreign currency**	**Appreciation of foreign currency**	**Devaluation of foreign currency**
+/-10% fluctuation of USD rate				
1- USD net asset / liability	**(13,585,124)**	**13,585,124**	**-**	**-**
2- Hedged from USD risk (-)	**-**	**-**	**-**	**-**
3- USD net effect (1+2)	**(13,585,124)**	**13,585,124**	**-**	**-**
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	**(72,621,714)**	**72,621,714**	**-**	**-**
5- Hedged from EUR risk (-)	**-**	**-**	**-**	**-**
6- EUR net effect (4+5)	**(72,621,714)**	**72,621,714**	**-**	**-**
TOTAL (3+6)	**(86,206,838)**	**86,206,838**	**-**	**-**

	31 December 2019			
	Gain/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-10% fluctuation of USD rate				
1- USD net asset / liability	(7,579,733)	7,579,733	(1,365,616)	1,365,616
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(7,579,733)	7,579,733	(1,365,616)	1,365,616
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	(60,657,139)	60,657,139	-	-
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(60,657,139)	60,657,139	-	-
TOTAL (3+6)	(68,236,872)	68,236,872	(1,365,616)	1,365,616

NOTE 21 - SUBSEQUENT EVENTS

As previously announced in our Company's Public Disclosures dated 26 September 2018, 13 March 2020 and 21 September 2020 Competition Authority had launched an investigation on various fuel distribution companies, including our 30% subsidiary Shell & Turcas Petrol A.Ş (STAŞ) following preliminary enquiries regarding violation of Law Numbered 4054, 4th article and Competition Authority had fined STAŞ 348,154,458.54 TL, which is 1% of previous year's revenues.

Following the reasoned decision, STAŞ has paid 261,115,843.91 TL (which is 75% of the penalty) by benefiting from the early payment discount of 25%.

STAŞ is fully compliant with related legislation and agreements while running its operations. STAŞ does not accept the allegations stated in Competition Authority's reasoned decision and considering the necessary legal actions against the decision.

NOTE 22 – OTHER ISSUES AFFECTING FINANCIAL STATEMENTS MATERIALLY OR NECESSARY TO MAKE FINANCIAL STATEMENTS SOUND, INTERPRETABLE AND UNDERSTANDABLE

The recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, may negatively affect economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore the Company cannot reasonably estimate the impact on Company's operations.